

2013

Other information

to the ENEA S.A. extended
consolidated report
for Q1 2013

Date of approval: 8 May 2013

Poznań, 15 May 2013



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1. Introduction

These "Other information" to the extended consolidated report of ENEA S.A. for Q1 2013 were approved by the Board of Management of ENEA S.A. for publication on 8 May 2013. They contain the data as at the end of the reporting period, i.e. 31 March 2013 including comparative data for previous reporting periods presented in accordance with IAS/IFRS. Within the scope mentioned in § 87 item 7(5) and (6) of the Regulation of the Minister of Finance of 19 February 2009 on periodic and interim information [...], the document presents also current information as at the date of publication of the extended consolidated report of ENEA S.A. for Q1 2013, i.e. 15 May 2013.

1.1. Selected financial data

1.1.1. Selected consolidated financial data of the ENEA Capital Group

In relation to the application by the Capital Group in 2012 of amended principles of accounting, comparative data demonstrated in this presentation coming from the condensed semi-annual consolidated financial statement for Q1 2012 were properly restated in order to maintain their comparability.

Data in PLN '000	Q1 2012 (restated data)	Q1 2013	Change	Difference
Net sales revenues	2 645 780	2 380 334	90.0%	-265 446
Profit / (loss) from operations	228 206	369 790	162.0%	141 584
Profit / (loss) before tax	262 971	385 499	146.6%	122 528
Net profit / (loss) for the reporting period	203 300	308 639	151.8%	105 339
EBITDA	420 308	564 457	134.3%	144 149
Net cash flows from operating activities	178 298	265 346	148.8%	87 048
Net cash flows from investing activities	-519 461	-518 146	99.7%	1 315
Net cash flows from financing activities	-8 482	-811	9.6%	7 671
Total net cash flows	-349 645	-253 611	72.5%	96 034
Weighted average number of shares [pcs.]	441 442 578	441 442 578	100.0%	0
Net profit per share [PLN]	0.46	0.70	152.2%	0.24
Diluted profit per share [PLN]	0.46	0.70	152.2%	0.24

In 2012 changes were introduced to the accounting policy relating to the principles of inclusion, valuation and presentation of allowances for emissions of CO₂. Comparative data for Q1 2012 presented in the statement of profit and loss account and statement of comprehensive income were relevantly restated in order to include the impact of changes in the principles of accounting and maintaining comparativeness with the data for Q1 2013.

Previous accounting of CO₂: allocation of free allowances was accounted for proportionally to the electricity generation. The lacking allowances in relation to the actual emission were accounted for with paid allowances (EUA, CER, according to separate first in first out queues). Allowances allocated for a given year were used in 100% in a year to which the allocation related, the lacking amount was completed with purchased allowances (a reserve was established if the actual emission exceeded the allocation of free allowances for emissions of CO₂ held by the Group).

New method: allowances for emissions of CO₂ are recognised as current intangible assets. Their use is recognised in accordance with the FIFO rule, however both the EUA rights received free of charge and those purchased are accounted for in one first in first out queue. Grey and green CER rights in separate first in first out queues. For the CO₂ emissions not accounted for in the reporting period a reserve is established. The reserve is created taking into account the priority of accounting for units of certified reduction in emissions (CER) in the amount which is allowed by the legal regulations for redemption in a given settlement period. The reserve for the remaining emission of CO₂ is created in the amount of the cost of held allowances for emissions, using the principle of their accounting based on the first in first out queue. For the missing volume of allowances the reserve is created based on actual market prices of emissions of CO₂.

The allowances for emissions recognised in the assets are redeemed against the reserve in the moment of the actual accounting for the obligation, i.e. redemption of allowances after a year end, applying the current first in first out queue.

The change resulted in the increase in costs of materials by PLN 69,278 thou., decrease in amortisation and depreciation by PLN 12,333 thou., which translates into the diminishing of the operating result by PLN 56,945 thou., and the net profit by PLN 46,126 thou.

Data in PLN '000	As at:		Change	Difference
	31 December 2012	31 March 2013		
Total assets	14 710 462	14 717 854	100.1%	7 392
Total liabilities	3 772 174	3 477 472	92.2%	-294 702
Non-current liabilities	1 748 504	1 752 850	100.2%	4 346
Current liabilities	2 023 670	1 724 622	85.2%	-299 048
Equity	10 938 288	11 240 382	102.8%	302 094
Share capital	588 018	588 018	100.0%	0
Book value per share [PLN]	24.78	25.46	102.7%	0.68
Diluted book value per share [PLN]	24.78	25.46	102.7%	0.68

1.1.2. Results from particular segments of activity

In relation to the amendments in the accounting principles applied by the Capital Group in 2012, the presentation was changed of results of operating segments in the financial statement of the Capital Group for Q1 2013. The data relating to segment results for Q1 2012 were restated in order to maintain their comparability. The adjustments made on particular segments are presented below.

Segments in PLN '000	Q1 2012	adjustments	Q1 2012 (restated data)
Trade			
Sales revenues ¹⁾	1 213 281	-27 627	1 185 654
EBIT	42 197		42 197
Amortisation/depreciation	133	-49	84
EBITDA	42 330	-49	42 281
Investment outlays for tangible and intangible fixed assets	6		6
Distribution			
Sales revenues	722 121		722 121
EBIT	145 652		145 652
Amortisation/depreciation	94 042	571	94 613
EBITDA	239 694	571	240 265
Investment outlays for tangible and intangible fixed assets ³⁾	40 414	61 746	102 160
Generation			
Sales revenues	818 827		818 827
EBIT ²⁾	134 136	-56 945	77 191
Amortisation/depreciation ²⁾	102 114	-12 333	89 781
EBITDA ²⁾	236 250	-69 278	166 972
Investment outlays for tangible and intangible fixed assets	68 397		68 397
Other activity			
Sales revenues ¹⁾	152 179	-3 691	148 488
EBIT	8 952		8 952
Amortisation/depreciation	7 597	-1 545	6 052
EBITDA	16 549	-1 545	15 004
Investment outlays for tangible and intangible fixed assets	6 222		6 222
Exclusions			
Sales revenues ¹⁾	-260 628	31 318	-229 310
EBIT	-14 944		-14 944
Investment outlays for tangible and intangible fixed assets	-46 726		-46 726
Undistributed costs (management costs)	-30 842		-30 842
Excluded amortisation and amortisation not distributed to segments	549	1 023	1 572

Investment outlays for tangible and intangible fixed assets excluded from segmentation ³⁾	74 268	-61 746	12 522
TOTAL			
Sales revenues	2 645 780		2 645 780
EBIT ²⁾	285 151	-56 945	228 206
Amortisation/depreciation ²⁾	204 435	-12 333	192 102
EBITDA ²⁾	489 586	-69 278	420 308
Investment outlays for tangible and intangible fixed assets	142 581		142 581

Major adjustments relate to:

- 1) shifting of sales revenues from the segment of Trade and segment of Other activity relating to internal turnovers among companies comprising these segments to the segment of Exclusions,
- 2) adjustment of the segment costs in relation to amendment of the accounting policy relating to the principles of inclusion, valuation and presentation of allowances for emissions of CO₂,
- 3) presentation for reference only - in comparison with the values demonstrated in the financial statement for Q1 2012 the shift of investment outlays between the segment of Distribution and outlays excluded from segmentation.

Results on particular segments of activity in Q1 2013 in comparison with Q1 2012

Segments in PLN '000	Q1 2012 (restated data)	Q1 2013	Change	Difference
Trade				
Sales revenues	1 185 654	955 615	80.6%	-230 039
EBIT	42 197	137 074	324.8%	94 877
EBITDA	42 281	137 173	324.4%	94 892
Investment outlays for tangible and intangible fixed assets	6	883	14 716.7%	877
Distribution				
Sales revenues	722 121	736 492	102.0%	14 371
EBIT	145 652	187 160	128.5%	41 508
EBITDA	240 265	280 001	116.5%	39 736
Investment outlays for tangible and intangible fixed assets	102 160	121 875	119.3%	19 715
Generation				
Sales revenues	818 827	797 391	97.4%	-21 436
EBIT	77 191	68 828	89.2%	-8 363
EBITDA	166 972	163 449	97.9%	-3 523
Investment outlays for tangible and intangible fixed assets	68 397	228 409	333.9%	160 012
Other activity				
Sales revenues	148 488	142 502	96.0%	-5 986
EBIT	8 952	9 127	102.0%	175
EBITDA	15 004	15 550	103.6%	546
Investment outlays for tangible and intangible fixed assets	6 222	9 825	157.9%	3 603

Exclusions				
Sales revenues	-229 310	-251 666	109.7%	-22 356
EBIT	-14 944	-5 199	34.8%	9 745
Investment outlays for tangible and intangible fixed assets	-46 726	-10 705	22.9%	36 021
Undistributed costs (management costs)	-30 842	-27 200	88.2%	3 642
Excluded amortisation and amortisation not distributed to segments	1 572	683	43.4%	-889
Investment outlays for tangible and intangible fixed assets excluded from segmentation	12 522	512	4.1%	-12 010
TOTAL				
Sales revenues	2 645 780	2 380 334	90.0%	-265 446
EBIT	228 206	369 790	162.0%	141 584
EBITDA	420 308	564 457	134.3%	144 149
Investment outlays for tangible and intangible fixed assets	142 581	350 799	246.0%	208 218

The increase of the EBITDA on the segment of trading by PLN 94,892 thou. i.e. by 224.4% results from higher first contribution margin on the trading operations by PLN 92,118 thou. In 2013 a higher unit margin was generated on a unit of energy sold to end users by PLN 30.69/MWh, which stems from a higher average selling price by 1.2% with lower purchase price by 10.9%, in Q1 2013 there was a drop in the volumes of sales of energy to end users by 692 GWh. The level of margin is affected by lower costs of purchases of certificates of origin by PLN 75,595 thou. and a drop in revenues relating to non-invoiced sales by PLN 16,596 thou. Additionally, there was a lower result on services rendered by ENEA Trading for ENEA Wytwarzanie by PLN 3,595 thou. Additionally, there was a higher result on the other operating activity by PLN 9,229 thou. (a growth of revenues by title of decreased impairment of receivables regarding electricity and higher costs of impaired receivables relating mainly to Fabryka Papieru Szczecin - Skolwin under bankruptcy). At the same time, higher revenues were noted by title of a release of provisions for claims for damages and lower costs of provisions for litigation. In Q1 2012 a profit was generated on sale of fixed assets (mainly the ownership right to the building and land) in the amount of PLN 2,190 thou.

Increase of EBITDA on the segment of distribution by PLN 39,736 thou, i.e. by 16.5%, was mainly caused by higher sales of distribution services by PLN 18,356 thou. (higher average selling price of distribution services by 3.9%) and higher revenues from settlements on the Balancing Market by PLN 12,274 thou. Additionally, there was a drop in estimated revenues from non-invoiced sales by PLN 11,123 thou. and revenues by title of grid connection fees by PLN 1,599 thou. In Q1 2013 in relation to Q1 2012 there was a drop in the cost of the segment of distribution by PLN 25,365 thou., which stems mainly from lower costs of transmission services and lower costs of purchase of energy for sales, at the same time the level of the segment costs is affected by lower result on the other operating activity (lower revenues for nil-paid fixed assets, higher level of provisions for compensation claims and inclusion of costs for non-contractual use of properties) and lower result on sales and liquidation of tangible fixed assets.

The decrease of EBITDA on the segment of generation by PLN 3,523 thou. i.e. 2.1%, mainly due to:

- Drop of EBITDA in ENEA Wytwarzanie S.A. by PLN 10,962 thou., which stems from obtaining lower revenues by title of certificates of origin by PLN 28,857 thou. (a drop of the average selling price by 35.4%). Additionally, there was a growth in the revenues from sales of electricity by PLN 1,429 thou. with lower prices of energy by 10%. There was also a decrease in operating costs by PLN 14,239 thou. (lowering of costs of materials by PLN 25,061 thou. – decrease in the costs of CO₂ emissions, higher costs of coal consumption, lower costs of biomass consumption).

- Drop of EBITDA in Elektrociepłownia Białystok S.A. by PLN 4,019 thou., which stems from lower revenues from sales of electricity by PLN 8,636 thou. (lower volume by 13 GWh and lower price by 19.5%) and generation of lower revenues by title of certificates of origin by PLN 4,924 thou. (a drop in the average selling price of green certificates by 51.0%). Additionally, there were lower costs of use materials by PLN 9,227 thou., which stems from lower costs of coal consumption by PLN 6,707 thou. (a drop in the average cost of coal by 3.0%), adjustment of costs in Q1 2012 consisting in the shift of amortisation and depreciation relating to the valuation of allowances for emissions of CO₂ in the amount of PLN 12,333 thou. to the cost of materials. Additionally, in Elektrociepłownia Białystok S.A. higher costs of biomass consumption were incurred by PLN 10,035 thou. (higher production of energy from biomass by 24 GWh).
- Inclusion of EBITDA of Windfarm Polska Sp. z o.o. in the amount of PLN 13,487 thou., the Company was consolidated under the operations of ENEA Capital Group in April 2012.
- Decrease of EBITDA in Elektrownie Wodne Sp. z o.o. by PLN 1,187 thou., which stems mainly from obtaining lower revenues by title of certificates of origin by PLN 1,818 thou. (a drop of the average selling price by 19.5%).

A growth of EBITDA on the segment of other activity by PLN 546 thou., i.e. 3.6%.

Lower costs of management by PLN 3,642 thou. or 11.8% stem mainly from lower costs of outsourced services and costs of employee benefits.

1.2. Key operating data

Item	Q1 2012	Q1 2013	Change %
Total generation of electricity (net) [GWh], including e.g.:	2 742.0	3 039.2	10.8%
Total net generation of ENEA Wytwarzanie including biomass combustion [GWh]	2 543.2	2 818.1	10.8%
Production from renewable energy sources [GWh], including:	93.0	146.6	57.6%
Combustion of biomass	42.3	61.7	45.9%
Hydroelectric power plants	45.6	46.9	2.9%
Wind farms	5.0	35.7	614.0%
Biogas plants	0.1	2.3	2 200.0%
Gross generation of heat [GJ]	2 068 326	2 095 284	1.3%
Distribution [GWh]	4 545	4 497	-1,1%
Sales of electricity to end users [GWh]	4 108	3 415	-16.9%

2. Organisation of the ENEA Capital Group

As at 31 March 2013 the Capital Group consisted of the parent company ENEA S.A. ("Company", "Parent Company") 15 direct subsidiaries, 7 indirect subsidiaries and 1 affiliate. Within the ENEA Capital Group ("Group"), there are three leading companies, i.e. ENEA S.A. (trade in electricity), ENEA Operator Sp. z o.o. (distribution of electricity) and ENEA Wytwarzanie S.A. (generation of electricity). The remaining entities provide support activities in relation to the above companies.

General information regarding ENEA S.A.:

General information regarding ENEA S.A.	
Name (business name):	ENEA Spółka Akcyjna
Legal form:	Spółka Akcyjna (Joint-stock company)
Country of registration:	Republic of Poland
Registered office:	Poznań
Address:	ul. Górecka 1, 60-201 Poznań
National Court Register - District Court in Poznań - Nowe Miasto and Wilda in Poznań	KRS 0000012483
Telephone number:	(+48 61) 884 53 00
Fax:	(+48 61) 884 59 55
E-mail:	enea@enea.pl
Website:	www.enea.pl
Statistical classification number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

As at 31 March 2013 the companies of the ENEA Capital Group operated within the areas indicated below:

Parent company	Scope of operations
ENEA S.A. with its registered office in Poznań	Trade in electricity
Subsidiaries of ENEA S.A.	Scope of operations
1. ENEA Wytwarzanie S.A. with its registered office in Świerże Górne	Generation of electricity and heat co-generated with electricity.
2. ENEA Operator having its registered office in Poznań	Distribution of electricity conducted from 1 July 2007 based on a licence issued by the President of the Energy Regulatory Office on 28 June 2007 for the period from 1 July 2007 to 1 July 2017. Simultaneously, on 30 June 2007 the President of ERO designated ENEA Operator Sp. z o.o. as the operator of a power distribution system for the life of the licence.
3. Energomiar Sp. z o.o. with its registered office in Poznań	Production of astronomical clocks, conservation, assembly, legalisation and calibration of electricity meters, readings of electricity consumption and services of radio management of power.
4. BHU S.A. with its registered office in Poznań	Trade in power equipment, accessories and materials.

5. Hotel EDISON Sp. z o.o. with its registered office in Baranów	Hotel, gastronomic, training, holiday, recreation and sport activity.
6. Energetyka Poznańska Zakład Transportu Sp. z o.o. with its registered office in Poznań	Motor transport and workshop activity.
7. Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o. with its registered office in Gronówko	Designing, construction, modernisation and operation of power networks and related equipment.
8. Energo-Tour Sp. z o.o. with its registered office in Poznań	Hotel and gastronomic activities, organisation of holidays, camps, summer camps, tourism services and activity connected with health care.
9. Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrawiskowe ENERGETYK Sp. z o.o. with its registered office in Inowrocław	Spa activity within health care and rehabilitation.
10. ENEOS Sp. z o.o. with its registered office in Poznań	Operation and maintenance of street lighting.
11. ENTUR Sp. z o.o. in liquidation * with its registered office in Szczecin	Holiday, tourism, recreation, training, gastronomic activity and providing health care services.
12. ITSERWIS Sp. z o.o. with its registered office in Zielona Góra	Operations in landline and wireless telecommunications and IT and computer services, as well as wholesale and retail sales of electronic and telecommunication equipment, computers and software.
13. ENEA Centrum S.A. with its registered office in Poznań	Customer service on behalf of ENEA S.A.
14. Annacond Enterprises Sp. z o.o. with its registered office in Warsaw	The company is presently preparing to commence the operating activity within electricity distribution.
15. ENEA Trading Sp. z o.o. with its registered office in Świerże Górne	Management of the portfolio and trading in electricity for the Area of Generation and Area of Sales.

Subsidiaries of ENEA Wytwarzanie S.A.	Scope of operations
1. Elektrociepłownia Białystok S.A. with its registered office in Białystok	Production of heat energy and electricity.
2. Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek	Generation of electrical energy, services with respect to the operation of hydroelectric plants, development of operations involving power generation from renewable energy sources by implementing wind farm and biogas power plant projects.
3. Miejska Energetyka Ciepła Piła Sp. z o.o. with its registered office in Piła	Generation, transmission and distribution of heat energy and generation of electricity and heat energy in cogeneration using heat and power units.
4. Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. with its registered office in Oborniki	Generation, transmission and distribution of heat energy.
5. Windfarm Polska Sp. z o.o. with its registered office in Koszalin	Generation of electricity.
6. Dobitt Energia Sp. z o.o. with its registered office in Gorzesław	The owner of the construction design of a biogas power plant (agricultural) with the capacity of 1.6 MW.

An affiliate of ENEA Wytwarzanie S.A.	Scope of operations
1. Energo-Invest-Broker S.A. with its registered office in Toruń	Operations within comprehensive brokerage services.
Subsidiary Elektrociepłownia Białystok S.A.	Scope of operations
1. Ecebe Sp. z o.o. with its registered office in Augustów	Hotel and restaurant services, services connected with tourism, culture, recreation and sports.

* Entity under liquidation - a detailed description is to be found in item 2.1. Description of changes made within the organisation of the Group.

Direct subsidiaries

As at 31 March 2013 ENEA S.A. held shares in 15 direct subsidiaries of the total nominal value of PLN 6,961,633.4 thou., which as at 31 March 2013 constituted 99.88% of the total nominal value of share capitals of these companies, amounting to PLN 6,969,668.9 thou.

Holdings of ENEA S.A. in the share capital of subsidiaries.

No.	Company name and address	Share capital - nominal value [PLN '000]	Shareholding of ENEA S.A. [PLN '000]	Percentage share of ENEA S.A. in the capital and voting rights
1	BHU S.A. ul. Strzeszyńska 58, 60-479 Poznań	16 540.70	15 320.70	92.62
2	Hotel EDISON Sp. z o.o. Baranowo k/Poznania, 62-081 Przeźmierowo	21 271.50	21 271.50	100.00
3	Energetyka Poznańska Zakład Transportu Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	4 975.50	4 975.50	100.00
4	Energomiary Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	2 749.00	2 749.00	100.00
5	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o. Gronówko 30, 64-111 Lipno k/Leszna	11 050.00	11 050.00	100.00
6	Energo-Tour Sp. z o.o. ul. Marcinkowskiego 27, 61-745 Poznań	9 543.00	9 535.00	99.92
7	ENEA Operator Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	4 678 050.00*	4 678 050.00	100.00
8	ENEA Wytwarzanie S.A. Świerże Górne, gmina Kozienice, 26-900 Kozienice 1	2 046 049.50	2 046 049.50	100.00
9	ITSERWIS Sp. z o.o. ul. Zacisze 28, 65-775 Zielona Góra	6 364.00	6 364.00	100.00
10	ENEOS Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	32 089.50	32 089.50	100.00
11	ENTUR Sp. z o.o. in liquidation** ul. Malczewskiego 5/7, 71-616 Szczecin	4 134.50	4 134.50	100.00

12	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. ul. Wilkońskiego 2, 88-100 Inowrocław	17 448.00	17 438.00	99.94
13	ENEA Centrum S.A. ul. Górecka 1, 60-201 Poznań	1 973.70	1 973.70	100.00
14	Annacond Enterprises Sp. z o.o. ul. Jana III Sobieskiego 1 / 4 02-957 Warszawa	17 430.00	10 632.50	61.00
15	ENEA Trading Sp. z o.o. Świerże Górne, gmina Kozienice, 26-900 Kozienice 1	100 000.00	100 000.00	100.00
TOTAL		6 969 668.9	6 961 633.4	99.88

* Share capital in accordance with the Statute and the National Court Register. In the financial statements drawn up in accordance with the EU IFRSs, the share capital is stated after adjustments for in-kind contributions.

** Entity under liquidation - a detailed description is to be found in item 2.1. Description of changes made within the organisation of the Group.

Indirect subsidiaries and affiliates

No.	Company name and address	% share of ENEA Wytwarzanie S.A. in the capital and voting rights
1	Elektrociepłownia Białystok S.A. ul. Gen. Andersa 3, 15-124 Białystok	99.996
2	Elektrownie Wodne Sp. z o.o. Samociążek 92, 86-010 Koronowo	100.00
3	Miejska Energetyka Ciepła Piła Sp. z o.o. ul. Kaczorska 20, 64-920 Piła	65.03
4	Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. ul. Wybudowanie 56, 64-600 Oborniki	93.99
5	Windfarm Polska Sp. z o.o. ul. Wojska Polskiego 24-26, 75-712 Koszalin	100.00
6	Dobitt Energia Sp. z o.o. Gorzęsław 8, 56-420 Bierutów	100.00
7	Energo-Invest-Broker S.A. ul. Jęczmienna 21, Toruń	38.46*
8	Lubelski Węgiel "BOGDANKA" S.A. with its registered office in Puchaczów	1.43**
9	Zakłady Pomiarowo – Badawcze Energetyki "Energopomiar" Sp. z o. o. with its registered office in Gliwice	7.36**

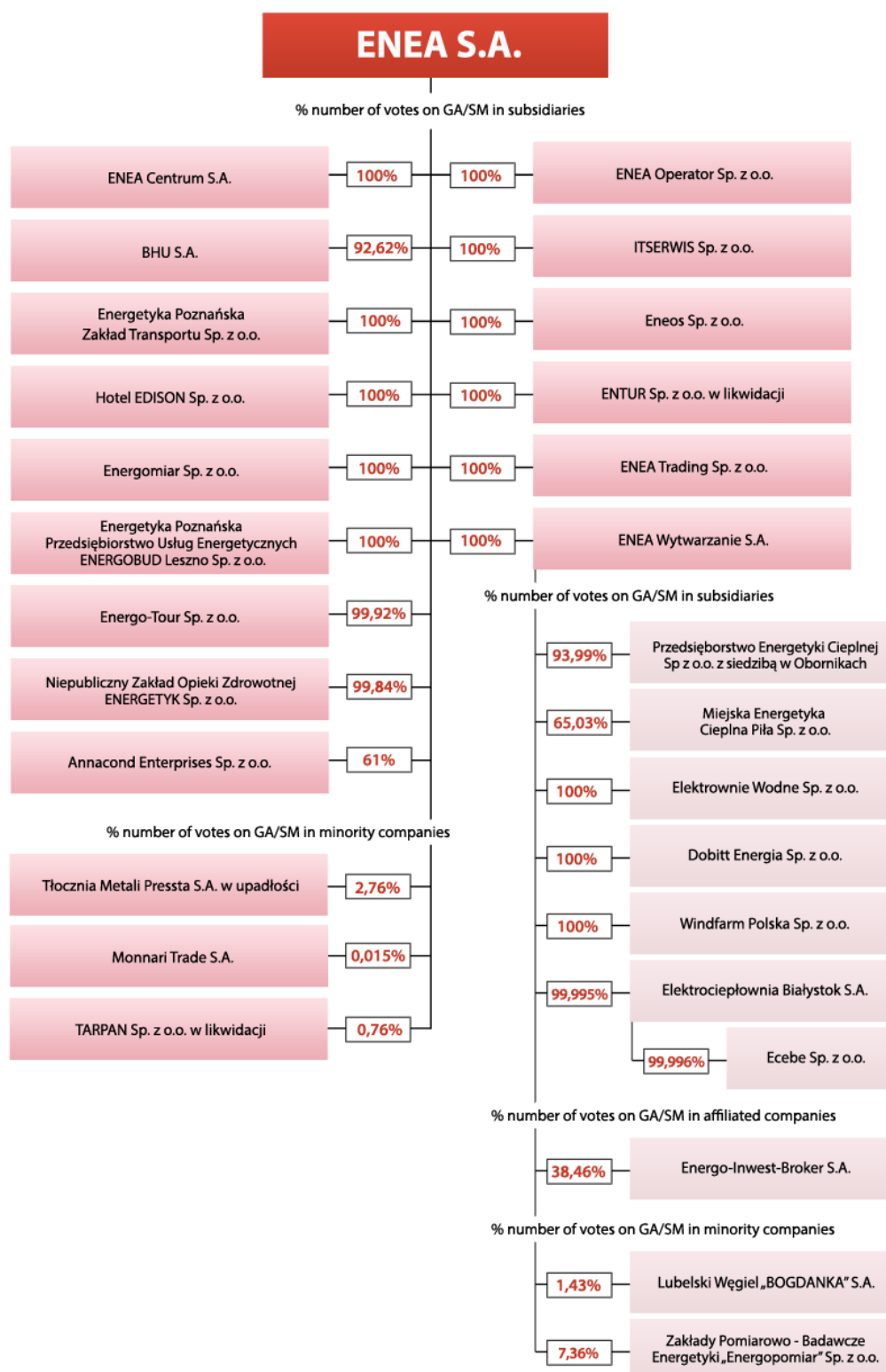
No.	Company name and address	% share of Elektrociepłownia Białystok S.A. in the capital and voting rights
1	Ecebe Sp. z o.o. ul. Wojciecha 8, Augustów	99.996***

* An affiliate of ENEA Wytwarzanie S.A.

** Company with a minority interest of ENEA Wytwarzanie S.A.

*** A direct subsidiary of ENEA Wytwarzanie S.A. through the shares in Elektrociepłownia Białystok S.A.

The organisational diagram showing the structure of the ENEA Capital Group as at 31 March 2013



2.1. Description of changes made within the organisation of the Group

On 27 February 2013 the Extraordinary General Meeting of Shareholders of the Issuer's subsidiary, ENTUR Sp. z o.o. with its registered office in Szczecin, adopted a resolution concerning the dissolution of the Company after the liquidation proceedings. Ms. Luiza Jelewska was appointed the liquidator. The resolutions mentioned above entered into force on 1 March 2013.

The liquidation of ENTUR Sp. z o.o. is the result of the restructuring realised by the Issuer of the ENEA Capital Group directed e.g. at the development of the core business which does not match with the leisure and holiday, tourism, recreation, training and gastronomic activity and health care services performed by ENTUR.

Within the area of improving the efficiency of functioning of the Group strategic goals will be realised which are directed at the growth of revenues, cost reduction and operating integrity, which are to be gained e.g. through the implementation of a new business model of the ENEA Capital Group which finally assumes the functioning of the following business models: corporate centre, centre of generation based on fossil fuels and renewable sources, wholesale, sales, distribution centre and the shared services centre.

2.2. Description of capital investments within the Group

During Q1 2013 no capital investments were made of a shareholding nature within the ENEA Capital Group.

2.3. Description of planned changes within the Group

At another stage of the Integration of the Generation Area Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o. o. and Dobitt Energia Sp. z o.o. will be incorporated under ENEA Wytwarzanie S.A. As of the merger date ENEA Wytwarzanie S.A. will assume all the rights and obligations of Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o.o. and Dobitt Energia Sp. z o.o.

3. Operational segments of the ENEA Capital Group

ENEA Capital Group (further on: "Group") is involved in generating, distributing and trading in electricity. The Group's companies conduct these operations based on licences granted by the President of the Energy Regulatory Office (ERO) - the body established to regulate the management of fuels and energy and to promote the competition in the energy sector. Below we present a short description of the segments of operations, and the financial results for each segment are presented in item 1.1.2 above.

Conventional generation

The largest producer of electricity in the holding of ENEA Wytwarzanie is ENEA Wytwarzanie S.A. (further on: ENEA Wytwarzanie), which joined the ENEA Capital Group in October 2007. It is Poland's largest professional hard coal-fired power plant. It comprises 10 high-performance, updated power blocks with a total generating capacity of 2,905 MW.

Renewable energy sources

Within the holding structure managed by ENEA Wytwarzanie the electricity from renewable sources is generated by Elektrociepłownia Białystok S.A. by the production of electricity in cogeneration with the use of biomass, by Elektrownie Wodne Sp. z o.o. (21 hydro-electric power plants, Darżyno Wind Farm), Dobitt Energia Sp. z o.o. (Liszkowo Biogas Plant) and a Biogas Plant in Gorzesław of the capacity of 1.6 MWe and Windfarm Polska Sp. z o.o. (Bardy Wind Farm). Co-firing of biomass with conventional fuel (bituminous coal) was assigned to the area of conventional generation.

Distribution

Within our Group, the distribution of electricity is the responsibility of ENEA Operator Sp. z o.o. (further on: ENEA Operator), which acts as the operator of the power distribution system.

ENEA Operator acts, as a monopolist playing a role of a public utility company, in the conditions strictly regulated by the law.

The basic legal act specifying the duties and obligations of the Company is the Act of 10 April 1997 Energy Law which also contains provisions constituting the implementation to the Polish law of the regulations of the EU law, in particular provisions of the Directive of the European Parliament and the Council No. 2009/72 of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC.

Trade

Within the ENEA Capital Group sales of electricity to end users belongs in a major part to ENEA S.A. for which it constitutes the core business. Wholesale is mostly realised by ENEA Trading Sp. z o.o. The company is responsible towards ENEA for e.g. managing the portfolio of electricity and proprietary interests of ENEA S.A., purchase of electricity and proprietary interests for ENEA S.A. and is a commercial coordinator on behalf of and for the account of ENEA S.A.

Other activity

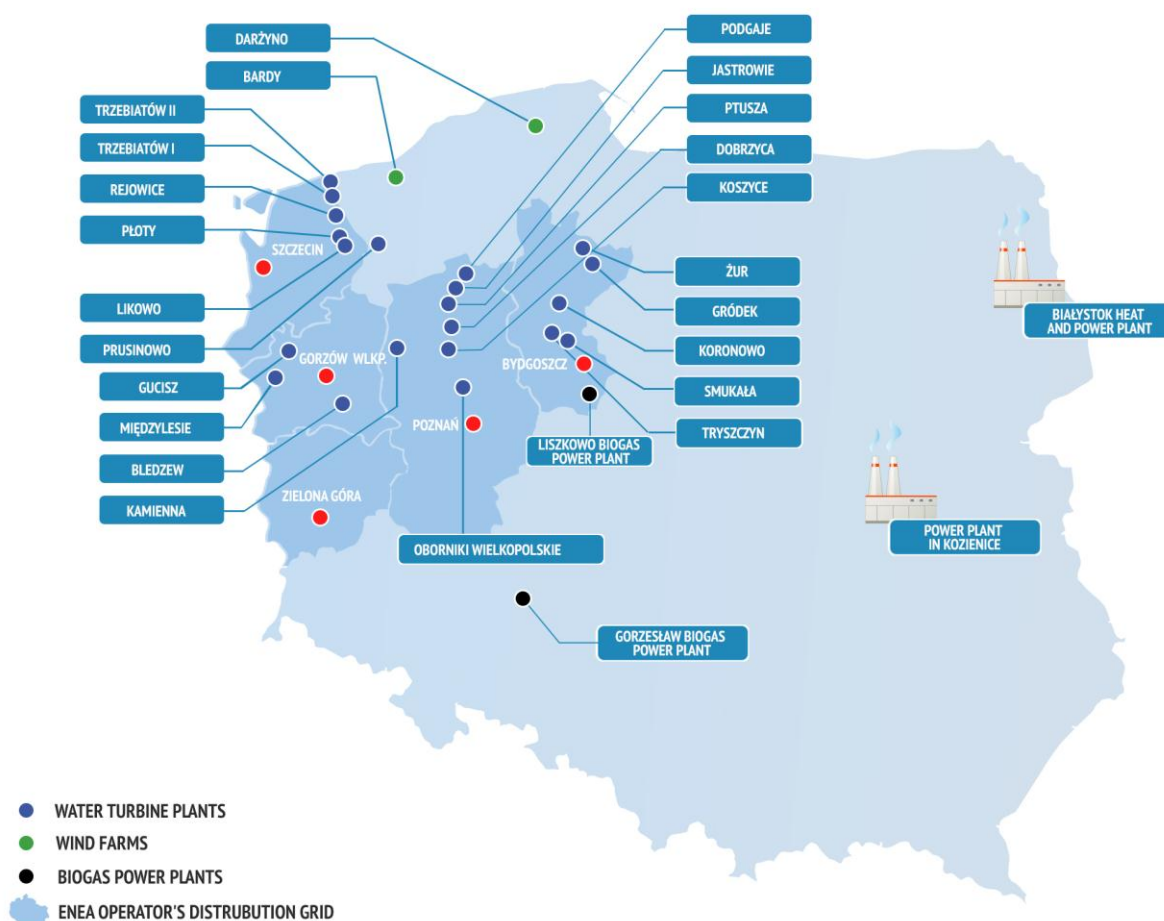
Group Companies render supplementary services towards the core business mentioned above. The other activity is mostly the construction, extension, modernisation and renovation of the power network and equipment, designing, construing, production and sales of electrical and energetic devices and apparatus. Besides, the companies render services connected with the maintenance of street lighting and low-voltage networks, transport services, social activity and customer service.

Total generating capacity

Item	Installed capacity [MW]	Generating capacity [MW]
ENEA Wytwarzanie*	2 845.000	2 905.000
Elektrociepłownia Białystok	203.500	156.600
Bardy Wind Farm	50.000	50.000
Dobbit Energia including: Liszkowo – 2.126 MW and Gorzestaw – during start-up	2.126	2.126
MEC Piła	0.372	0.372
Elektrownie Wodne**	66.299	63.600
TOTAL	3 167.297	3 177.698

* In ENEA Wytwarzanie a small amount of heat is also generated - the heating capacity of the power plant amounts to 266 MWt.

** Including Darżyno Wind Farm - capacity of 6.00 MW.



3.1. Generation

3.1.1. Conventional generation

3.1.1.1. ENEA Wytwarzanie

Conventional generation is concentrated in the power plant belonging to ENEA Wytwarzanie. It must be noticed that the operation of this power plant characterises with low levels of carbon dioxide emissions (in Q1 2013 856 kg/MWh) and one of the lowest levels of coal consumption per MWh of generated electricity, reported at 0.404 Mg/MWh for Q1 2013. The power plant in Q1 2013 reached a general gross generating efficiency of 39.3%.

The volume of electricity generated by ENEA Wytwarzanie in Q1 of 2012 and 2013 in MWh, gross and net (produced and sold), is presented in the table below:

Total gross electricity generated by ENEA Wytwarzanie [MWh]*		
Period	2012	2013
Q1	2 763 645.600	3 052 023.800
Total net electricity produced and sold by ENEA Wytwarzanie [MWh]*		
Period	2012	2013
Q1	2 543 162.394	2 818 131.635

* including co-firing

ENEA Wytwarzanie in Q1 2013 produced and sold 2,818,131.635 MWh.

In January 2008 ENEA Wytwarzanie also began generating power from renewable sources by co-firing biomass with conventional fuels (bituminous coal) thanks to the installation for co-firing of solid biomass with coal for 200 MW units. In Q1 2013 ENEA Wytwarzanie recognised certificates of origin for energy from renewable sources in the amount of 90,171.171 MWh.

A further co-firing of biomass with coal will depend on the profitability of production of "green" energy, dependant in a considerable part from prices of proprietary interests from the certificates of origin for energy from renewable energy sources (PMOZE) and new legal regulations (new Act on RES) within co-firing.

In Q1 2013 ENEA Wytwarzanie purchased 53,103.46 Mg biomass for generation of renewable energy.

In first quarters of 2012-2013 the following volumes of biomass were combusted:

Volume of biomass combusted by ENEA Wytwarzanie [Mg]		
Period	2012	2013
Q1	66 005.35	54 228.99

The volume of energy generated from renewable sources and cogeneration with division into certificates in ENEA Wytwarzanie in first quarters of 2012-2013 was as follows*:

Energy from RES Green certificates [MWh]		
Period	2012	2013
Q1	118 047.820	90 171.171

Energy from cogeneration Red certificates [MWh]		
Period	2012**	2013***
Q1	26 349.339	0.000

* The records comply with the volume of energy generated in a given period. Any adjustments are attributed to the period which they relate to.

** Pursuant to the Regulation of the Minister of Economy dated 26 July 2011 and Regulation dated 18 October 2012 regarding a detailed scope of duties within obtaining and redemption of certificates of origin, making compensatory payments, purchase of electricity and heat generated in renewable energy sources and the obligation to confirm the data regarding the volume of electricity generated in a renewable source of energy, within indicating electricity from co-firing and energy from cogeneration only one volume of energy is presented - gross, which is concurrently net energy.

*** Pursuant to the Regulation of the Minister of Economy dated 26 July 2011 regarding the method of calculation of data given in the application for issuing certificates of origin from cogeneration and a detailed scope of duties within obtaining and redemption of certificates of origin, making compensatory payments, and the obligation of presenting data relating to the volume of electricity generated in a highly-efficient cogeneration, the provisions of § 9.1. the scope of the obligation to obtain proprietary interests from cogeneration is valid through 31 December 2012. Till the implementation of new legal provisions no applications are made for issuing of a decision for certificates of origin, which are of no value.

3.1.1.2. Elektrociepłownia Białystok S.A.

The basic units for heat generation in Elektrociepłownia Białystok S.A. Heat and Power Plant (further on: Białystok) are three heating units and peak sources of heat of the total generating capacity of 446.5 MWt. The above mentioned heat units and a condensation module are responsible for the production of electricity whose total generating capacity totals to 156.6 MWe. Generating capacity of the power plant in 75% covers the annual demand for heat of the Białystok agglomeration. The remaining 25% of energy is generated in Ciepłownia Zachód (Heat Power Plant) owned by the Municipal Heat Supply Company in Białystok (Przedsiębiorstwo Energetyki Ciepłej w Białymstoku - MPEC).

Heat generation and sales

The owner of the municipal heating system and the key customer of the Heat and Power Plant within receipts of heat is MPEC Białystok Sp. z o.o.

The Białystok Heat and Power Plant generates electricity and heat energy in the form of hot water for central heating and hot tap water and process steam for the needs of hospitals and industrial plants. The share of the production of process steam in the general production of heat is around 9.5% on an annual average. Beyond the heating season the heat and power plant produces heat just for the needs of hot tap water and process steam with the total heating power of around 50 MWt.

Gross generation of heat [GJ]		
Period	Q1 2012	Q1 2013
Water	1 366 054.672	1 360 379.704
Steam	109 963.951	102 293.701
Net generation of heat [GJ]		
Period	Q1 2012	Q1 2013
Water	1 344 611.25	1 338 319.17
Steam	101 802.22	93 515.63

Production and sale of electricity

The process of energy production in Białystok Heat and Power Plant is performed in a combined system (Cogeneration). Combined generation of heat and electric energy is a technological process in which chemical energy of a fuel for heat production and electricity are used at the same time. The application of

such a technology brings energetic, economic and ecological benefits. It constitutes the most efficient method of generation of heat and electric energy. Additionally there is a possibility of generating electricity using pass-out and condensing turbine set.

Electric energy is sold on the wholesale market based on bilateral contracts and on Towarowa Gielda Energii S.A. (Polish Power Exchange) (further on: PPE). The Białystok Heat and Power Plant also sells energy at the voltage level of 15 and 0.4 kV to industrial plants located in the very vicinity.

The Białystok Heat and Power Plant in 2012 converted one of its coal boilers to biomass. Starting from March 2012 the boiler was switched off, which during subsequent periods caused the limitation of electricity generation to the level resulting exclusively from the production combined with heat. After a successful completion of the investment process in December 2012 the boiler is again available for operation.

Gross generation of electricity [MWh]*		
Period	2012	2013
Q1	122 649.806	87 783.384
Net electricity generated and sold [MWh]*		
Period	2012	2013
Q1	105 451.596	74 093.53

* excluding biomass combustion

Apart from trading in electricity on the wholesale market the Białystok Heat and Power Plant sells electricity to end users (direct sales). Deliveries of electricity are performed on direct cable lines belonging to recipients. Recipients in this segment of sales are companies and industrial plants located in the direct vicinity of the Białystok Heat and Power Plant. Direct sales are performed on the level of 0.4 and 15 kV voltage. In case of 0.4 kV recipients electricity is collected from the auxiliary distribution board of the heat and power plant and for 15 kV recipients the energy is collected from the 15 kV distribution board which is specially dedicated for this types of sales and powered from two 110/15/6 three-winding transformers.

3.1.2. Renewable energy sources

In relation to the increase in the obligations to sell electricity generated in renewable energy sources and in cogeneration, we undertake activities aiming at a growth in the production of "green" electricity through the extension of own generating capacities. To this end we are planning to gradually gain projects of wind farms and biogas power plants at various levels of advancement - through taking over operating installations and investing in developments in cooperation with external entities. The subject of investments will also be cogeneration installations and heat sources in which it will be possible and economically justified to install cogeneration aggregates.

3.1.2.1. Elektrownie Wodne

Elektrownie Wodne Sp. z o.o. (further on: Elektrownie Wodne) deals with the generation of electricity from renewable sources. Within the operations of the Company 21 hydroelectric power plants and Darżyno Wind Farm are functioning.

The volume of electricity generated by 21 hydroelectric plants for which the Company received green certificates and the volume of energy introduced into the network in Q1 of 2012-2013 was as follows:

Gross electricity generated from RES for which Elektrownie Wodne receives green certificates of origin for energy [MWh]		
Period	2012	2013
Q1	46 354.072	47 724.791

Net electricity generated and sold [MWh]		
Period	2012	2013
Q1	45 561.791	46 881.756

The operations of Elektrownie Wodne include also realisation of projects from within the energy renewable sources conducted based on the development of own investments and market acquisitions.

The portfolio of own projects include wind farms with the total capacity of 42.5 MW from which 15 MW Baczyna project is the most advanced, for which a building permit was obtained. The farm is at the stage of preparation of the civil engineering design and the Specification of Essential Terms of a Contract.

The activating of the installation is planned for Q1 2014.

From among the other projects conducted based on the market acquisition and being the subject of the Company's interests is Wind Farm with the capacity of 12 MW. The decision in the project realisation depends on the final determination of the transaction terms. As a result of acquisition activities realised in 2012 an agreement was concluded concerning the acquisition of rights to the project of a wind power plant of the capacity of 1.8 MW and the process of their take-over was completed in Q1 2013.

The supplementation of own investments is a pilot project of a photovoltaic wind farm of the capacity of 1 MW. A pilot project of the set of photovoltaic cells of the total capacity of up to 1 MW is located on the territory of Jastrów. Lands have been already secured, connection conditions are obtained.

Volume of production from Darżyno Wind Farm with the capacity of 6 MW:

Gross electricity generated by the Darżyno Wind Farm for which Elektrownie Wodne receives green certificates of origin for energy [MWh]		
Period	2012	2013
Q1	5 032.521	3 196.259

Net electricity generated and sold [MWh]		
Period	2012	2013
Q1	4 998.293	3 171.945

3.1.2.2. Białystok Heat and Power Plant

In 2008 the Białystok Heat and Power Plant launched a new installation for production of electricity and heat in cogeneration using energy renewable sources (biomass). The specially designed furnace, the so called fluidised bed (BFB) constitutes the key element of the biomass boiler created in result of conversion of the existing OP 140 coal boiler. At present, the conversion of another twin OP 140 boiler into a biomass boiler with a fluidised bed is completed.

In order to maximise energy production from RES in the Białystok Heat and Power Plant the TZ4 condensing turbine set is used which is powered with the extraction steam of the TZ1 heating turbine set with the pressure of 1.0 MPa.

Gross electricity generated in RES unit [MWh]		
Period	2012	2013
Q1	49 138.083	73 102.801

Gross electricity generated in CHP cogeneration unit [MWh]		
Period	2012	2013
Q1	171 769.352	160 886.185

Net electricity generated in RES unit [MWh]		
Period	2012	2013
Q1	42 254.226	61 678.194

Net electricity generated in CHP cogeneration unit [MWh]		
Period	2012	2013
Q1	147 705.822	135 771.727

3.1.2.3. Dobitt Energia

Biogas Plant in Gorzesław

On 11 May 2011 ENEA S.A. purchased Dobitt Energia Sp. z o.o. (further on: Dobitt Energia) located in the Dolnośląskie Province. The company holds the construction design for a biogas power plant (agricultural) with the electric power of 1.6 MW, and a final building permit. The construction of the biogas plant was commenced in June 2011. In 2012 the operations of Dobitt Energia concentrated on the construction of the installation for the electricity production from biogas. On 2 December 2012 construction works were completed by the biogas installation in Gorzesław, and on 28 December 2012 a motion was filed for an occupancy permit to the Poviát Construction Supervision Inspectorate in Oleśnica. On 14 January 2013 the Poviát Construction Supervision Inspector in Oleśnica granted the Occupancy Permit.

Presently works are in progress regarding the connection of the biogas plant to the power grid, which is necessary for the performance of a technological start-up and launching production.

Biogas Plant in Liszkowo

On 18 September 2012 Dobitt Energia concluded an agreement with Elektrownie Wodne and leased the biogas installation with the capacity of 2.1 MWe in Liszkowo.

From the entry into force of the lease agreement the installation operates continuously, and the generation of energy is being gradually increased.

Below the volumes of production and number of energy certificates of origin from Liszkowo Biogas Plant are presented for Q1 of 2012 and 2013:

Gross electricity generated by Liszkowo Biogas Plant [MWh]		
Period	2012	2013
Q1	182.944	2 640.000

Net electricity generated and sold [MWh]		
Period	2012	2013
Q1	148.059	2 305.755

3.1.2.4. PEC Oborniki

The basic heat energy generating units in Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. with its registered office in Oborniki are 3 fine coal and 4 gas boiler houses with the total installed power of 35.78 MWt.

Gross heat production [GJ]		
Period	Q1 2012	Q1 2013
Water	60 721.64	66 606.58

Net heat production [GJ]		
Period	Q1 2012	Q1 2013
Water	58 206.35	63 729.54

3.1.2.5. Windfarm Polska

The basic electricity generation unit in Windfarm Polska Sp. z o.o. (further on: Windfarm Polska) are 25 wind turbines of the total capacity of 50 MW. The company commenced generation of electricity on 26 January 2012 (during the first month within the technological start-up), from the date of gaining the licence, i.e. 29 February 2012 it commenced generation from the licensed source. The company intends to extend the generating capacity of the farm with further 9 MW (3 turbines x 3 MW). Signing of lease agreements was commenced, the environmental report is being prepared, windiness tests were performed. The anticipated date of activating is 2015.

In 2012 the key and the only recipient of the electricity generated by Windfarm Polska was ENEA S.A. - purchases of electricity are performed based on the Electricity Sales Agreement concluded on 1 February 2012 between the above mentioned companies which is in force till 31 December 2021.

Gross generation of electricity [MWh]		
Period	2012 (from 26 January 2012)	2013
Q1	23 937.441	35 149.883

Net electricity generated and sold [MWh]		
Period	2012 (from 26 January 2012)	2013
Q1	23 933.184	32 533.710

3.1.2.6. MEC Piła

Within the works connected within obtaining energy from renewable sources and cogeneration in MEC Piła Sp. z o.o. the following project was prepared - "Construction of the Biomass Cogeneration Unit in ORC technology on the Regional Boiler House KR-Koszyce in Piła" which obtained co-financing from the European Union from the funds of the Cohesion Fund within 9.1 action - Highly efficient energy production, priority IX - Environment-friendly energy infrastructure and energy efficiency, of the Infrastructure and Environment 2007-2013 Operational Programme up to the amount of PLN 12,548,000.00. The detailed analysis of the project and of updated external and internal conditions indicated the justifiability of its modification through replacing the ORC installation based on biomass with a cogeneration sources fired with natural gas. The Company applied to the institution implementing and financing financial aids for an approval for project modification. A cogeneration installation fuelled with natural gas with the electric power amounting to around 10 MWe and heat power of around 10 MWt shall produce electricity and heat in cogeneration satisfying the requirements of the highly efficient cogeneration.

Gross generation of heat [GJ]		
Period	Q1 2012	Q1 2013
Water	351 564.8	357 889.5
Steam	Not applicable	Not applicable

Net generation of heat [GJ]		
Period	Q1 2012	Q1 2013
Water	344 962.4	350 443.4
Steam	Not applicable	Not applicable

Gross generation of electricity [MWh]		
Period	2012	2013
Q1	466.5	449.1
Net electricity generated and sold [MWh]		
Period	2012	2013
Q1	466.5	423.6

3.2. Distribution

The Energy Law in Article 3 item 25 indicates that ENEA Operator, as the Operator of the Distribution System is responsible for the grid traffic in the power distribution system, current and long-term safety of this system functioning, operation, maintenance, renovations and necessary extensions of the distribution network, including connections to other power systems.

The liability was in detail specified in the content of the law through the determination of particular duties and obligations of distribution companies. It in particular relates to Article 4 and Article 9c item 3 of the Energy Law.

Article 4 of the Energy Law imposes an obligation on Operators of the Distribution System to maintain the efficiency of the equipment, installations and networks for the realisation of supplies of energy in a continuous and uninterrupted way, maintaining the valid quality requirements, and the obligation to ensure all the recipients, subject to the rules of equal treatment, the provision of energy distribution services, based on the terms and requirements specified in the law. At the same time, Article 9c item 3 of the Energy Law lays down numerous detailed tasks that the operator is obliged to realise.

It must be emphasised that the application of relatively objective and clear rules ensuring an equal treatment of users of distribution systems and taking into account environmental protection requirements was deemed by the legislator significant for operators' activity.

ENEA Operator supplies electricity to over 2.42 mln users in the western and north-western Poland. To this end it uses the distribution network covering an area of over 20% of the country, including over 112 thou. km of power lines (over 130 thou. including connections) and over 35 thou. power stations. The Company operates on the area of 58,213 km² in 6 provinces: Wielkopolskie, Zachodniopomorskie, Lubuskie, Kujawsko-Pomorskie and in small part Dolnośląskie and Pomorskie. The area of Poznań covers 20,510 km². Bydgoszcz - 10,349 km². Gorzów - 8,484 km², Szczecin - 9,981 km², Zielona Góra - 8,868 km².

Because of the size, the Company performs operations within the extended field structure - the basic organisational unit in the field is the Distribution Department. The seats of the five Departments are located in Poznań, Bydgoszcz, Gorzów Wielkopolski, Szczecin and Zielona Góra. The units deal mostly with the realisation of tasks connected with the core business pursued by ENEA Operator, in particular they:

- extend and modernise the distribution network, in particular they connect to the network (including the renewable energy sources),
- operate, maintain and repair the distribution network ensuring its uninterrupted work,
- conduct the traffic of the distribution network.

Within each of the Distribution Departments subordinate Distribution Regions operate which deal with the realisation of the aforementioned tasks on smaller territories.



Investments presently realised in the area of distribution

The Investment plan of ENEA Operator for 2013 anticipates the investment of over PLN 900 mln. The Company realises investments on all the voltage levels. The undertakings which are deemed the most important are those connected with the construction, extension or modernisation of 110 kV lines and construction and modernisation of the switching stations.

Among the most important investments which will affect the enhancement of the safety of deliveries to the largest extent there are:

- over 10 investments consisting in the construction of 110 kV lines,
- over 20 investments consisting in the modernisation of 110 kV lines,
- over 10 investments consisting in the construction of switching stations,
- over 10 investments consisting in the extension or modernisation of the existing switching stations.

3.3. Trade

In Q1 2013 the total sales within the trade in energy amounted to 3,415,425 MWh, but the sales to the recipients connected to the grid of operators of the distribution systems other than those of ENEA Operator totalled to 447 GWh.

The portfolio of recipients to whom we sell electricity is highly diversified. Presently we sell electricity to 2.4 mln recipients, including 2.1 of individual recipients and 0.3 mln business entities.

3.4. Other activity

The companies of our Group also conduct operations supplementary to the basic operations listed above, including, e.g.:

- construction, expansion, modernisation and repair of electric power equipment and networks,
- design, construction, production and sale of electrical and power equipment and apparatus,
- services related to the maintenance of street lighting and low-voltage networks,

- servicing customers of comprehensive agreements and sales agreements,
- transport services (including the sale, servicing and repair, as well as leasing, of vehicles), and
- social activity (tourism objects, restaurants and recreation services, health protection).

3.5. Sales and supply markets

3.5.1. Sales to end users

ENEA S.A. sells electrical energy to its recipients and offers comprehensive services (energy sales and distribution services) within the following tariff group sets:

Set of tariff groups	Description
Tariff group set A	Energy sold and delivered to customers connected to a high-voltage grid
Tariff group set B	Energy sold and delivered to customers connected to a medium-voltage grid
Tariff group set C	Energy sold and delivered to customers connected to a low-voltage grid, with the exception of end users using electricity for household purposes
Tariff group set G	Energy sold and delivered to end users using electricity for household purposes, regardless of voltage of the grid to which they are connected

The offer of ENEA S.A. is directed to customers on the domestic market.

In practice, in tariff group sets A and B, mainly large companies are settled which operate e.g. in such sectors as chemicals, cement, steel, automotive, paper, wood and metals processing, communal services and port services. In tariff group set C, settlements are made with facilities connected to a low-voltage grid which are not households, such as shops, service outlets, hotels, cities and municipalities – for street lighting, whereas in tariff group set G, settlements are made with end users using electricity to power households and related utility rooms.

Typically, ENEA S.A. concludes comprehensive agreements for an indefinite term, but agreements for the sale of energy (without energy distribution services), including agreements with customers connected to networks of distribution system operators other than ENEA Operator, are most often concluded for a fixed term usually amounting to 12 months. Notice periods are most frequently set for 1 month (around 2.3 mln agreements), less frequently for two, three or six months (around 0.1 mln agreements).

3.5.2. Other sales

Participating in the domestic trade in electricity we are realising sales on the wholesale market to other traders (starting from 1 August 2011 the realisation by ELKO Trading Sp. z o.o.), that as a result balance their own contract positions. Sales volume results mainly from our actions in order to balance the hourly demand for electricity with previously concluded contracts, which optimises the exposure on the balancing market.

3.5.3. Sales by value and type

Revenues on sales of electricity in particular sets of tariff groups by value (not including non-invoiced statistical sales) were as follows:

Item	Revenues on sales of electricity to end users [PLN '000]		
	Q1 2012	Q1 2013	Change
Tariff group set A	192 370	80 880	42.0
Tariff group set B	352 893	302 363	85.7
Tariff group set C	241 826	221 699	91.7
Tariff group set G	340 742	344 079	101.0
TOTAL	1 127 831	949 021	84.1

Electricity sales in particular tariff group sets on a quantitative basis (excluding non-invoiced statistical sales) were as follows:

Item	Sales of electricity [MWh]		
	Q1 2012	Q1 2013	Change
Tariff group set A	807 667	351 590	43.5
Tariff group set B	1 291 790	1 160 251	89.8
Tariff group set C	772 627	681 013	88.1
Tariff group set G	1 235 501	1 222 571	99.0
TOTAL	4 107 585	3 415 425	83.1

In Q1 2013 in relation to Q1 2012 there was a drop in the volumes of sales in all the tariff group sets. However, the smallest drop of just 1% was noted in the tariff group set G, and the largest in the tariff group set A. In Q1 2013 the total sales of electricity were lower by 692,160 MWh, i.e. by 16.9% in relation to Q1 2012.

3.5.4. Purchase and sale of energy by ENEA S.A. on the wholesale market

In connection with organisational changes and separation as of 1 August 2011 the scope of the operations connected with the wholesale market to the special purpose vehicle ENEA Trading Sp. z o.o. all the contracts connected with the wholesale market (also those concluded by ENEA S.A.) are serviced and administered by the subsidiary.

In the light of such a model of action energy for securing sales realised by ENEA S.A. almost completely came from ENEA Trading Sp. z o.o. (almost 92%). In a small part a party to the transaction was Polish Power Exchange (3%), which resulted from an earlier conclusion of some contracts (before separation of the wholesale company) directly by ENEA S.A. Additionally, as a result of the balancing of the scheduler unit some part of energy came from settlements resulting from the difference between estimated and actual trading positions on the balancing market of the Transmission System Operator.

In order to provide sales of comprehensive services (sale of electricity and electricity distribution services) to end users connected to the network of ENEA Operator, the Company purchases the electricity distribution services from ENEA Operator based on the concluded contract on provision of electricity distribution services.

3.5.5. Purchase and sale of energy by ENEA Wytwarzanie on the wholesale market

In relation to the entry into force of amendments in the Energy Law from 9 August 2010 ENEA Wytwarzanie is obliged to sell at least 15% of the generated energy through the power exchange. Such a direction of sales is a consequence of the increase of turnover on the stock exchange market as a result of changes imposed on the energy companies dealing with generation pursuant to the regulations resulting from Article 49a of the Energy Law (an energy company dealing with generation of electricity is obliged to sell not less than 15% of electricity generated in a given year on commodity exchanges or on a regulated market - Article 49a item 1 of the Energy Law, subject to the fact that an energy company dealing with generation of electricity possessing the right to receive funds for coverage of stranded costs is obliged to sell the generated electricity in full (100% of sold own production) in the way ensuring public and equal access to the electricity through an open tender on the Internet trading platform on the regulated market or on commodity exchanges - Article 49a item 2 of the Energy Law).

Within the realisation of this obligation sales of generated electricity on PPE during Q1 2013 constituted around 89.83% of sold and generated electricity.

Additionally, ENEA Wytwarzanie realised, during Q1 2013 sales to the distribution company - ENEA Operator (7.37% of the total volumes), within the Agreement for transactions concluded in order to purchase conventional electricity by ENEA Operator for the coverage of the book-tax difference, for the entity functioning as the operator of the distribution system in the area specified in the licence. Pursuant to the provisions of Article 49a of the Energy Law item 5 (5) the sales are exempt from the obligation specified in item 1 and 2 of this Article.

The remaining volume of electricity is sold on the balancing market (2.79%), or designated for covering power reserves under regulatory systems services, with insignificant amounts sold to local end users (0.01%) conducting business on the area of the Company.

The competences within the wholesale belong to ENEA Trading Sp. z o.o. The Company is responsible towards ENEA Wytwarzanie for analytical support of trading processes within electricity, and conducts comprehensive settlements and is the OHT (Scheduling Co-ordinator) for the Power Plant.

Attainable generating capacity of electricity of ENEA Wytwarzanie amounts to 2,905 MW. The technical generation potential of ENEA Wytwarzanie is 14.1 TWh net (15.0 TWh gross) annually.

In Q1 2008-2013 ENEA Wytwarzanie generated a net total of, respectively, 3.1, 2.7, 2.8, 2.6, 2.5 and 2.8 TWh of electricity (corresponding to gross electricity volumes of 3.3, 2.9, 3.0, 2.8, 2.8 and 3.1 TWh).

ENEA Wytwarzanie produced 3.1 TWh gross energy in Q1 2013.

When considering the current volume and generating capacities of ENEA Wytwarzanie and the level of the originally planned allocation of allowances for emissions of CO₂ for the years of 2013-2020 ENEA Wytwarzanie must buy additional allowances for emissions of CO₂ on the market in the amount of around 50% during first years of KPRU III (Allocation of Free Allowances) up to 100% in 2020. Presently, there are no final decisions on free allowances for 2013-2020 and there are no legal provisions within this scope which will be basis for issuing free allowances for emissions of CO₂.

In Q1 2013 ENEA Wytwarzanie within the wholesale market purchased electricity based on bilateral agreements and on trading platforms in the amount of 435.6 GWh - the total within the ENEA CG.

3.5.6. Purchase of transmission and distribution services

The objective of realisation of sales of comprehensive services (sale of electricity and electricity distribution services) to end users connected to the network of ENEA Operator, ENEA S.A. purchases electricity distribution services from ENEA Operator based on the concluded contract on provision of electricity distribution services.

ENEA Operator purchases transmission services from PSE Operator.

3.5.7. Supply and deliveries of coal

The basic fuel used to produce electricity with the Issuer's production assets, i.e. ENEA Wytwarzanie, is bituminous coal (it is also the case of other leading power companies in Poland). In Q1 2013, the cost of coal in ENEA Wytwarzanie comprised about 48% of operating costs.

Within supplies of coal the companies of the Issuer's Capital Group are presently dependant on Lubelski Węgiel "Bogdanka" S.A. and Katowicki Holding Węglowy S.A. The Polish market of coal supplies is a market highly monopolised by companies belonging to the State Treasury which control a substantial part of domestic supplies of coal on the quantitative basis, excluding Lubelski Węgiel "Bogdanka" S.A., which in 2010 became public, listed in the Warsaw Stock Exchange.

The key supplier of bituminous coal for ENEA Wytwarzanie is Lubelski Węgiel "Bogdanka" S.A., which, during Q1 2013, supplied around 0.8 mln tonnes, which constitutes around 71% of the material supplied on the quantitative basis. The main reason for choosing Lubelski Węgiel "Bogdanka" S.A. as the main supplier is its proximity to ENEA Wytwarzanie - about 130 km - when most Polish mines are located in Upper Silesia more than 300 km away. The coal from the Bogdanka mine has high sulphur content, due to the current level of efficiency of the desulphurisation systems in ENEA Wytwarzanie, use of Bogdanka coal as the sole fuel for the Plant would mean exceeding permitted sulphur emission levels. For this reason, and in order to diversify the supplies, ENEA Wytwarzanie concluded agreements for supplies of bituminous coal with suppliers from the Upper Silesia, i.e. with Katowicki Holding Węglowy S.A. and Jastrzębska Spółka Węglowa S.A.

ENEA Wytwarzanie holds frame multiannual agreements with Lubelski Węgiel "Bogdanka" S.A. and Katowicki Holding Węglowy S.A. within which the price and volumes of supplied coal are determined each year. With other suppliers short-term agreements with due dates within one year are concluded.

4. Presentation of the financial position of ENEA Capital Group

4.1. Presentation of financial results of ENEA Capital Group in Q1 2013

4.1.1. Discussion of key economic and financial figures disclosed in the consolidated financial statement for Q1 2013

In relation to the application by the Capital Group in 2012 of amended principles of accounting, comparative data demonstrated in this presentation coming from the condensed semi-annual consolidated financial statement for Q1 2012 were properly restated in order to maintain their comparability.

4.1.1.1. Consolidated profit and loss statement

Profit and loss statement in PLN '000	Q1 2012 (restated data)	Q1 2013	Change	Difference
Net sales revenues	2 645 780	2 380 334	90.0%	-265 446
Cost of sales	2 428 192	2 018 734	83.1%	-409 458
Other operating revenues	30 104	57 198	190.0%	27 094
Profit / (loss) on sales and liquidation of tangible fixed assets	2 627	-2 176	x	-4 803
Tangible and intangible impairment write-off	106	0	x	-106
Other operating expenses	22 007	46 832	212.8%	24 825
Operating profit (loss)	228 206	369 790	162.0%	141 584
Financial expenses	10 164	7 341	72.2%	-2 823
Financial revenues	45 457	22 245	48.9%	-23 212
Share in (losses)/profits of affiliated entities accounted for using the equity method	-528	805	x	1 333
Profit (loss) before tax	262 971	385 499	146.6%	122 528
Income tax	59 671	76 860	128.8%	17 189
Net profit (loss) for the reporting period	203 300	308 639	151.8%	105 339
EBITDA	420 308	564 457	134.3%	144 149

In 2012 changes were introduced to the accounting policy relating to the principles of inclusion, valuation and presentation of allowances for emissions of CO₂. Comparative data for Q1 2012 presented in the statement of profit and loss account and statement of comprehensive income were relevantly restated in order to include the impact of changes in the principles of accounting and maintaining comparativeness with the data for Q1 2013.

Previous accounting of CO₂: allocation of free allowances was accounted for proportionally to the electricity generation. The lacking allowances in relation to the actual emission were accounted for with paid allowances (EUA, CER, according to separate first in first out queues). Allowances allocated for a given year were used in 100% in a year to which the allocation related, the lacking amount was completed with purchased allowances (a reserve was established if the actual emission exceeded the allocation of free allowances for emissions of CO₂ held by the Group).

New method: allowances for emissions of CO₂ are recognised as current intangible assets. Their use is recognised in accordance with the FIFO rule, however both the EUA rights received free of charge and those purchased are accounted for in one first in first out queue. Grey and green CER rights in separate first in first out queues. For the CO₂ emissions not accounted for in the reporting period a reserve is established. The reserve is created taking into account the priority of accounting for units of certified reduction in emissions (CER) in the amount which is allowed by the legal regulations for redemption in a given settlement period. The reserve for the remaining emission of CO₂ is created in the amount of the cost of held allowances for emissions, using the principle of their accounting based on the first in first out queue. For the missing volume of allowances the reserve is created based on actual market prices of emissions of CO₂.

The allowances for emissions recognised in the assets are redeemed against the reserve in the moment of the actual accounting for the obligation, i.e. redemption of allowances after a year end, applying the current first in first out queue.

The change resulted in the increase in costs of materials by PLN 69,278 thou., decrease in amortisation and depreciation by PLN 12,333 thou., which translates into the diminishing of the operating result by PLN 56,945 thou., and the net profit by PLN 46,126 thou.

Individual events

- In Q1 2012 269,000 shares of Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych "WIRBET" S.A. were sold and the result achieved on this transaction was PLN 10,217 thou.

Revenues

The Group's net revenues from sales in Q1 2013 amounted to PLN 2,380,334 thou., which in relation to Q1 2012 constituted a drop by PLN 265,446 thou., i.e. by 10.0%.

The breakdown below shows the value and structure of revenues on sales achieved in Q1 2013.

Item	Q1 2012		Q1 2013		Change	Difference
	[PLN '000]	%	[PLN '000]	%		
Revenues from the sale of electricity	1 794 074	67.8	1 513 092	63.6	84.3%	-280 982
Revenues from the sale of distribution services	722 353	27.3	736 733	30.9	102.0%	14 380
Revenues from the sale of goods and materials	21 595	0.8	15 089	0.6	69.9%	-6 506
Revenues from the sale of other services	28 129	1.1	32 706	1.4	116.3%	4 577
Revenues from certificates of origin	11 258	0.4	10 171	0.4	90.3%	-1 087
Revenues from sales of CO ₂ emission allowances	1 759	0.1	1 008	0.1	57.3%	-751
Revenues from the sale of heat energy	66 612	2.5	71 535	3.0	107.4%	4 923
Total net revenues	2 645 780	100,0	2 380 334	100.0	90.0%	-265 446

The Group's revenues mainly consist of revenues from sales of electricity and from sales of distribution services, which amount to 63.6% and 30.9% of total net revenues, respectively.

- Revenues from the sale of electricity in Q1 2013 amounted to PLN 1,513,092 thou. and decreased in relation to the previous year by PLN 280,982 thou. or 15.7%. It mainly results from the drop of revenues from sales of electricity to end users by PLN 178,810 thou. (lower volumes of sold energy by 692 GWh with an increase of the average sale price by 1.2%). Additionally, there was a drop in revenues from sales of electricity in ENEA Wytwarzanie by

PLN 39,692 thou. (lower average price by 9.8%). Additionally, lower non-invoiced sales were generated relating to electricity, there were lower revenues from sales of electricity to other entities and higher costs of excise tax.

- Revenues from the sale of distribution services in Q1 2013 amounted to PLN 736,733 thou. and were higher than in the preceding year by PLN 14,380 thou. A growth in these revenues stemmed mainly from higher revenues from sales of distribution services to end users by PLN 18,356 thou. which results from a higher average selling price of distribution services to end users by 3.9% and lower volumes by 49 GWh.
- Revenues from sales of heat energy in Q1 2013 amounted to PLN 71,535 thou. and increased by PLN 4,923 thou., which stemmed mainly from higher average price by 6.1% and higher volumes of heat energy sold by 23,593 GJ.
- Revenues by title of certificates of origin in Q1 2013 amounted to PLN 10,171 thou. and relate to revenues realised by the Białystok Heat and Power Plant which dropped in relation to the decrease in the average price by 51.0%.
- Revenues from sales of goods and materials in Q1 2013 amounted to PLN 15,089 thou. and dropped in comparison with Q1 2012 by PLN 6,506 thou., which stems mainly from lack of revenues of Auto-Styl (Company's sales at the end of 2012).
- Growth in revenues from sales of other services by PLN 4,577 thou. stems mainly from a growth in sales in the companies: ENEA Operator and ENERGOBUD Leszno.
- Decrease in revenues from sales of allowances for emissions of CO₂ by PLN 751 thou. results mainly from lower sales of allowances for emissions of CO₂ in ENEA Wytwarzanie in relation to lower average price by 41.0%.

In Q1 2013 the total costs of sales amounted to PLN 2,018,743 thou. and decreased by 16.9% in relation to the comparative period.

The breakdown below shows the value and structure of costs on sales which were incurred in Q1 2013.

Item	Q1 2012 (restated data)		Q1 2013		Change	Difference
	[PLN '000]	%	[PLN '000]	%		
Amortisation/depreciation	192 102	7.9	194 667	9.6	101.3%	2 565
Employee benefit costs	248 920	10.3	251 787	12.5	101.2%	2 867
Consumption of materials and raw materials and value of goods sold	481 527	19.8	442 516	21.9	91.9%	-39 011
Costs of purchases for resale	1 174 453	48.4	811 762	40.2	69.1%	-362 691
Transmission services	180 095	7.4	153 018	7.6	85.0%	-27 077
Other external services	89 339	3.7	95 941	4.8	107.4%	6 602
Taxes and charges	61 756	2.5	69 043	3.4	111.8%	7 287
Total cost of revenues from sales	2 428 192	100.0	2 018 734	100.0	83.1%	-409 458

In 2012 changes were introduced to the accounting policy relating to the principles of inclusion, valuation and presentation of allowances for emissions of CO₂. Comparative data for Q1 2012 presented in the statement of profit and loss account and statement of comprehensive income were relevantly restated in order to include the impact of changes in the principles of accounting and maintaining comparativeness with the data for Q1 2013.

Previous accounting of CO₂: allocation of free allowances was accounted for proportionally to the electricity generation. The lacking allowances in relation to the actual emission were accounted for

with paid allowances (EUA, CER, according to separate first in first out queues). Allowances allocated for a given year were used in 100% in a year to which the allocation related, the lacking amount was completed with purchased allowances (a reserve was established if the actual emission exceeded the allocation of free allowances for emissions of CO₂ held by the Group).

New method: allowances for emissions of CO₂ are recognised as current intangible assets. Their use is recognised in accordance with the FIFO rule, however both the EUA rights received free of charge and those purchased are accounted for in one first in first out queue. Grey and green CER rights in separate first in first out queues. For the CO₂ emissions not accounted for in the reporting period a reserve is established. The reserve is created taking into account the priority of accounting for units of certified reduction in emissions (CER) in the amount which is allowed by the legal regulations for redemption in a given settlement period. The reserve for the remaining emission of CO₂ is created in the amount of the cost of held allowances for emissions, using the principle of their accounting based on the first in first out queue. For the missing volume of allowances the reserve is created based on actual market prices of emissions of CO₂.

The allowances for emissions recognised in the assets are redeemed against the reserve in the moment of the actual accounting for the obligation, i.e. redemption of allowances after a year end, applying the current first in first out queue.

The change caused a growth in costs of materials by PLN 69,278 thou., decrease of amortisation and depreciation by PLN 12,333 thou.

The largest items in the Capital Group's costs are the costs of purchasing electricity and consumption of materials, as well as the value of goods sold, which constitute respectively 40.2% and 21.9% of the costs of revenues from sales.

- Purchases of energy for sales in the reporting period amounted to PLN 811,762 thou. and decreased in relation to the previous year by 30.9%, which stems from lower average purchase price of electricity by ENEA Trading (a company buying electricity for the needs of the Capital Group) by 9.0% and lower demand for electricity by end users of ENEA S.A.
- Costs of materials and value of goods sold in the analysed period amounted to PLN 442,516 thou. and decreased in relation to the previous year by PLN 39,011 thou., which stems mainly from a drop in this item in ENEA Wytwarzanie by PLN 25,061 thou., including a drop in the costs of CO₂ emissions by PLN 64,565 thou. as a result of a higher volume of free allowances applied to the provision for redemption by 1,685 thou. tonnes in comparison with the same period of the previous year. Additionally, there was a drop in the costs of use of biomass by PLN 5,671 thou. in relation to a production of energy from biomass lower by 28 GWh with a higher average cost of biomass consumption (including transport) by 1.8%. At the same time, costs of coal consumption were higher by PLN 44,682 thou. as a result of a higher by 316 GWh production of electricity from conventional sources with higher volumes of consumption by 140 thou. tonnes and higher average cost of coal consumption by 3.9%. In the Białystok Heat and Power Plant there were lower costs of use materials by PLN 9,227 thou., which stems from lower costs of coal consumption by PLN 6,707 thou. (a drop in the average cost of coal by 3.0%), adjustment of costs in Q1 2012 consisting in the shift of amortisation and depreciation relating to the valuation of allowances for emissions of CO₂ in the amount of PLN 12,333 thou. to the cost of materials. Additionally, in the Białystok Heat and Power Plant higher costs of biomass consumption were incurred by PLN 10,035 thou. (higher production of energy from biomass by 24 GWh). Additionally, lower costs of use of materials and value of goods sold were affected by sales of Auto-Styl.
- Employee benefits in Q1 2013 amounted to PLN 251,787 thou. and increased in relation to the previous year by PLN 2,867 thou., which stems mainly from higher employee benefits in ENEA Wytwarzanie by PLN 2,931 thou. (mainly changes in the provisions for employee benefits and a growth in pays from 1 June 2012), higher costs relating to the Białystok Heat and Power Plant by PLN 866 thou. (higher pays from July 2012) and higher costs of employee benefits in

ENERGOBUD Leszno (by PLN 1,040 thou.) At the same time there was a drop in employee benefits in ENEA Operator by PLN 2,232 thou. (lower costs of trainings and lower provisions for unused holiday leaves).

- Costs of transmission services in Q1 2013 amounted to PLN 153,018 thou. and are lower in relation to the previous year by PLN 27,077 thou., which stems from lower costs related to the transitory charge and change in the statistical quality charge (a former part of the system fee).
- Costs of outsourced services in Q1 2013 amounted to PLN 95,941 thou. and increased in relation to the previous year by PLN 6,602 thou., which mainly stems from the recognition of costs of Windfarm Polska (from 16 April 2012 Windfarm Polska is included in the statements of the Capital Group as a subsidiary) and from incurring higher costs of coal transport, in connection with a higher unit cost of transport of consumed coal by 27.2%.
- Costs of taxes and charges in Q1 2013 amounted to PLN 69,043 and increased in relation to the previous year by PLN 7,287 thou., which stems mainly from higher costs of property tax and fees for using the road line in ENEA Operator and higher fees for use of the environment in ENEA Wytwarzanie.
- Amortisation and depreciation in the reporting period amounted to PLN 194,667 thou. and was higher than in Q1 2012 by PLN 2,565 thou., i.e. 1.3%, which stems mainly from the inclusion of costs of amortisation and depreciation of Windfarm Polska (since 16 April 2012 Windfarm Polska has been included in the statement of the Capital Group as a subsidiary). At the same time, in ENEA Operator there was a drop in the amortisation and depreciation as a result of the review of utility periods and recognition in Q1 2012 of the amortisation of fixed assets subject to liquidation in Q1 2012.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Other operating revenues	30 104	57 198	190.0%	27 094
Other operating expenses	22 007	46 832	212.8%	24 825
Profit / (loss) on sales and liquidation of tangible fixed assets	2 627	-2 176	x	-4 803

In Q1 2013 the result on the other operating activity amounted to PLN 10,366 thou. and was higher than in the previous year by PLN 2,269 thou., which stems mainly from higher revenues from the granted guarantee, by title of fortuitous events, higher value of reimbursed court fees, reversal of revaluation write-downs in relation to certificates of origin from RES and a release of the impairment of receivables in ENEA Wytwarzanie. At the same time, in the other operating costs the costs for non-contractual use of properties were included for reference only in ENEA Operator and costs connected with the revaluation of proprietary interests in the Białystok Heat and Power Plant.

The loss on sales and liquidation of fixed assets relates mainly to the assets of ENEA Operator.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Financial revenues	45 457	22 245	48.9%	-23 212
Financial expenses	10 164	7 341	72.2%	-2 823

In Q1 2013 the result on the financial activity amounted to PLN 14,904 thou. and was lower than in Q1 2012 by PLN 20,389 thou. in relation to the sale in 2012 of shares of WIRBET and lower revenues from interests.

4.1.1.2. Assets - structure of assets and liabilities in the consolidated balance sheet

Consolidated balance sheet

Total assets in PLN '000	As at:		Change	Difference
	31 December 2012	31 March 2013		
Fixed assets	11 011 502	11 133 017	101.1%	121 515
Tangible fixed assets	10 459 377	10 611 018	101.4%	151 641
Perpetual usufruct right	70 369	66 062	93.9%	-4 307
Intangible assets	201 357	202 425	100.5%	1 068
Investment properties	30 752	31 936	103.9%	1 184
Investments in associated entities, accounted for using the equity method	5 951	6 772	113.8%	821
Deferred income tax assets	175 081	154 034	88.0%	-21 047
Financial assets held for sale	66 735	58 661	87.9%	-8 074
Financial assets valued at fair value by the profit and loss account	1 504	1 761	117.1%	257
Trade and other receivables	376	348	92.6%	-28
Current assets	3 698 960	3 584 837	96.9%	-114 123
CO ₂ emission allowances	194 622	219 696	112.9%	25 074
Inventories	502 654	336 453	66.9%	-166 201
Trade and other receivables	1 449 314	1 572 321	108.5%	123 007
Current income tax assets	16 026	25 610	159.8%	9 584
Financial assets held-to-maturity investments	5 135	106 329	2 070.7%	101 194
Financial assets valued at fair value by the profit and loss account	422 173	467 305	110.7%	45 132
Cash and cash equivalents	1 095 495	843 422	77.0%	-252 073
Fixed assets for sale	13 541	13 701	101.2%	160
Total assets	14 710 462	14 717 854	100.1%	7 392

Total liabilities in PLN '000	As at:		Change	Difference
	31 December 2012	31 March 2013		
Total equity	10 938 288	11 240 382	102.8%	302 094
Share capital	588 018	588 018	100.0%	0
Share premium	3 632 464	3 632 464	100.0%	0
Share based payments reserve	1 144 336	1 144 336	100.0%	0
Financial instruments revaluation reserve	50 233	43 688	87.0%	-6 545
Other reserves	-21 317	-21 317	100.0%	0
Retained earnings	5 521 833	5 829 628	105.6%	307 795
Non-controlling interests	22 721	23 565	103.7%	844
Total liabilities	3 772 174	3 477 472	92.2%	-294 702
Non-current liabilities	1 748 504	1 752 850	100.2%	4 346

Current liabilities	2 023 670	1 724 622	85.2%	-299 048
Total equity and liabilities	14 710 462	14 717 854	100.1%	7 392

As at 31 March 2013, the balance-sheet total of the ENEA Capital Group was PLN 14,717,854 thou. and increased by PLN 7,392 thou. that is by 0.1% relative to the situation as at 31 December 2012.

Fixed assets as at 31 March 2013 amounted to PLN 11,133,017 thou. and increased in relation to the state as at the end of the previous year by PLN 121,515 thou., which stems mainly from a higher item of tangible fixed assets by PLN 151,641 thou. (ENEA Wytwarzanie, ENEA Operator) and lower assets by title of deferred income tax by PLN 21,047 thou. (ENEA S.A., ENEA Operator).

As at 31 March 2013 the current assets amounted to PLN 3,584,837 thou. and decreased in relation to the state as at the end of 2012 by PLN 114,123 thou. In current assets there was a drop in the sum of items of financial assets valued at fair value by the profit and loss account and cash and cash equivalents, mainly in relation to the acquisition of proprietary interests. Additionally, there was a drop in inventories because of lower stocks of coal (ENEA Wytwarzanie) and lower stock of certificates of origin (ENEA S.A.). In addition, there was an increase in financial assets held to maturity in ENEA Wytwarzanie in relation to the establishment of a deposit with the maturity term exceeding 3 months. At the same time, the trade receivables and rights to CO₂ emissions increased.

The dominant source of financing the assets of the Group is equity, which as at 31 March 2013 amounted to PLN 11,240,382 thou., i.e. PLN 302,094 thou. more than at the end of December 2012 by PLN 302,094 thou. The change is impacted by the profit generated in Q1 2013.

As at 31 March 2013, the value of the Group's non-current liabilities was PLN 1,752,850 thou. and increased by PLN 4,346 thou. in relation to the state as at 31 December 2012.

Current liabilities were at the level of PLN 1,724,622 thou. and decreased by PLN 299,048 thou. in relation to the state as at the end of the previous year, mainly as a result of the decrease in trade liabilities, which stemmed from lower investment liabilities in ENEA Operator. Additionally, there was a drop in the provisions for other liabilities and charges in ENEA S.A. relating mainly provisions for certificates of origin of energy.

4.1.1.3. Cash

Consolidated cash flow statement

Cash flow statement in PLN '000	31 March 2012 (restated data)	31 March 2013	Change	Difference
Net cash flows from operating activities	178 298	265 346	148.8%	87 048
Net cash flows from investing activities	-519 461	-518 146	99.7%	1 315
Net cash flows from financing activities	-8 482	-811	9.6%	7 671
Net increase / decrease in cash and cash equivalents	-349 645	-253 611	72.5%	96 034
Cash and cash equivalents at the end of the reporting period	866 739	843 422	97.3%	-23 317

Data contained in the profit and loss account for Q1 2012 were restated to maintain their comparability with the data for Q1 2013. The Group in the cash flow statement separated a balance sheet change in cash and cash equivalents by title of foreign exchange differences, which in Q1 2012 amounted to PLN -1,977 thou. At the same time, the value of operating cash flows was adjusted with this amount, which did not consequently change the balance of cash and cash equivalents as at the end of Q1 2012.

As at 31 March 2013 the ENEA Capital Group's balance of cash and cash equivalents amounted to PLN 843,422 thou. and was lower by PLN 23,317 thou. than at the end of March 2012 (PLN 866,739 thou.).

Operating cash flows amounted to PLN 265,346 thou. in Q1 2013, an increase of PLN 87,048 thou. relative to Q1 2012 (PLN 178,298 thou.). The increase mainly stems from a higher net financial result. At the same time, the decrease in the operating cash flow was affected by the change in the working capital, mainly changes in the trade receivables and liabilities.

Cash flows from investing activities amounted to PLN -518,146 thou. in Q1 2013, and were similar relative to Q1 2012 (PLN -519,461 thou.).

Cash flows from financing activities amounted to PLN -811 thou. in Q1 2013 and in Q1 2012 they amounted to PLN -8,482 thou. A change in the amount of PLN -7,671 thou. stems mainly from lower repayment of loans (in Q1 2012 repayment of the long-term loan by ENEA Wytwarzanie).

4.1.1.4. Ratio analysis

Financial indicators

Indicator	Item	Q1 2012	Q1 2013
PROFITABILITY RATIOS			
ROE - return on equity	gross profit (loss) / equity	9.8%	13.7%
ROA - return on assets	operating profit (loss) / total assets	6.5%	10.1%
Net profitability	net profit (loss) / net sales revenues	7.7%	13.0%
Operating profitability	net operating profit (loss) / net sales revenues	8.6%	15.5%
EBITDA	net operating profit (loss) + amortisation and depreciation / net sales revenues	15.9%	23.7%
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS			
Current liquidity ratio	current assets / current liabilities	2.4	2.1
Equity-to-fixed assets ratio	equity / non-current assets	107.2%	101.0%
Total debt ratio	total liabilities / total assets	23.6%	23.6%
Net debt / EBITDA	(bearing-interest obligations - cash) / operating profit (loss) + amortisation	-4.7	-2.6
ECONOMIC ACTIVITY RATIOS			
Current receivables turnover in days	avg. net trade and other receivables x number of days / net sales revenues	39	57
Turnover of trade and other payables in days	average trade and other liabilities x number of days / cost of products, materials sold	47	67
Inventory turnover in days	avg. inventories x number of days / cost of products, materials sold	21	23

In Q1 2013 the ENEA Capital Group generated a higher financial result which resulted in gaining higher profitability ratios. The EBITDA profitability amounted to 23.7% and was higher than in Q1 2012 (15.9%). Net profitability achieved by the Group in Q1 2013 amounted to 13.0% and was higher than the one achieved in the previous year (7.7%). ROE in Q1 2013 amounted to 13.7% and reached the level higher than the level of ROE from Q1 2012 (9.8%), and ROA amounted to 10.1% in Q1 2013 (in Q1 2012 it was 6.5%).

The ENEA Capital Group is able to settle its current liabilities on time, which is confirmed by a low level of the current liquidity ratio, which was 2.1 as at the end of Q1 2013.

As at 31 March 2013 the total debt ratio was 23.6%, and the ratio of shareholders equity to fixed assets was 101.0% on 31 March 2013 (and 107.2% as at 31 March 2012). Net debt/EBITDA ratio in Q1 2013 amounted to -2.6 (in Q1 2012 it was -4.7). A negative level of the ratio results from a low

value of loans drawn, and the change of the ratio in Q1 2013 in comparison with Q1 2012 stems from a lower level of cash and cash equivalents.

In Q1 2013, the receivables turnover rate was higher than in the previous year by 18 days and amounted to 57 days. Meanwhile, the liabilities turnover indicator in Q1 2013 was 67 days, and was thus 20 days longer than in the previous year. Please note that a correct relationship was maintained between the receivables and payables turnover rates (liabilities are settled after receivables are obtained), which in turn has a beneficial effect on the Group's financial liquidity. The inventory turnover indicator in Q1 2013 was 23 days, and was thus 2 days longer than in the same period of the previous year.

4.2. Presentation of financial results of ENEA S.A. in Q1 2013

4.2.1. Profit and loss statement of ENEA S.A.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Sales revenues	1 667 405	1 389 347	83.3%	-278 058
Excise tax	-51 994	-55 143	106.1%	-3 149
Net sales revenues	1 615 411	1 334 204	82.6%	-281 207
Cost of sales	1 606 488	1 222 266	76.1%	-384 222
Other operating revenues	5 701	27 492	482.2%	21 791
Other operating expenses	14 077	24 439	173.6%	10 362
Profit / loss on sales of fixed assets	2 190	-10	x	-2 200
Tangible and intangible impairment write-off	0	0	x	0
Operating profit	2 737	114 981	4 201.0%	112 244
Financial revenues	36 758	21 676	59.0%	-15 082
Dividend revenue	0	0	x	0
Financial expenses	3 953	1 017	25.7%	-2 936
Gross profit	35 542	135 640	381.6%	100 098
Net profit	22 925	109 738	478.7%	86 813
EBITDA	6 875	119 290	1 735.1%	112 415

4.2.2. Sales revenues

The gross revenues from sales of ENEA S.A. in the reporting period amounted to PLN 1,389,347 thou., which in relation to Q1 2012 constitutes a drop by PLN 278,058 thou., i.e. by 16.7%.

The table below shows the value of sales revenues achieved in Q1 2013.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Sales revenues	1 667 405	1 389 347	83.3%	-278 058
Sales of electricity to end users	1 127 831	949 021	84.1%	-178 810
Sales of distribution services to users holding comprehensive agreements	433 831	413 056	95.2%	-20 775
Sales of electricity to other entities	52 686	1 529	2.9%	-51 157
Sales of services	15 674	16 093	102.7%	419
Other revenue	37 384	9 647	25.8%	-27 737

The decrease in ENEA S.A.'s sales revenues was caused mainly by:

- Revenues from sales of electricity to end users, which constitute 68.3% of all sales revenues. In Q1 2013 these revenues amounted to PLN 949,021 thou., a decrease of PLN 178,810 thou. or 15.9% on the same period of the preceding year, which stemmed mainly from sold electricity volumes declining by 692 GWh and a 1.2% increase in the average selling price. The greatest drop in the volumes of sold electricity was noted in the group of customers of A and B tariff group sets (by 588 GWh), and in C group the volume of sold energy declined by 92 GWh and by 13 GWh in G group. Additionally, there was a growth in the average price in C and G groups, and a decline in the average price was noted in A and B groups.
- Revenues from sales of distribution services to users holding comprehensive agreements, which constitute 29.7% of all sales revenues. In Q1 2013 these revenues amounted to PLN 413,056 thou., and were lower than in the same period of the preceding year by PLN 20,775 thou. or 4.8%. The level of the decrease was influenced mainly by the separation of comprehensive agreements into the agreements of sale of energy and distribution services.
- Revenues from electricity sales to other entities amounted to PLN 1,529 thou., a decrease of PLN 51,157 thou. or 97.1% in comparison with Q1 2012, which stemmed mainly from the fact that sales on the wholesale market take place only in order to balance energy purchases for retail users.
- The remaining revenues are mainly affected by estimated non-invoiced sales of electricity and distribution services resulting from WO and DO settlement system, which presents a difference between the state of non-invoiced sales at the end of a given reporting period and its state as at the beginning of the reporting period.

4.2.3. Cost of sales

In Q1 2013, ENEA S.A.'s total cost of sales amounted to PLN 1,222,266 thou. and decreased by PLN 384,222 thou., or 23.9%, relative to the same period of the previous year.

The table below shows the value of the cost of sales achieved in Q1 2013.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Cost of sales	1 606 488	1 222 266	76.1%	-384 222
Costs of electricity for resale	1 080 351	738 539	68.4%	-341 812
including: purchase of certificates of origin	152 398	76 803	50.4%	-75 595
value of unbalanced energy	-8 339	-65 075	780.3%	-56 736
Cost of providing distribution services for the performance of comprehensive agreements for the provision of electricity and distribution services	447 406	415 431	92.9%	-31 975
Depreciation/amortisation of fixed and intangible assets	4 138	4 309	104.1%	171
Consumption of materials and energy and value of sold materials	1 216	900	74.0%	-316
Other external services	54 807	45 069	82.2%	-9 738
Employee benefit costs	15 313	14 744	96.3%	-569
Taxes and charges	3 257	3 274	100.5%	17

Differences in the costs of sales incurred by ENEA S.A. are mainly a result of:

- Costs of purchases of electricity for sale which amount to PLN 738,539 thou. and decreased in relation to Q1 2012 by PLN 341,812 thou. or 31.6% as a result of a lower volume of

purchased energy by 1,021 GWh. The average purchase price of electricity in total decreased in Q1 2013 by 10.9% in relation to Q1 2012. At the same time, in Q1 2013 the costs of purchase of electricity include the estimate costs of unbalancing of electric energy, which decreased the purchase costs by PLN 65,075 thou., and in Q1 2012 by PLN 8,339 thou. Unbalancing of purchases with sales adjusts purchase costs +/- in relation to the fact that the volume of energy invoiced as purchases and sales is not equal to adjustments made on the Balancing Market within a 15-month settlement period. Moreover in the reporting period there was a decrease of costs of purchase of certificates of origin by PLN 75,595 thou.

- The costs of providing distribution services for the performance of comprehensive services, which amounted to PLN 415,431 thou. and were lower by PLN 31,975 thou. or 7.1% than in Q1 2012, which stems from the lower performance of sales of distribution services to users with comprehensive agreements.
- The costs of the other outsourced services amounted to PLN 45,069 thou., a decrease of PLN 9,738 thou. or 17.8% in comparison with the same period of the preceding year, which was mainly caused by lower costs for the account of ENEA Trading by PLN 7,411 thou. or 67.0% (change of rules of remuneration) and lower costs connected with promotion and representation by PLN 3,252 thou. or 39.2%.

4.2.4. Other operating activity

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Other operating revenues	5 701	27 492	482.2%	21 791
Other operating expenses	14 077	24 439	173.6%	10 362

In Q1 2013 the other operating result amounted to PLN 3,053 thou. and was higher than in the same period of the preceding year by PLN 11,429 thou. (in Q1 2012 a loss was sustained on this activity in the amount of PLN 8,376 thou.). A growth in revenues stems mainly from higher revenues from decreased impairment of receivables regarding electricity and higher revenues from the release of provisions for claims for damages. At the same time, there were higher costs of written-off debts and lower costs of provisions for litigation.

Additionally, in Q1 2012 profit on sales of fixed assets was generated (mainly the ownership right to the building and land) in the amount of PLN 2,190 thou.

4.2.5. Revenues and financial costs

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Financial revenues	36 758	21 676	59.0%	-15 082
Financial expenses	3 953	1 017	25.7%	-2 936

In Q1 2013 the result on the financing activity amounted to PLN 20,659 thou. and was lower than in the same period of the previous year by PLN 12,146 thou. or 37.0%, which mainly stems from a one-off event which occurred in 2012 and related to the sale of 269,000 shares of Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych "WIRBET" S.A. totalling to PLN 10,217 thou.

4.3. Presentation of financial results of ENEA Operator in Q1 2013

4.3.1. Profit and loss statement of ENEA Operator

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Sales revenues	746 376	761 746	102.1%	15 370
Cost of sales	602 879	561 052	93.1%	-41 827
Other operating revenues	11 237	9 449	84.1%	-1 788
Other operating expenses	6 323	14 877	235.3%	8 554
Profit/loss on sales and liquidation of tangible fixed assets	2 335	-1 378	x	-3 713
Operating profit/loss	150 746	193 888	128.6%	43 142
Financial revenues	1 091	1 628	149.2%	537
Financial expenses	4 464	5 575	124.9%	1 111
Gross profit / loss	147 373	189 941	128.9%	42 568
Net profit / loss	119 806	153 465	128.1%	33 659
EBITDA	245 999	287 328	116.8%	41 329

4.3.2. Sales revenues

Sales revenues of ENEA Operator in the reporting period amounted to PLN 761,746 thou., which in relation to Q1 2012 constitutes a growth by PLN 15,370 thou., i.e. by 2.1%.

The table below shows the value of sales revenues achieved in Q1 2013.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Sales revenues	746 376	761 746	102.1%	15 370
Revenues from sales of distribution services to end users	670 074	688 430	102.7%	18 356
Revenues from additional fees	790	848	107.3%	58
Revenues from non-invoiced sales of distribution services	15 053	3 930	26.1%	-11 123
Clearing of the Balancing Market	3 063	15 337	500.7%	12 274
Fees for customer grid connection	21 923	20 324	92.7%	-1 599
Revenues from the illegal collection of electricity	2 501	2 089	83.5%	-412
Revenues from services	25 493	24 150	94.7%	-1 343
Sales of distribution services to other entities	6 827	5 869	86.0%	-958
Sales of goods and services and other revenues	652	769	117.9%	117

The sales revenues increase in Q1 2013 in the amount of PLN 15,370 thou. in relation to the comparative period was mainly due to:

- Growth of revenues from sales of distribution services to end users which constitute 90.4% of sales revenues by PLN 18,356 thou., i.e. 2.7%, which stems from higher average selling price by 3.9% and lower volumes of delivered electricity by 49 GWh. Additionally, a drop was noted in estimated revenues from non-invoiced sales by PLN 11,123 thou.

- Growth in the value of revenues by title of clearing of the balancing market by PLN 12,274 thou. (the data published in the basic mode - up to 4 days after the end of a day - are subject to an adjustment after two, four months).
- Drop of revenues from fees for grid connections which in Q1 2013 amounted to PLN 20,324 thou. and decreased by PLN 1,599 thou. which results from the acceptance to the equity of connections of a lower value.
- Drop in revenues for services which amounted to PLN 24,150 thou. and declined by PLN 1,343 thou., which stems mainly from lower revenues by title of maintenance of street lighting equipment.
- Drop in sales of distribution services to other entities by PLN 958 thou. stems from lower transfer of energy to the neighbouring operators of distribution systems in relation to the previous year.

4.3.3. Cost of sales

In Q1 2013 total costs of sales of ENEA Operator amounted to PLN 561,052 thou. and decreased by PLN 41,827 thou. i.e. by 6.9% in relation to the comparative period.

The breakdown below shows the value of costs on sales achieved in the reporting period.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Cost of sales	602 879	561 052	93.1%	-41 827
Depreciation and amortisation of fixed and intangible assets	95 253	93 440	98.1%	-1 813
Employee benefit costs	136 372	134 140	98.4%	-2 232
Consumption of materials and energy and value of sold materials	12 384	12 226	98.7%	-158
Costs of purchases for resale	102 414	88 101	86.0%	-14 313
Costs of transmission services	179 798	152 782	85.0%	-27 016
Other external services	40 583	40 599	100.0%	16
Taxes and charges	36 075	39 764	110.2%	3 689

The change in the costs incurred by ENEA Operator in Q1 2013 in relation to the comparative period stems mainly from:

- Costs of transmission services which in the reporting period amounted to PLN 152,782 thou. and were lower by PLN 27,016 thou., which stems from incurring lower transitory charge and change in the state of the statistical quality fee. It affected the drop in the average purchase price of these services by 14.1%.
- Costs of purchase of energy for sales dropped by PLN 14,313 thou., which mainly results from a drop in the average purchase price for energy by 3.7% and volumes lower by 79 GWh.
- Employee benefits costs, which in the reporting period amounted to PLN 134,140 thou. and were lower by PLN 2,232 thou. which stems from lower costs of trainings by PLN 1,561 thou. and lower provisions for unused holiday leaves.
- Costs of amortisation and depreciation amounted to PLN 93,440 thou. and were lower by PLN 1,813 thou., which stems from the review of the periods of utilising and in Q1 2012 the amortisation and depreciation was recognised from the fixed assets liquidated in this quarter.
- Taxes and charges which grew by PLN 3,689 thou. in relation to higher costs of tax from properties and costs of usage of the road line.

4.3.4. Other operating activity

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Other operating revenues	11 237	9 449	84.1%	-1 788
Other operating expenses	6 323	14 877	235.3%	8 554

In Q1 2013 the other operating revenues amounted to PLN -5,428 thou. and were lower than in the preceding year by PLN 10,342 thou., which mainly stems from lower value of nil-paid fixed assets and higher provisions for claims for compensation and inclusion of costs for non-contractual use of properties.

At the same time, the Company sustained a loss on sale and liquidation of tangible fixed assets in the amount of PLN 1,378 thou. and in Q1 2012 it generated a profit amounting to PLN 2,335 thou.

4.3.5. Revenues and financial costs

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Financial revenues	1 091	1 628	149.2%	537
Financial expenses	4 464	5 575	124.9%	1 111

In Q1 2013 the Company sustained a higher loss on the financial activity in relation to the same period of the previous year, which stems from incurring higher costs relating to funding from corporate bonds.

4.4. Presentation of financial results of ENEA Wytwarzanie in Q1 2013

4.4.1. Profit and loss statement of ENEA Wytwarzanie

Data in PLN '000	Q1 2012 (restated data)	Q1 2013	Change	Difference
Sales revenues	686 586	658 440	95.9%	-28 146
Excise tax	8	7	87.5%	-1
Net sales revenues	686 578	658 433	95.9%	-28 145
Cost of sales	643 051	627 906	97.6%	-15 145
Other operating revenues	12 310	18 032	146.5%	5 722
Other operating expenses	996	3 774	378.9%	2 778
Profit / loss on sales and liquidation of tangible fixed assets	4	-825	-	-829
Operating profit/loss	54 845	43 960	80.2%	-10 885
Financial revenues	13 702	12 719	92.8%	-983
Financial expenses	1 070	538	50.3%	-532
Gross profit / loss	67 477	56 141	83.2%	-11 336
Net profit / loss	43 944	44 758	101.9%	814
EBITDA	132 359	121 397	91.7%	-10 962

In 2012 changes were introduced to the accounting policy relating to the principles of inclusion, valuation and presentation of allowances for emissions of CO₂. Comparative data for Q1 2012

presented in the statement of profit and loss account and statement of comprehensive income were relevantly restated in order to include the impact of changes in the principles of accounting and maintaining comparativeness with the data for Q1 2013.

Previous accounting of CO₂: allocation of free allowances was accounted for proportionally to the electricity generation. The lacking allowances in relation to the actual emission were accounted for with paid allowances (EUA, CER, according to separate first in first out queues). Allowances allocated for a given year were used in 100% in a year to which the allocation related, the lacking amount was completed with purchased allowances (a reserve was established if the actual emission exceeded the allocation of free allowances for emissions of CO₂ held by the Group).

New method: allowances for emissions of CO₂ are recognised as current intangible assets. Their use is recognised in accordance with the FIFO rule, however both the EUA rights received free of charge and those purchased are accounted for in one first in first out queue. Grey and green CER rights in separate first in first out queues. For the CO₂ emissions not accounted for in the reporting period a reserve is established. The reserve is created taking into account the priority of accounting for units of certified reduction in emissions (CER) in the amount which is allowed by the legal regulations for redemption in a given settlement period. The reserve for the remaining emission of CO₂ is created in the amount of the cost of held allowances for emissions, using the principle of their accounting based on the first in first out queue. For the missing volume of allowances the reserve is created based on actual market prices of emissions of CO₂.

The allowances for emissions recognised in the assets are redeemed against the reserve in the moment of the actual accounting for the obligation, i.e. redemption of allowances after a year end, applying the current first in first out queue.

The change caused a growth in costs of materials by PLN 56,945 thou., which translates into a lower operating result and lower net profit by PLN 46,126 thou.

4.4.2. Sales revenues

ENEA Wytwarzanie's gross revenues from sales in Q1 2013 amounted to PLN 658,440 thou., which in relation to Q1 2012 constituted a drop by PLN 28,146 thou., i.e. by 4.1%.

The table below shows the value of gross sales revenues achieved in Q1 2013.

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Gross sales revenues	686 586	658 440	95.9%	-28 146
including:				
Revenues from the sale of electricity, including:	645 465	646 893	100.2%	1 429
within licence for generation	580 029	566 628	97.7%	-13 401
within licence for trading	65 435	80 265	122.7%	14 830
Revenues from compensation for stranded costs	0	0	-	0
Revenues from the sale of certificates of origin	34 708	5 851	16.9%	-28 857
Revenues from sales of CO ₂ emission allowances	1 759	833	47.4%	-926
Revenues from the sale of heat	1 940	2 588	133.4%	648
Revenues from the sale of services and other revenues from sales	1 581	1 704	107.8%	123
Revenues from the sale of goods and materials	1 134	570	50.3%	-564

Differences in the costs of sales borne by ENEA Wytwarzanie are mainly a result of:

- Revenues from sale of certificates of origin which were lower by PLN 28,857 thou. than in Q1 2012, which stemmed from a lower amount of green certificates of origin sold by 70 GWh and a lower selling price by 35.4%.
- Revenues from sales of electricity which constitute 94.0% of the total sales revenues in the reporting period amounted to PLN 646,893 thou. and were higher than in Q1 2012 by PLN 1,429 thou. or 0.2%. The volumes of sales of electricity amounted to 3,466 GWh and increased in relation to the comparative period by 347 GWh (higher volumes within the generation licence by 234 GWh and a higher volumes of sales with the trade licence by 113 GWh). At the same time, there was a drop in the average selling price of electricity by 10.0%. Production of gross electricity in Q1 2013 amounted to 3,052 GWh and was higher in relation to the comparative period of the previous year by 288 GWh, with a simultaneous decrease in production from renewable sources (biomass) by 28 GWh.
- Revenues from sales of allowances for emissions of CO₂ were lower by PLN 926 thou. than in Q1 2012 mainly as a result of a lower average selling price by 41.0% with sales volumes lower by 12 thou. tonnes.
- Revenues from sales of heat increased by PLN 648 thou., which stems from higher volumes of sales by 23 TJ and higher average selling price by 5.9%.

4.4.3. Cost of sales

In Q1 2013, ENEA Wytwarzanie's total cost of sales amounted to PLN 627,906 thou. and decreased by PLN 15,145 thou., or 2.4%, relative to the same period of 2012.

The table below shows the value of the cost of sales achieved in Q1 2013.

Data in PLN '000	Q1 2012 (restated data)	Q1 2013	Change	Difference
Cost of sales	643 051	627 906	97.6%	-15 145
Depreciation and amortisation of fixed and intangible assets	77 514	77 437	99.9%	-77
Employee benefit costs	61 664	64 595	104.8%	2 931
Consumption of materials and raw materials and value of goods sold	374 213	349 152	93.3%	-25 061
Costs of purchases for resale	80 776	84 083	104.1%	3 307
Costs of transmission services	0	0	-	0
Other external services	32 773	33 976	103.7%	1 203
Taxes and charges	16 111	18 663	115.8%	2 552

In 2012 changes were introduced to the accounting policy relating to the principles of inclusion, valuation and presentation of allowances for emissions of CO₂. Comparative data for Q1 2012 presented in the statement of profit and loss account and statement of comprehensive income were relevantly restated in order to include the impact of changes in the principles of accounting and maintaining comparativeness with the data for Q1 2013.

Previous accounting of CO₂: allocation of free allowances was accounted for proportionally to the electricity generation. The lacking allowances in relation to the actual emission were accounted for with paid allowances (EUA, CER, according to separate first in first out queues). Allowances allocated for a given year were used in 100% in a year to which the allocation related, the lacking amount was completed with purchased allowances (a reserve was established if the actual emission exceeded the allocation of free allowances for emissions of CO₂ held by the Group).

New method: allowances for emissions of CO₂ are recognised as current intangible assets. Their use is recognised in accordance with the FIFO rule, however both the EUA rights received free of charge and those purchased are accounted for in one first in first out queue. Grey and green CER rights in separate first in first out queues. For the CO₂ emissions not accounted for in the reporting period a reserve is established. The reserve is created taking into account the priority of accounting for units of certified reduction in emissions (CER) in the amount which is allowed by the legal regulations for redemption in a given settlement period. The reserve for the remaining emission of CO₂ is created in the amount of the cost of held allowances for emissions, using the principle of their accounting based on the first in first out queue. For the missing volume of allowances the reserve is created based on actual market prices of emissions of CO₂.

The allowances for emissions recognised in the assets are redeemed against the reserve in the moment of the actual accounting for the obligation, i.e. redemption of allowances after a year end, applying the current first in first out queue.

The change caused a growth in costs of materials by PLN 56,945 thou.

The change in the costs of sales incurred by ENEA Wytwarzanie is mainly a result of:

- Costs of goods and materials and value of goods sold which amounted to PLN 349,152 thou. and decreased by PLN 25,061 thou., or 6.7%, which stems mainly from a drop in the costs of CO₂ emissions by PLN 64,565 thou. as a result of a higher volume of free allowances applied to the provision for redemption by 1,685 thou. tonnes in comparison with the same period of the previous year. Additionally, there was a drop in the costs of use of biomass by PLN 5,671 thou. in relation to a production of energy from biomass lower by 28 GWh with a higher average cost of biomass consumption (including transport) by 1.8%. At the same time, as a result of a growth by 316 GWh in production of electricity from conventional sources costs of coal consumption were higher by PLN 44,682 thou. with higher volumes of consumption by 140 thou. tonnes and a higher average cost of coal consumption by 3.9%.
- Costs of purchase of energy for sale which amounted to PLN 84,083 thou. and increased by PLN 3,307 thou. which resulted from higher activities within the licence for trade in electricity (higher volumes by 73 GWh and a lower average price of purchased energy for sales within licence for trading by 7.6%), with a simultaneous decrease of costs of purchase of energy on the Balancing Market (lower volumes of purchase of energy and a lower price of purchase).
- Costs of employee benefits amounted to in Q1 2013 PLN 64,595 thou. and grew by PLN 2,931 thou., which results mainly from a change in the balance of provisions for employee benefits and higher pays from 1 June 2012.
- Costs of taxes and charges in Q1 2013 amounted to PLN 18,663 thou. and increased in relation to the comparative period by PLN 2,552 thou., i.e. 15.8%, which stemmed mainly from higher fees for use of the environment.
- Costs of other outsourced services amounted to PLN 33,976 thou., an increase of PLN 1,203 thou. or 3.7% in relation to the comparative period which stemmed mainly from higher costs of transport services by PLN 5,363 thou. (higher average transport cost by 27.2%) and property insurances by PLN 801 thou. At the same time, lower costs were incurred of repair services by PLN 1,374 thou. and of services within wholesale trade by PLN 3,738 thou.

4.4.4. Other operating revenues and costs

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Other operating revenues	12 310	18 032	146.5%	5 722
Other operating expenses	996	3 774	378.9%	2 778

Other operating revenues amounted to in Q1 2013 PLN 18,032 thou. and were higher than in the analogical period by PLN 5,722 thou. which mainly stems from:

- Higher by PLN 6,557 thou. revenues by title of reversal of unused revaluation write-downs mainly of the value of RES certificates of origin and the release of the impairment of receivables.
- Higher by PLN 3,084 thou. revenues mainly by title of received guarantees, compensation for fortuitous events and higher value of reimbursed court fees.
- Higher by PLN 976 thou. refunds of costs from the insurer (mainly compensation for a failure of the turbine-driven pump of unit No. 9).

At the same time the Company generated lower:

- by PLN 3,949 thou. revenues from compensation and punishments mainly for failure to keep the terms of agreements (in Q1 2012 mainly compensation for failure to keep the terms of agreements relating to supplies of coal and biomass),
- by PLN 1,420 thou. revenues from termination of reserves. In Q1 2013 the provisions for receivables from PKP Cargo were released while in the analogical period of the previous year there was a release of provisions for liabilities resulting from the realisation of an out-of-court settlement.

Other operating costs amounted to in Q1 2013 PLN 3,774 thou. and were higher than in the analogical period by PLN 2,778 thou., which mainly stems from:

- creation of higher by PLN 1,832 thou. impairment of receivables (mainly receivables from contractual penalties),
- higher costs, mainly of repairs of fortuitous events by PLN 948 thou.

4.4.5. Revenues and financial costs

Data in PLN '000	Q1 2012	Q1 2013	Change	Difference
Financial revenues	13 702	12 719	92.8%	-983
Financial expenses	1 070	538	50.3%	-532

Financial revenues in Q1 2013 amounted to PLN 12,719 thou. and were lower than in relation to the analogical period by PLN 983 thou., which stems from gaining lower interests from cash deposited on fixed time deposits (lower level of cash and lower interest of fixed time deposits) and positive differences in foreign exchange rates from borrowings, and also positive exchange rate differences caused by the appraisal of claims towards Windfarm Polska, which stemmed from a stronger exchange rate of EUR at the end of March 2013.

5. Position of the Management Board in relation to the possibility of achieving previously published forecasts of the results for a given year

The Management Board of ENEA S.A. did not publish any forecasts of its financial results for Q1 2013 or for the whole 2013 financial year.

6. Shareholders holding 5% or more of the votes at a general meeting of shareholders of ENEA S.A.

As at the date of submission of the report, the structure of shareholders holding more than 5% of the total number of votes at ENEA S.A.'s General Meeting of Shareholders is as follows:

No.	Shareholder	State as at 31 March 2013		State as at 31 December 2012	
		Number of shares/number of votes during GM	Share in the share capital/share in the total number of votes	Number of shares/number of votes during GM	Share in the share capital/share in the total number of votes
1	State Treasury	227 378 918	51.51%	227 385 698	51.51%
2	Vattenfall AB	82 395 573	18.67%	82 395 573	18.67%
3	Others	131 668 087	29.82%	131 661 307	29.82%
TOTAL		441 442 578	100.00%	441 442 578	100.00%

In the period from the preparation of the annual report for 2012 there has been a slight change in the shareholding for the key Shareholder of the Company, i.e. the State Treasury. The divergence in the number of shares held by the State Treasury is connected with the specificity of the process of nil-paid rights to acquire employee shares from the State Treasury by entitled employees and their heirs.

7. Holders of shares of the Issuer or rights to them by people managing and supervising ENEA S.A.

Name	Position	Number of shares of ENEA S.A. held as at 30 March 2013	Number of shares of ENEA S.A. held as at 31 December 2012
Tadeusz Mikłosz	Member of the Supervisory Board	4 140	4 140

As at the day of publication of this periodic report the other persons from the Management and Supervisory Board do not own ENEA S.A.'s shares.

As at the day of publication of this interim report, persons managing or supervising do not hold shares or stock in subsidiaries of ENEA S.A.

During the period from the publication of the interim report for 2012 there have been no changes in the shareholding of managing and supervising persons.

8. Proceedings underway before courts, bodies appropriate for arbitration proceedings or public administration bodies

8.1. Proceedings related to the Issuer's or its subsidiary's receivables or liabilities whose value is 10% or more of the equity of ENEA S.A.

As at the date of publication of this report, no proceedings are underway the party to which would be ENEA S.A. or its subsidiary, whose value would amount to 10% or more of ENEA S.A.'s equity.

8.2. Two or more proceedings regarding receivables or liabilities, whose total value corresponds to 10% or more of the equities

As at the date of publication of this report, no proceedings are underway the party to which would be ENEA S.A. or its subsidiary, whose total value would amount to 10% or more of ENEA S.A.'s equity. A description of other proceedings underway other than those referred to above, to which ENEA S.A. or its Group companies are a party, is set out in Note 24 to the consolidated quarterly financial statement.

9. Information on transactions with affiliated entities

Entities constituting the Group in Q1 2013 did not conclude any substantial transactions with affiliates on non-market conditions.

A description of other transactions concluded by the Issuer or its subsidiary with affiliates was presented in Note No. 20 to the consolidated quarterly financial statement.

10. Information on guarantees for credit facilities and loans and other guarantees

ENEA S.A. and its subsidiaries did not grant any guarantees for credit facilities or loans, or sureties during the reporting period - totally to one external entity or subsidiary of that entity whose total value would constitute an equivalence of at least 10% of the Company's equity.

The status of granted guarantees and suretyships by ENEA S.A. as at 31 March 2013 is shown in the table below:

No	Date surety/ guarantee was granted	Date of validity of surety/ guarantee	Entity for which surety/ guarantee was granted	Entity to which surety/ guarantee was granted	Value of surety/guarantee	Designation of amounts covered with surety/guarantee	Actual debt as at 30.03.2013
1	26-08-2003	31-08-2017	EP Zakład Transportu Sp. z o.o.	Poznań Department of Communal Services and Housing	PLN 204.7 thou.	For the purpose of meeting the statutory conditions for obtaining a licence to carry on for-profit transport operations	0.00
					EUR 49 thou.		
2	12-07-2012	31-07-2013	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House)	PLN 50 000 thou.	For the purpose of securing the liabilities drawn by ENEA Trading in relation to the membership in GIR (Exchange Clearing House) and purchasing electricity and proprietary interests	0.00
TOTAL:					PLN 50 204.7 thou.		0.00

The average EUR exchange rate as at 31 March 2013 was 4.1774 - NBP table No. 63/A/NBP/2013 from 29 March 2013

The total off-balance sheet value of sureties and guarantees granted as at 31 March 2013 was PLN 50,204.7 thou.

There are no 'endangered guarantees or suretyships' among the suretyships and guarantees granted. The sureties and guarantees granted by ENEA S.A. fall within the limits specified in Article 33 item 1 of the Act on sureties and guarantees granted by the State Treasury and other legal persons of 8 May 1997 (Journal of Laws of 2003 No. 174, item 1689 as amended).

The status of guarantees issued to the order of ENEA S.A. as at 31 March 2013 is shown in the table below:

No.	Date security was granted	Date of security validity	Entity for which security was granted	Purpose of the agreement	Form of security	Granted security amount
1	12.11.2012	18.11.2013	Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House)	For the purpose of securing the transaction collateral and margin deposit for the account of IRGIT S.A. in connection with the settlement of transactions relating to the trade in electricity and proprietary interests on the commodity exchange.	bank guarantee granted within the guarantee line in the amount of PLN 250 000 thou.	PLN 16 000 thou.
				Guarantee granted by the bank for the obligations of ENEA Trading		PLN 200 000 thou.

11. Other information significant for the assessment of the Issuer's situation

Below, additional, in relation to the one presented in other parts of this report, information is presented which, in the Issuer's opinion, is significant for evaluating the employment, asset or financial condition, its financial results and changes thereto, as well as information that is significant for evaluating the Issuer's and the ENEA Capital Group's ability to meet its obligations.

11.1. Licences

As part of its core activities the Group is involved in generating, distributing and trading in electricity. The above activities are performed by companies from the Group on the basis of licences granted by the President of ERO, the body established to carry out regulatory tasks with regard to regulating of the trade in fuels and energy, and to encourage competition in the energy sector. The companies within the Group hold, specifically, the following licences:

- ENEA holds a licence to trade in electricity, valid until the end of 2025,
- ENEA Operator has a licence to distribute electricity, valid until mid-2017,
- ENEA Wytwarzanie holds a licence to generate electricity, valid until the end of 2025, and a licence to trade in electricity, valid until 31 December 2030,
- ENEA Trading Sp. z o.o. holds a licence for the generation of electricity, valid till the end of 2030.

11.2. Dominant position on the local market.

We have a dominant position with regard to providing distribution services on the local market covering Northwest Poland. The actions we take are therefore subject to an inspection by Polish and European anti-monopoly institutions (including the President of OCCP and the European Commission). If those authorities find that we are applying monopolistic practices, they will issue a decision ordering us to refrain from applying them and possibly fine us. Furthermore, any legal acts that are a manifestation of an abuse of a dominating position will be invalid, either entirely or partially, as appropriate. In the future, any decisions that might be issued by the President of OCCP or the European Commission may have an adverse effect on our business activities, financial standing, financial results or development prospects.

11.3. Rating

What is significant for the realisation of the investment plans of the Group is awarding ENEA S.A. in April 2011 by Fitch Ratings with a long-term rating in the national and foreign currency on the level of "BBB" and a long-term national rating on the level of "A(pol)" and its maintenance on the same level which was announced in the message issued on 4 April 2013. The outlook of the ratings is stable.

The awarded rating illustrates the strong position of ENEA on the domestic energy market and simultaneously confirms its very good economic standing, locating the Group among the entities of key importance for the sector in Central and Eastern Europe. The results confirm the appropriateness of both the strategic actions taken in the Company during the recent time and the shape of the current policy pursued by ENEA S.A.

The effect of holding the rating, being an independent and objective appraisal of the creditworthiness of the Company, is of key importance for its stakeholders. The credit rating is a substantial tool for building of the image of the entity in the economic environment implying multidimensional consequences for its holder.

The rating awarded to ENEA takes into account its vertically integrated position (the ENEA Group consisting of ENEA S.A. and its subsidiaries) on the Polish power market, including the leading position on the domestic electricity distribution and sales market as well as its strong position in the segment of electricity generation.

11.4. Specifications and nature of the operations of ENEA Wytwarzanie

The Power Plant belonging to ENEA Wytwarzanie is a condensation power plant in which the basic fuel utilised in the generation of electricity is bituminous coal. The main impact of the power plant is in connection with emissions of atmospheric pollutions, storage of combustion waste, intake of water and disposal of sewage. Main pollutants emitted into the atmosphere include sulphur dioxide, nitric oxide, dust and carbon dioxide.

The Power Plant has fume anti-dust installations with high-efficiency electrostatic precipitators mounted on each of its energy units. Taken into account in the modernisation, renovation and investment cycle of the units there is the need for the Power Plant to keep the permissible level of concentration of dust in the fumes from each unit, which must not exceed 50 mg/Nm³.

The Power Plant operates installations for initial reduction of nitric oxides. Their role is to limit the concentration of nitric oxides to a guaranteed level of 500 mg/Nm³, utilising such devices as ROBTAS low-emission burners and a system of air nozzles installed on the front and rear walls of the furnaces above the burner zone (so-called OFA, SOFA nozzles). Additionally, the unit No. 3 was equipped with latest generation NO_x low-emission burners, of Energotechnika-Energorozruch S.A., thanks to which the condensation of nitric oxides on the unit No. 3 is below 300 mg/Nm³.

Restricting emissions of SO₂ is handled by flue gas desulphurisation plants using the wet limestone method: IOS I - for 560 MW of installed power covering unit No. 9, IOS III for 560 MW of installed power covering unit No. 10, and IOS II for 800 MW (4 200 MW units) of installed power in 200 MW units No. 2-8.

As a result of the decision made concerning the need to invest in flue gas desulphurisation, resulting from the IED Directive, and connected with fulfilling from 1 January 2016 stricter emission requirements, on 5 March 2013 ENEA Wytwarzanie and Babcock – Hitachi K.K. signed a contract for the Construction of IOS IV flue gas desulphurisation plant for 200 MW units with the total capacity of around 800 MWe.

Additionally, a programme is being realised aiming at the reduction of NO_x emissions through the installations of flue gases denitrification on each unit.

11.5. Characteristics of realised investment tasks in ENEA Wytwarzanie

Reduction of nitric oxide emissions

Unit denitrifying (4-8)

Within reductions of nitric oxides installations of the denitrification of flue gases are being constructed for 200 MW units No. 4-8. The realisation of this investment will guarantee the level of NO_x concentrations below the acceptable value of 200 mg/m³u valid from 2016.

Unit 1-2 denitrifying

The planned development of the installations of flue gases denitrification - for units No. 1-2 will ensure maintaining the emission standards specified in "Directive No. 210/75/EU of the European Parliament and Council of 24 November 2010 on industrial emissions (integrated integrated pollution prevention

and control)" being in force from 2016 and will enable further operation of units No. 1-2 and allow for reaching required concentrations much below the value of 200 mg/Nm³.

Unit 9-10 denitrifying

The denitrification installation development on units No. 9 and 10 is planned for 2017 and 2018.

Construction of a flue gas desulphurisation plant

The flue gas desulphurisation plant IOS IV will have a capacity allowing for desulphurisation of flue gases from four 200 MW units. It is assumed that after the reconstruction of flue gas channels it will be able to desulphurise flue gases from any 1-8 units. It is about gaining maximum availability of the both 200 MW unit installations, i.e. IOS II and the realised IOS IV.

Construction of a chimney and starting gas pass

Within the construction of the IOS IV flue gas desulphurisation plant the currently operating chimney No. 3 will be modernised in order to be adapted to carry away flue gases coming from the start-ups of 200 MW units during which mazut and coal dust are combusted with no electro filters switched on. The chimney will be shortened to the height of 150 m.

New (starting) flue gas passes will also be developed with gates through which to the chimney No. 3 flue gases will be carried away coming from the start-up of boilers and also flue gases from operating units in case of any emergency regarding the flue gas desulphurisation plant IOS II or IOS IV.

Dust emission reduction

Within dust emissions reduction in March 2013 an exchange was commenced of an electro filter on the power unit No. 8. Taking into account the plan of IOS IV construction, the flue gas dedusting in ENEA Wytwarzanie from 2016 will be realised in two stages. The main dust removal will occur in electro filters. Wet desulphurisation installations will ensure additional dust removal from flue gases, which will allow for complying with the standard required by the IED Directive in the amount of 20 mg/m³u.

11.6. Waste management

Waste management is conducted in accordance with the applicable laws, i.e. the Waste Materials Act of 21 April 2001. On 23 January 2013 a new act on waste of 14 December 2012 entered into force. Presently, the administrative decisions are being reconciled to new provisions of the act. Pursuant to the act EWSA has two years for the reconciliation of its decisions and permits to the requirements of the new act.

The Company possesses an ash and slag disposal site of the active area of disposal of 313 ha, consisting of six disposal fields, from which the following were separated: combustion wastes site (a procedure was commenced of a formal liquidation of the combustion waste stock on the ash and slag disposal site; in Q1 2013 the stock was not exploited; the stock quantities = 0.00 t) and the disposal site and the gypsum stock with a separated place to store wet cake from the waste water treatment plant from the Flue Gas Desulphurisation Plant.

In Q1 2013, activities were realised aimed at making the greatest possible use of burner wastes. The waste use ratio was 26.1%.

In the Q1 2013 22,182.7 tonnes of gypsum from desulphuring system were utilised (the amount produced was 39,971.2 tonnes).

Sales are also important of: fly ash 55,343,3 tonnes and microsphere (dry) 47.4 tonnes. 8,683.6 tonnes of dry slag-ash mixture (dry) were passed for recycling.

In the vicinity of the waste storage facilities, a monitoring of the quality of the environment is carried out in accordance with the relevant regulations being in force including the examination of physical

and chemical properties of fly ashes of the slag and ash mixture, gypsum and examination of water quality. The results of tests carried out indicate only a small impact on the environment.

The power plant undertakes activity designed to avoid repeated spread of dust, through periodic sprinkling of fields, flooding of fields not in use and protecting surfaces with membrane-forming chemicals. We perform ongoing maintenance and conservation works (maintaining green areas and the area of the storage facility, planting trees and bushes), and hydroseeding embankments and waste heap surfaces.

11.7. New 1,075 MW gross supercritical power unit

On 21 September 2012 the Board of ENEA Wytwarzanie and HITACHI Power Europe GmbH and Polimex-Mostostal S.A. consortium concluded a contract for the construction of a new supercritical steam power unit fired with bituminous coal with the capacity of 1,075 MW gross.

The period of the investment realisation is 58 months of the execution of the aforementioned contract.

The basic technical data of the unit are as follows:

- gross electrical power of the unit: 1,075 MW,
- net efficiency of the unit: 45.59%
- availability: during the first year > 90%, in subsequent years > 92%.

Detailed information on the conclusion of the agreement was published in the current report No. 35/2012 of 21 September 2012.

The outlays anticipated for the investment realisation are around PLN 5.3 bln net (excluding financial costs). In order to ensure the realisation of the aforementioned investment in September 2012 the Boards of ENEA S.A. and ENEA Wytwarzanie concluded a programme agreement with BRE Bank regarding the Bond Issue Programme up to the amount of PLN 4 bln. Together with the programme agreement between ENEA S.A. and ENEA Wytwarzanie an agreement was concluded for guaranteeing the subscription for the bonds concerning the bond issue programme up to the amount of PLN 4 bln.

Detailed information on the conclusion of the agreement was published in the current report No. 34/2012 of 8 September 2012.

On 1 October 2012 a documented hand-over of the construction site to the Contractor was performed. The realised works and works in progress on the construction site:

- The construction site was fenced and lighted,
- Geological survey of the land was performed for the development of the strategies of object foundation,
- Demolitions were made on the construction site,
- Documentation was prepared for the execution of the relocations of underground installations,
- Works were commenced connected with the underground installations relocation,
- Works were commenced connected with the construction of a road to the entry gate No. 2,
- Excavations were commenced for the dehydration of the ground water from deep excavations.

In accordance with the terms of the Contract, the Ordering Party made an advance payment to the Contractor in the amount of 10% of the net contract price.

11.8. Investments presently realised in ENEA Wytwarzanie

In Q1 2013 the following investment plan was realised:

Completed investments:

- modernisation of the ash loading installation,
- construction of an in-house archives building,

Continued investments:

- modernisation of block No. 6, including e.g. modernisation of the pressure part of the boiler, modernisation of the turbo set and block automatics,
- 1st stage of the construction of the installation of the catalytic denitrogenation of flue gases for OP-650 boilers No. 4 to 8 (the common part for the units No. 4-8 and SCR installation on the unit No. 6),
- execution of bunding of field 4a and 6 including the dumping pipelines, execution of measuring and control equipment on field 6 and draining in bunding of field 6,
- reconstruction of the ash and slag hydraulic transport flyover,
- construction of a new vehicle scales for biomass.

Commenced investments:

- construction of IOS IV flue gas desulphurisation plant
- 2nd stage of the construction of the installation of the catalytic denitrogenation of flue gases for OP-650 boilers No. 4 to 8 (the common part and SCR installation on the unit No. 8),
- modernisation of block No. 8, including e.g. modernisation of the pressure part of the boiler, modernisation of the turbo set and block automatics.

11.9. New legal regulations within RES

Co-firing of biomass with coal is presently a leading technology of generation of electricity from RES in Poland (around 45%). A dynamic development is mainly a result of the support of the state in the form of certificates of origin ("green certificates") with relatively low investment costs. A further development of co-firing of biomass with coal will depend on the level of profitability of electricity production from these sources. This in turn depends on the correlation between the price of electricity, level of support, thus the market price and the method of calculation of certificates of origin, and costs of production, i.e. mainly the price of biomass used for co-firing.

If the new Law on RES introduces correction coefficients or specifies time limits for rights to certificates a real reduction in the support will occur. The level of support limitation will directly translate into the lowering of the number of operated installations, lowering of levels of electricity production in the technology and a decline in the supply of generated certificates. The objective of investors will be other, more economically attractive sources of RES.

11.10. Energy efficiency programme

On 26 February 2013 the Board of ENEA S.A. adopted the "Energy Efficiency Programme of the ENEA Capital Group". The need of its development and implementation results from the necessity of guaranteeing integrity of the operations of all the ENEA Group's entities. Within the newly adopted Programme mechanisms are created which enable coordination of operations of the Group's entities for the account of the energy efficiency and a successful obtaining of certificates of energy efficiency. The Programme obliges the Group companies to undertake a range of individual activities for the account of improving energy efficiency.

11.11. Loan and bank guarantees

During the reporting period ENEA S.A. had access to three credits in the current account in BZ WBK S.A. for the total amount of PLN 90,000 thou. and in Pekao S.A. for the total amount of PLN 10,000 thou. and a working capital facility in PKO Bank Polski S.A. in the amount of PLN 50,000 thou.

The total limit on working capital facilities as at 31 March 2013 was PLN 150,000 thou., and as at 31 March 2013 the Company had no debts pertaining to them.

At the same time, the Company had an access to the funds from the credit in the amount of PLN 950,000,000 (say: nine hundred and fifty million zloty) granted by the European Investment Bank. As at 31 March 2013 ENEA S.A. did not use any funds from the aforementioned loan agreement and had no liabilities by this title.

11.12. Legal regulation and tariffs

Our operating results depend on a number of regulations and decisions of regulatory authorities, in particular those aimed at shaping electricity prices for customers from tariff G group sets who use energy for household purposes.

We conduct our activities in an environment which is subject to a special legal framework.

Our situation is particularly affected by the provisions of the Energy Law and European Union regulations, especially those relating to environmental protection. Those laws and regulations are subject to frequent amendments, which we are unable to foresee and which could result in a lack of consistency in the provisions of law that form the basis for our operations.

The authority responsible for regulating the energy sector in Poland is the President of the Energy Regulatory Office ("ERO"). Key powers of the president of ERO include approving tariffs and inspecting their application and granting and withdrawing exemptions from the obligation to submit tariffs for approval, granting and withdrawing licences, appointing entities to be system operators, agreeing development plans, imposing fines, and inspecting energy companies' performance of the obligations set out in the Energy Law. Besides the President of ERO, other authorities can also exercise substantial influence over our operations by exercising their inspection and regulatory powers. These include the President of OCCP and the European Commission, which have key powers in the process of liberalising the energy sector and related to the supervision of its implementation. The inspection and regulatory powers of the President of ERO and other authorities enable them to significantly influence our operations, particularly the amount of revenues that we generate. The scope of those powers might change in the future, as a result of which those authorities could obtain additional powers relating to the activities that we conduct. Decisions made by those authorities could have a material adverse effect on the volume of revenues we generate.

The tariffs approved by the President of ERO, which we apply in our operations, are calculated on the basis of elements whose amount is to a large extent at the discretion of the President of ERO.

ENEA S.A. is obliged to submit tariffs for electricity sales to households connected to the ENEA Operator's grid to the President of ERO for approval. By law, the manner in which tariffs are calculated should ensure that the power company: (i) has sufficient funds to cover the costs planned for the tariff period in question, provided that the President of ERO deems them justified; and (ii) obtains a particular margin while ensuring that customers are protected from unreasonably high prices and rates of charges. Some elements of the tariff calculations are calculated on the basis of financial models and other assumptions adopted by the President of ERO, which do not take into account the actual costs of our operations.

As a result, elements of the tariff calculations are the subject of often lengthy negotiations with the President of ERO, which may not lead to our generating the revenues we have planned. This can have an adverse effect on the amounts of the margins we obtain.

In practice, tariffs are usually approved for a period of one year. If we incur additional costs during a regulatory period that were not included in the model or were included in a lower amount, we are limited in our ability to take such costs into account in the tariff. In practice, the President of ERO will only accept a tariff adjustment in the case of a substantial increase in costs due to causes that are beyond our control.

Until 31 December 2007, ENEA S.A.'s activities relating to sales of electricity to end customers were subject to an obligation to present tariffs to the President of ERO for approval. As at the date of publication of this report, due to a decision of the President of ERO of 14 May 2008 we are exempt from the obligation to submit electricity tariffs to the President of ERO for approval, except for the tariff for customers from the G tariff group sets (households) connected to the grid of ENEA Operator to whom ENEA sales energy based on comprehensive agreements.

Within sales to recipients from G tariff group set for 2012, on 19 October 2011 the President of ERO called ENEA S.A. to submit a tariff request for approval. In reply to the call ENEA S.A. on 26 October 2011 applied to the President of ERO for approval of the "Electricity tariff" for G tariff group sets for 2012. The administrative procedure regarding the approval of the "Electricity tariff" for G tariff groups sets for 2012 ended with the issue of the decision No. DTA-4211-53(15)/2011/2688/V/BH of 16 December 2011 by which the President of ERO approved the Tariff for G tariff group sets for the period till 31 December 2012. The Tariff, in accordance with the Resolution of the Board of ENEA S.A. No. 761/2011 of 20 December 2011 entered into force on 1 January 2012. On 20 December 2012 with the decision No. DTA-4211-99(2)/2012/2688/V/BH the President of ERO prolonged till 30 June 2013 the validity period of the "Electricity tariff" approved by the Decision No. DTA-4211-53(15)/2011/2688/V/BH of 16 December 2011.

With regard to sales of electricity to customers other than households (tariff group sets A, B and C), as of 1 August 2011 to 29 February 2012, an "Electricity Tariff" was in effect for tariff groups sets A, B and C, implemented by ENEA S.A. Management Board's Resolution No. 383/2011 of 14 June 2011. From 1 March 2012 the "Electricity Tariff" is in effect for tariff groups sets A, B and C, implemented by ENEA S.A. Management Board's Resolution No. 44/2012 of 24 January 2012.

11.13. Market liberalisation

In connection with electricity market liberalisation and increasing competition in this area, ENEA S.A. is exposed to the risk of losing customers within sales of electricity. As of 1 July 2007, all electricity customers are entitled to choose an electricity seller. The risk therefore exists that other energy companies will offer our customers more favourable terms and will in effect take them over, which could lead to a decline in our revenue. However, even if our present customers choose another electricity seller, our Group will continue to obtain revenues from energy distribution to customers connected to our distribution network.

The year of 2012 on the energy market demonstrated that the conscience of a possibility to change the sellers is getting higher not only among business clients but also households. The activities of the President of ERO aiming at activation of energy recipients bring more and more effects. For full market liberalisation what is lacking is only deregulation of prices of electricity for households. According to the data of ERO in 2012 141,797 recipients changed the electricity supplier (growth change on the level of 293% yoy), including 65,327 commercial customers (200% growth yoy) and 76,470 households (433% growth yoy).

ENEA S.A. is an active participant on the competitive market, engaging in activities aimed at selling energy to customers connected to the grids of operators other than ENEA Operator. In Q1 2013, we sold about 447 GWh to such customers.

11.14. Long-Term Power Purchase Agreements (LTPPA)

As the European Commission found that long-term contracts with the state-owned company PSE S.A. regarding the sale of power and electricity constitute prohibited public aid, the Polish Parliament adopted an act intended to terminate these contracts. Under the Act on Covering Costs Incurred by Power Companies due to the Early Termination of Long-Term Power Purchase Agreements of 29 June 2007 (the "LTPPA Termination Act"), the Group (ENEA Wytwarzanie), starting from 1 April 2008, is entitled to compensation for the stranded costs it has incurred as a result of the early termination of long-term power purchase agreements. Pursuant to the Act, the Group will be entitled to compensation until 2014.

The basic compensation dates by title of LTPPA are as follows:

- companies submit requests for advance compensation payments by 31 August of each year,
- the President of ERO determines the annual adjustment value for the stranded costs (advance adjustment) by 31 July of the following year,
- the President of ERO determines the final adjustment value by 31 August of the year following the end of the adjustment period (for the Group it will be 31 August 2015).

The Group developed a calculation model on the basis of which it requests advance payments and annual settlements from the President of ERO. The calculation of the amounts due is not unequivocal as it is determined by numerous factors, including the interpretation of statutory provisions. The Group decided to enter as proceeds only amounts stipulated in the decision concerning the annual adjustment of stranded costs.

Detailed information regarding advance payments, compensations and proceedings connected with stranded costs which occurred during 2008-2012 were presented in annual reports of respectively ENEA S.A. and the ENEA Capital Group for previous years.

In Q1 2013 the revenues from compensations for 2013 were not recognised.

The Court of Appeal in Warsaw set the date for the appeal hearing concerning the annual adjustment of stranded costs for 2008 for 15 March 2013. The hearing was cancelled.

On 10 April before the Court of Appeal in Warsaw a hearing took place on the determination of an annual adjustment of stranded costs for ENEA Wytwarzanie for 2009. With a partial recognition of the appeal of the President of ERO against the decision of the Court of Competition and Consumer Protection of 27 June 2012, the Court of Appeal changed the challenged decision and determined the amount of the annual adjustment in the positive amount of PLN 16,544 thou., i.e. in the amount by PLN 964 thou. higher than the amount set in the decision of the President of ERO (the amount of PLN 964 thou. for the payment by Zarządca Rozliczeń for ENEA Wytwarzanie because of the fact that the decision is final). The Court of Appeal has however not accepted the basic amount of the annual adjustment indicated in the decision of the Regional Court.

Pursuant to the information from Zarządca Rozliczeń of 13 May 2013 the amount of the awarded adjustment, with the decision of the President of ERO, will be paid to the Company by Zarządca Rozliczeń.

The Company will file a cessation complaint against the decision of 10 April 2013.

The dates of hearings concerning the annual adjustments for 2010 and 2011 have not been set yet.

As at the date of preparation of this report no final decisions are known in cases of annual adjustments for 2008-2011 (except for the annual adjustment for 2009). The complete amount of the granted permissible public aid by title of compensates of stranded costs will be determined in the decision of the President of ERO determining the amount of the final adjustment which will be issued in 2015. Having the above in mind it should be reserved that the revenues recognised so far by title of LTPPA based on annual adjustments determined by the President of ERO may change.

11.15. Coal transport

The basic means of transport used to deliver bituminous coal to ENEA Wytwarzanie in Q1 2013 was rail transport. 100% supplies of this material to ENEA Wytwarzanie were realised by PKP Cargo S.A., the largest Polish forwarder, with which contracts were concluded for coal transport to ENEA Wytwarzanie with the mines of companies: Lubelski Węgiel "Bogdanka" S.A., Katowicki Holding Węglowy S.A., Jastrzębska Spółka Węglowa S.A. as a result of an open tender procedure.

11.16. Collective labour disputes

ENEA S.A. is a party to a collective dispute which was initiated on 7 September 2009, and concerned the planned privatisation of the Company and the effects of a potential change to the shareholding structure on the Company's employees.

11.17. Personal changes in the authorities of ENEA S.A.

On 11 March 2013 the Supervisory Board recalled the hitherto Members of the Board and nominated Mr. Krzysztof Zamasz to the position of the President of the Management Board of ENEA S.A., Mr. Grzegorz Kinelski to the position of the Member of the Management Board of ENEA S.A. for Commercial Affairs and Mr. Paweł Orlof to the position of the Member of the Management Board of ENEA S.A. for Corporate Affairs.

Additionally, on 9 April 2013 the Supervisory Board nominated Ms. Dalida Gepfert to the position of the Member of the Management Board of ENEA S.A. for Financial Affairs, who commenced the work on 23 April 2013.

On 27 March 2013 Mr. Graham Wood resigned from the function of a Member of the Supervisory Board which took effect as of 24 April 2013, i.e. on the date of holding the Ordinary General meeting of Shareholders of ENEA S.A. At the same time, on 24 April 2013 the resignation from the held function as of 24 April 2013 was filed by Ms. Małgorzata Aniołek. The Ordinary General Meeting of Shareholders of ENEA S.A. nominated Ms. Małgorzata Niezgoda and Mr. Torbjörn Wahlborg to that position.

Detailed information on the changes in the composition of the authorities of ENEA S.A. is published by the Company in current reports.

12. Factors that, in the issuer's opinion, will influence the results it will achieve within at least the next quarter

12.1. Factors related to economic activity

Risk factors connected to economic activity in Poland

The results of our activity, like our financial situation and development prospects, depend on many factors, which are influenced both by the condition of the Polish economy and by the regional economic situation. The above factors include growth or decline in gross national product, in industrial production, in inflation, in unemployment and in average wages and salaries, the size and demographic nature of the population and also the development of the service sector and industry. All and any future unfavourable changes in one or several of the above factors, and in particular worsening in the condition of the Polish economy, may have a negative effect on the results and the financial situation of our Group.

Furthermore, decisions of a political nature may have an effect on our activity since we operate in the power sector, which is considered to be of strategic importance. This relates principally to the definition of the country's power policy and to structural and ownership decisions relating to power enterprises controlled by the State Treasury. These factors may have a significant and negative effect on revenues from the sale of electricity and the provision of distribution services, particularly in relation to individual consumers.

The legal and regulatory environment in which we operate is subject to changes

Our Group is exposed to the risk of changes in the legal and regulatory environment. In Poland, that environment, and especially the law as it concerns the power sector, is subject to change. Consequently, legal regulations are not interpreted in a uniform manner by courts or institutions of public administration.

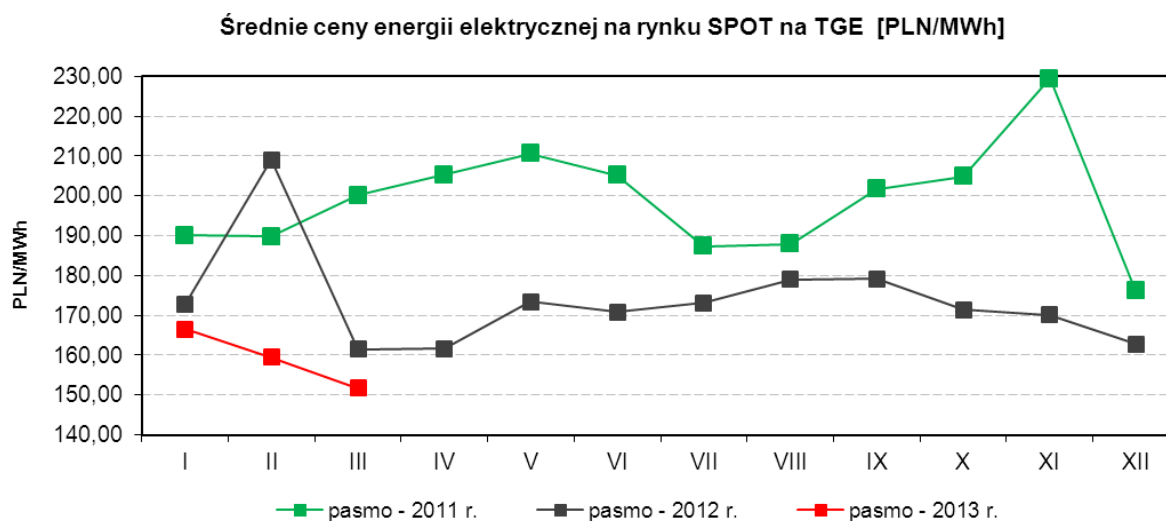
Additionally, there is no uniform law interpretation within functioning of the energy sector. As a result, there is no developed, unified interpretation of the law in this area. There is, therefore, considerable uncertainty as to how issues relating to our activities will be resolved if they become the subject of court proceedings. Therefore, there is a risk of unexpected and unfavourable decisions that could have a negative effect on our activity, financial results, financial situation or development prospects.

The Group's operations are also strongly affected by changes in taxation law. The taxation system in Poland is subject to dynamic changes that result from the need to reconcile these regulations to the requirements arising from European Union legal regulations. The nature and extent of such changes, together with difficulties of interpretation related to the application of tax law, hamper both day-to-day activity and proper tax planning. Tax authorities' practice and court decisions in this area are not uniform. The adoption by the tax authorities of interpretations of tax regulations that differ from our own may have a negative effect on our activity, financial results, financial situation or development prospects.

12.2. Wholesale electricity prices

In Q1 2013 the prices of electricity on the spot market were much lower than the prices in the comparative period of the previous year, and 2011 as well. In Q1 2013 the average price of energy in the base load amounted to PLN 159.24/MWh and was lower by PLN 21.28/MWh (11.8%) than in Q1 2012. The highest prices were noted in January, which was at the same time the coldest of the three months (the air temperature was reaching -16°C) and the month of the greatest demand for power in the Public Power System (PPS). The lowest prices were noted in March, despite its being the month of particularly long-lasting low air temperatures and a relatively high demand for power in PPS.

Information on the average level of prices in the base load and in subsequent months of the year is presented in the diagram below:



Source: Own paper based on data from PPE.

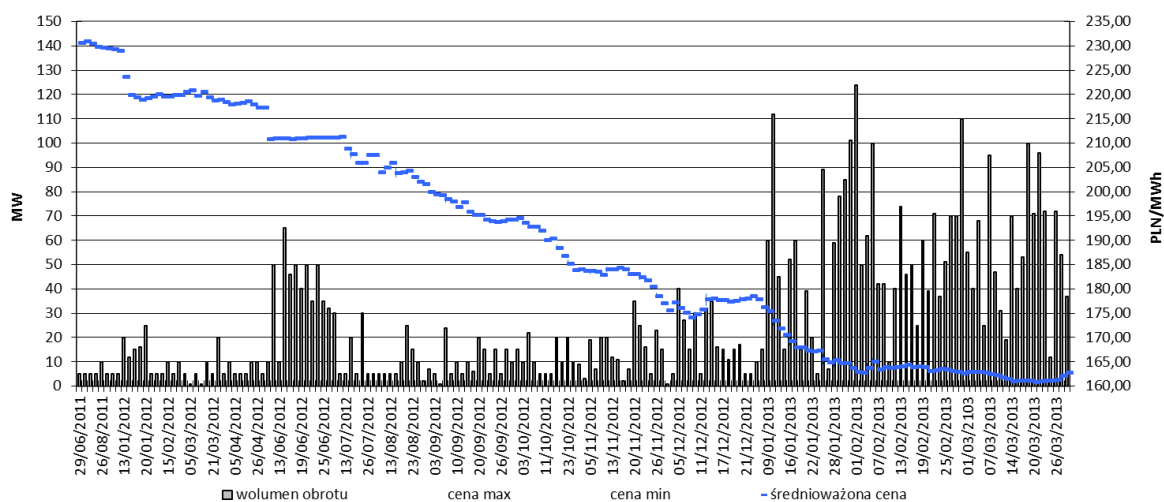
On the forward market in Q1 2013 drops continued. The price of the most liquid product, a baseload with delivery in 2014 (BASE Y-13), noted a drop from PLN 178.00/MWh at the beginning of the year to almost PLN 162.50/MWh at the end of March 2013 (the minimum transaction price on this product, reported on 22 March 2013 amounted to PLN 160.80/MWh). The volume weighted average price of this product set for the quotation period from January to March 2013 amounted to PLN 164.22/MWh. For comparison, the closing price for the analogical product, but with delivery in 2013 (i.e. BASE Y-13) amounted to PLN 169.50/MWh, which means that at the end of March 2013 the BASE Y-14 price was by PLN 7.00/MWh (4.1%) lower. It is worth noticing that relatively high trade volumes of this product - in total the transactions were concluded for almost 3,100 MW (over 27 TWh) - a volume three times higher than in the comparative period of the previous year on the aforementioned product of BASE Y-13. It may testify of the fact that the current level of prices is deemed attractive and stimulates recipients on the retail market to conclude contracts, which in turn results in high trade volumes on the wholesale market.

Technical analysis for BASE Y-14 product for almost whole Q1 2013 indicated a decreasing trend, and just at the end of March 2013 on the level of PLN 161/MWh a stop was visible and a trial to change the trend to the increasing one.

In January 2013 first transactions were noted on the Euro-peak product with delivery in 2014 (PEAK5 Y-14). During the first three months of the year its pricing dropped from the level of PLN 211.86/MWh at the beginning of January to PLN 188.50/MWh at the end of March. At the end of the analysed period of 2013 also this product turned out to be much cheaper than the analogical product with delivery in 2013 (i.e. PEAK5 Y-13) which in the last transaction in December 2012 was priced on the level of PLN 199.45/MWh. The trading volumes with PEAK Y-14 product in comparison with BASE Y-14 were relatively low (138 MW), which however may be considered as some analogy in relation to the previous year.

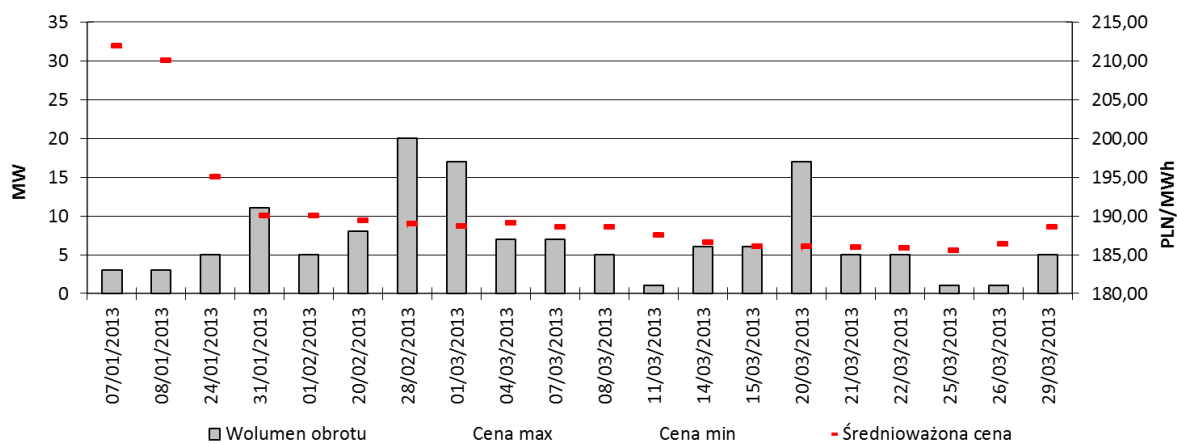
In Q1 2013 drops were continued also on the product of a baseload with delivery in 2015 (BASE Y-15). In the period from the beginning of January to the end of March 2013 the price of this product dropped by PLN 16.00/MWh (8.8%) from the level of PLN 181.50/MWh to PLN 165.50/MWh. The trading volumes during the first three months of the year were over twice higher than the volume of transactions concluded in the previous year. The spread between BASE Y-15 and BASE Y-14 amounted to averagely PLN 3.53/MWh. Detailed information is presented in the diagrams below.

Ceny i wolumeny transakcji - pasmo na 2014 r.



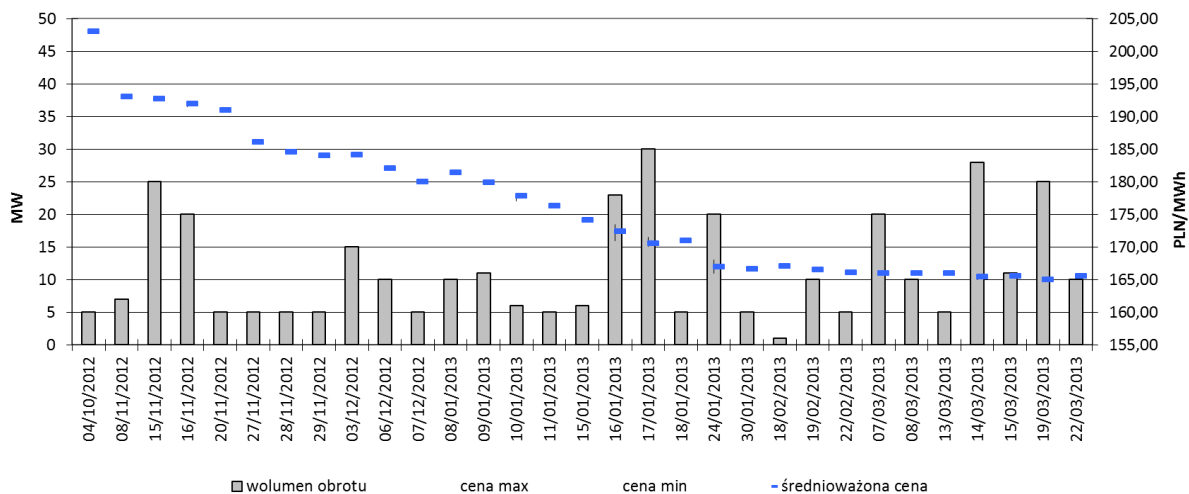
Source: own development based on data from PPE, WSE, POEE, TFS.

Ceny i wolumeny transakcji - euroszczyt na 2014 r.



Source: own development based on data from PPE, WSE, POEE, TFS.

Ceny i wolumeny transakcji - pasmo na 2015 r.



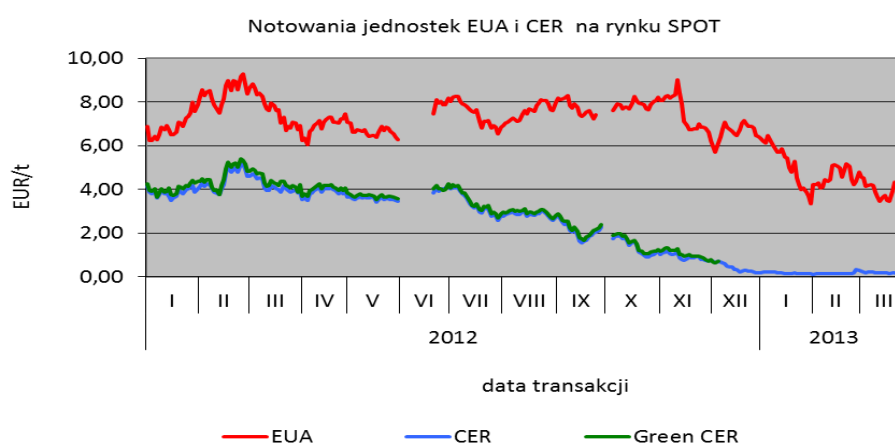
Source: Own development based on data from PPE, TFS.

Such important drops in prices of energy resulted on one hand, as in 2012, from the regularly incoming information on the decreasing pace of economic growth, weaker and weaker projections for the subsequent two years and lack of a substantial increase in the domestic consumption of electricity, and on the other hand from enduring low levels of EUA prices of allowances for emissions of CO₂. These fluctuations of EUA prices were a factor which substantially affected the daily changes in electricity prices on the forward market in the analysed period, especially in the case of a liquid instrument of BASE Y-14.

Reported low prices of energy may be a stimulus for keeping competitiveness of Polish companies and encouraging retail customers to conclude agreements for subsequent years. It must be however born in mind that the level of prices should on a longer run ensure maintenance of a proper level of investment outlays in the sector of generation, in order to ensure energy security of Poland.

12.3. Limits of CO₂ emission allowances and their market prices

The average price of the EUA unit on the spot market in Q1 2013 amounted to EUR 4.64/t and was by EUR 3.01/t (39.3%) lower than the average price from the same period of 2012 and by EUR 1.79/t lower than the last price in December 2012. For CER units the average price amounted to EUR 0.16/t (a drop by EUR 3.99/t, i.e. 96.1% in comparison with the average price from Q1 2012; a drop by EUR 0.02/t in comparison with the last price from December 2012). Detailed information on daily quotations are included in the diagram below.

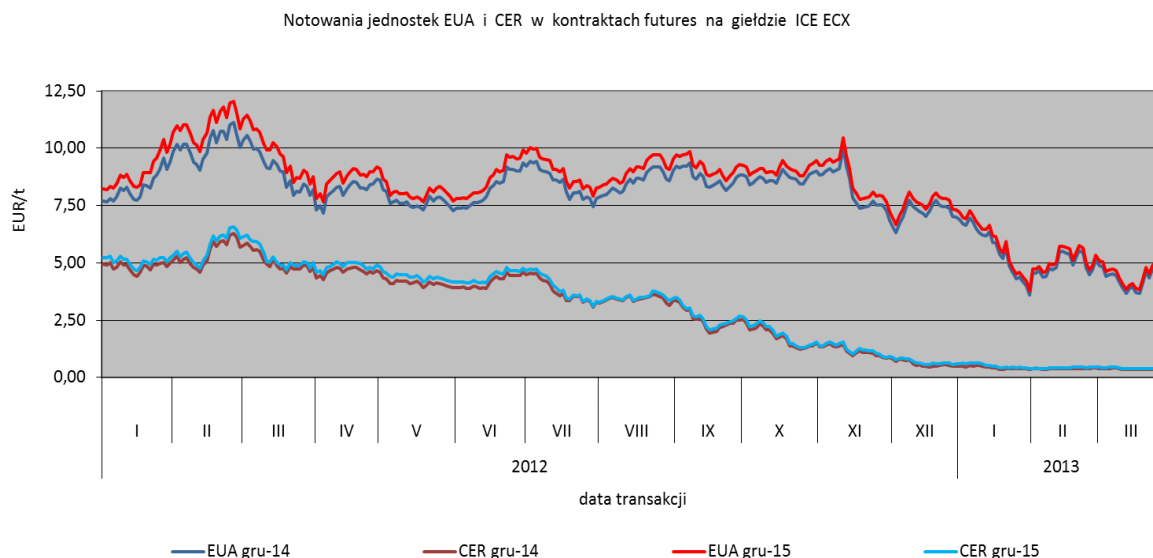


Source: own development based on data from BlueNext and ICE.

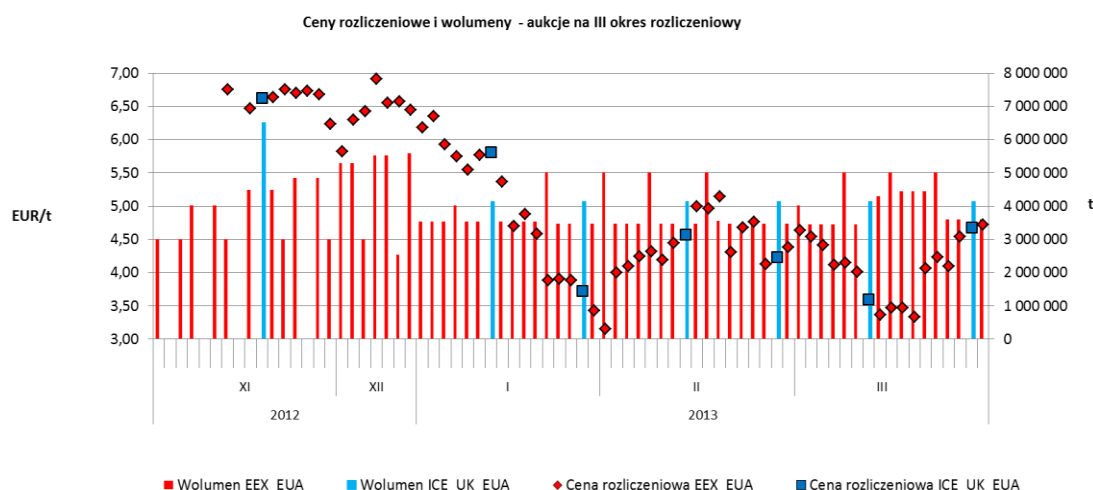
On the forward market average prices of EUA and CER were also much lower than in Q1 2012. For EUA with delivery in December 2014 the average price quarter on quarter dropped by EUR 4.18/t (45.6%) from EUR 9.17/t (the average in Q1 2012) to EUR 4.99/t (the average in Q1 2013) and in comparison with the last settlement price from December 2012 by EUR 1.99/t. For CER with delivery in December 2014 the average price dropped in the comparative period by EUR 4.71/t (92.2%) from EUR 5.11/t (the average in Q1 2012) to EUR 0.40/t (the average in Q1 2013) and in comparison with the last settlement price from December 2012 by EUR 0.09/t.

Prices of products with delivery in December 2015 demonstrated similar changes. For EUA with delivery in December 2015 the average price dropped in the comparative period by EUR 4.70/t (47.4%) from EUR 9.92/t (the average in Q1 2012) to EUR 5.21/t (the average in Q1 2013) and in comparison with the last settlement price from December 2012 by EUR 2.10/t. For CER with delivery in December 2015 the average price dropped in the comparative period by EUR 4.89/t (91.6%) from EUR 5.34/t (the average in Q1 2012) to EUR 0.45/t (the average in Q1 2013) and in comparison with the last settlement price from December 2012 by EUR 0.16/t. On average, products with delivery in December 2015 were more expensive than with delivery in December 2014 by - EUR 0.22/t for EUA

and EUR 0.05/t for CER. Detailed information on daily quotations on the forward market is included in the diagram below.



Source: own development based on data from ICE.



Source: own development based on data from EEX and ICE.

Apart from quotations on the spot and forward market, a substantial role is played by quotations within auctions. On EEX platform within auctions in Q1 2013 169.45 mln units were sold within price ranges of EUR 3.15/t (1 February 2013) to EUR 6.35/t (8 January 2013). At the same time, another 24.8 mln EUA units were sold through British auctions. Auctions organised almost each day, during which from 3.5 to 5.0 mln EUA allowances were sold, are a considerable factor affecting shaping of EUA prices on the secondary market. It is worth noticing that on auctions in most cases the price was lower than on the SPOT market (66% cases). No solution to the problem of excess allowances on the European market of CO₂ together with a regular supply of allowances sold through auctions successfully decreased their price. For a longer time the price of EUA units was strongly connected with political decisions of the European Commission, EUA prices reacted mainly to the information appearing on the market on the surplus of allowances and planned dates of votes in the European Union institutions, or actions of the European Commission or decisions of particular member states of the European Union that could affect the EU ETS system, such as backloading. The European

Commission proposed to limit the number of sold allowances for emissions of carbon dioxide during 2013-2015 on the Community market of ETC by 900 mln, to increase it by the same number during subsequent years till 2020. On 16 April 2013 the European Parliament rejected the auction adjournment.

Generation assets	CO ₂ emission in Q1 2013	Annual average allocation according to KRPU (National Allocation Plan) from 2013
ENEA Wytwarzanie	2 613 662	No information
Białystok Heat and Power Plant	128 300	No information
MEC Piła	38 771	No information
PEC Oborniki	Does not participate in trade in emissions	Not applicable

12.4. Obligations with respect to obtaining energy certificates of origin

In accordance with the regulations being in force energy companies selling electricity to end users in 2012 were obliged to obtain and redeem the following types of certificates of origin:

- for energy generated in renewable sources, the so called "green" certificates - the obligation on the level of 10.4% sales to end users,
- for energy generated in cogeneration, for the cogeneration unit fired with gas fuels, or with the total installed electrical power of the source below 1 MW, mentioned in Art. 9l item 1(1) of the Act of 10 April 1997 - Energy Law, the so called "yellow" certificates - the obligation on the level of 3.5% sales to end users,
- for energy generated in cogeneration fired with methane released and captured by underground mining works in operating, liquidated or closed mines of hard coal or with gas obtained from biomass processing, mentioned in Art. 9l item 1(1) of the Act of 10 April 1997 - Energy Law, the so called "purple" certificates - the obligation on the level of 0.6% sales to end users,
- for energy generated in cogeneration in sources other than the ones mentioned in item 2 and 3, the so called "red" certificates - the obligation on the level of 23.2% sales to end users, or an obligation to make a compensatory payment.

In Q1 2013, despite the announcements, no legal regulations were adopted which would prolong the system of support for "red" and "yellow" certificates. As a result, with the beginning of 2013 the obligation for energy companies selling electricity to end users in 2013 was limited to "green" and "purple" certificates and a new obligation entered into force relating to energy efficiency certificates - the so-called "white" certificates. The level of the obligation within "green" certificates increased to 12.0% and for "purple" certificates to 0.9%.

"White" certificates are a confirmation of the declared savings of energy resulting from an undertaking or undertakings of the same type aiming at the improving of energy efficiency. They are to be issued within tenders for increasing savings of energy by end users, increasing savings of energy by auxiliary

devices and limitation of electricity, heat or natural gas losses during transmission or distribution¹. The obligation to buy them and redeem or make a compensatory payment belongs to power companies selling electricity to end users, in accordance with Article 12 item 2(1) of the Act of 15 April 2011 on energy efficiency.

The volume of primary energy corresponding to the value of the certificate which a power company is obliged to obtain to redeem, is calculated according to the below formula:

$$E_{p^2}^n = \frac{u^n * P^n}{100\% * O_{zj}}$$

where:

u^n - is a percentage indicator for a given year (n) of establishment of the obligation mentioned in Article 12 item 1 of the act, further on referred to as "settlement year" [%]. For 2013 it amounts to 1.0%.

P^n - is the amount of revenues from sales of electricity, heat or natural gas to end users generated for the settlement year by a given power company diminished with amounts and expenses mentioned in Article 12 item 4 of the act [PLN],

O_{zj} - amount of a unit compensatory payment [PLN/toe]. The payment presently amounts to PLN 1,000.00/toe.

On 31 December 2012 the President of the Energy Regulatory Office announced the first tender for the selection of undertakings aimed at the enhancement of energy efficiency, for which energy efficiency certificates may be obtained ("white" certificates)². Till the end of Q1 2013 the President of ERO did not announce the results of the tender, but he published information on the number of offers which were submitted - they totalled to over 200³. Also till the end of Q1 2013 "white" certificates were not noted on the session market of the Polish Power Exchange (PPE).

During the first years of quotations of certificates of origin on PPE their prices, because of the surplus of the demand over the supply, were such as to include the discount connected with the value of money in time and pursued the level of a unit compensatory payment. For "green" certificates the benefit from the reduction of the excise tax base in the case of realisation of the statutory obligation through the redemption of certificates of origin (in the amount of PLN 20.00/MWh) was additionally taken into account. In Q1 2013, and also in 2012, and in the case of "red" certificates even from 2011, the price trend of products, as a result of the aforementioned lack of legal provisions within this scope, was different. Detailed information on the level of pricing indices for particular types of certificates of origin with the trading volume was presented in the diagrams below.

For "green" certificates during the first months of 2013 a decreasing trend was continued which commenced in 2012. In February 2013, after the information coming from the Ministry of Economy on consideration of launching of an intervention mechanism, on the market of "green" certificates there was a sudden increase in transaction prices from the level of PLN 97.00/MWh to PLN 187.50/MWh. Then, because of lack of further concrete information as to the construction of the system of intervention, "green" certificates returned to the decreasing trend. In Q1 2013 the exchange index (PMOZE_A) dropped from the level of PLN 183.03/MWh at the beginning of January to PLN 120.34/MWh during the last session in March 2013. Substantially, such a pricing trend was affected by two factors: an oversupply of these types of rights on the market and regulatory

¹ The announcement of the President of the Energy Regulatory Office No. 1/2012 regarding a tender for the selection of undertakings aiming at the improving of energy efficiency for which energy efficiency certificates may be obtained.
<http://bip.ure.gov.pl/download/3/3356/S60BW112123115320.pdf> (10.04.2013)

²

http://www.ure.gov.pl/portals/pl/424/5057/Prezes_URE_oglosil_pierwszy_przetarg_na_wybor_przedstawiczy_za_ktorych_mozna_uzyskac

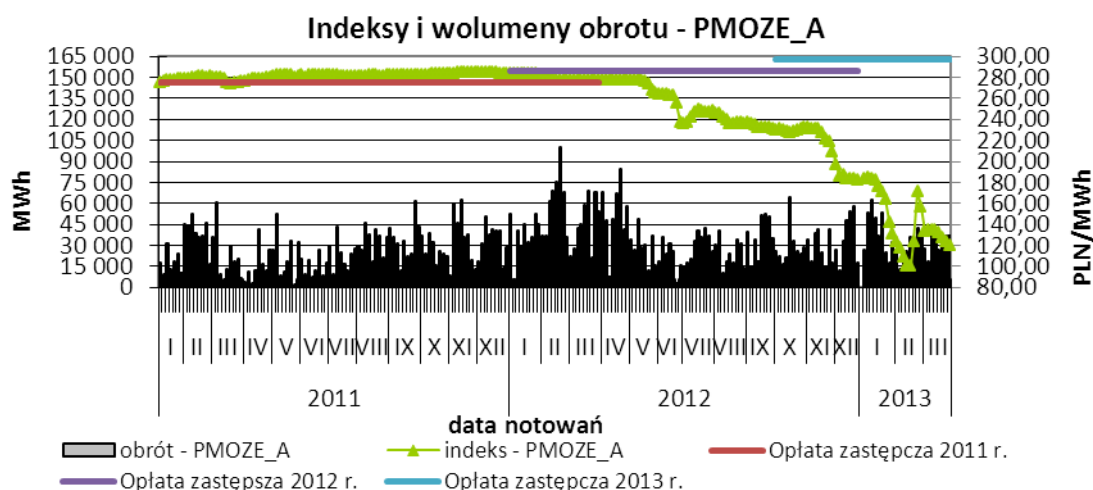
³

http://www.ure.gov.pl/portals/pl/424/5135/Otwarto_oferty_w_pierwszym_przetargu_na_wybor_przedstawiczy_sluzacych_poprawie_e

uncertainty connected with the drafted amendments of legal acts shaping the new support system for the renewable energy engineering, and also postponing the adoption of final solutions. At the end of February 2013, according to the data contained in the Monthly Report of PPE, the number of recorded and not redeemed certificates in the register amounted to around 11.0 TWh.

The unit compensatory payment for "green" certificates was increased from the level of PLN 286.74/MWh for 2012, to the level of PLN 297.35/MWh for 2013.

Still reported low prices of certificates of origin for energy generated in renewable sources may be reflected in a lower cost burden for energy end users, yet it must be born in mind that the support system should ensure the maintenance of a due level of return from investment outlays in the RES sector, in order to ensure the realisation of the required level of the energy share from RES in energy "mix" in the long run.

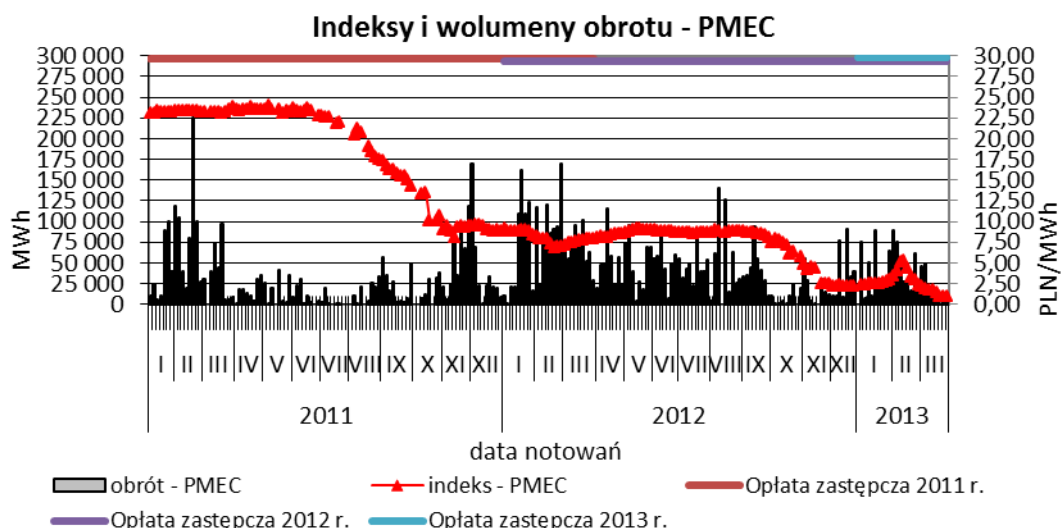


Source: own development based on the data from PPE, the levels of unit compensatory payment acc. to the information from the President of ERO.

Significant decreases in prices occurred also on the market of "red" certificates. The correction of prices commenced in 2011 and was continued in 2012 and in Q1 2013. Similarly, as in the case of "green" certificates, such a pricing trend was affected by the oversupply of these types of rights on the market and additionally the fact that in accordance with the regulations being in force the year of 2012 was the last year of the realisation of the obligation to redeem these certificates. In accordance with the information published in the Monthly Report of PPE the number of "red" certificates which were not redeemed at the end of February 2013 amounted to around 31.0 TWh. The exchange index (PMEC) in Q1 decreased by PLN 1.42/MWh from the level of PLN 2.38/MWh at the beginning of January to PLN 0.96/MWh at the end of March 2013.

Despite failure to adopt legal acts prolonging this obligation the President of ERO announced the unit compensatory payment for 2013 - in the amount of PLN 29.84/MWh⁴.

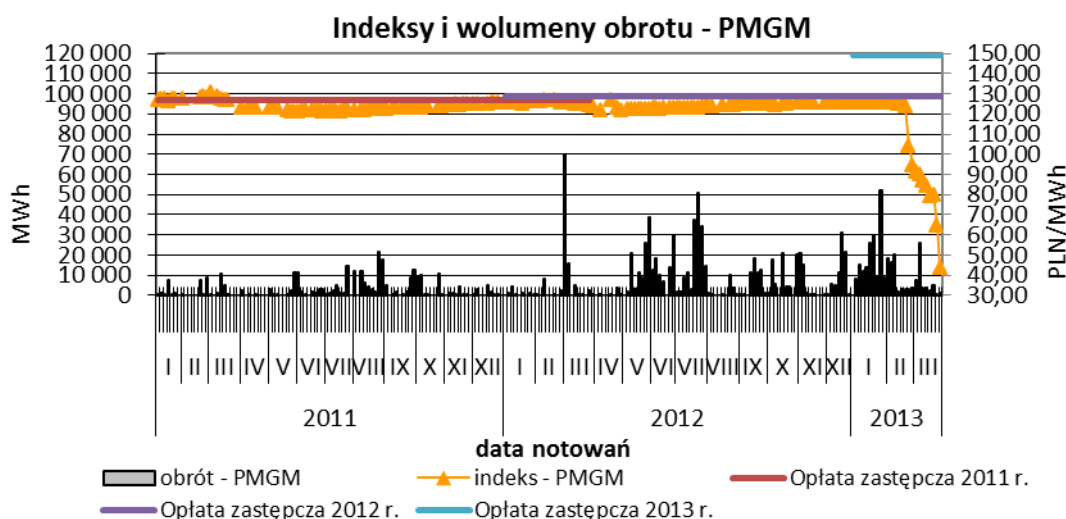
⁴ The information of the President of ERO (No. 15/2012) regarding unit compensatory payments for cogeneration being in force in 2013, Warsaw dated 29 May 2012.



Source: own development based on the data from PPE, the levels of unit compensatory payment acc. to the information from the President of ERO.

The exchange index for "yellow" certificates (PMGM) also noted drops in Q1 2013. The closer was the end of March 2013 and a possibility of contracting in order to realise the obligation for 2012, the more sudden was the drop of prices of "yellow" certificates. Such an image of "yellow" certificates, as in the case of "red" certificates, is affected by a surplus of such types on the market and lack of legal regulations prolonging the system of support for cogeneration within these certificates. The exchange index (PMGM) at the beginning of January 2013 amounted to PLN 125.55/MWh, and at the end of Q1 was quoted at the level of PLN 43.73/MWh, i.e. by PLN 81.82/MWh lower.

Despite failure to adopt legal acts prolonging the obligation to redeem "yellow" proprietary interests the President of ERO announced the unit compensatory payment for 2013 - in the amount of PLN 149.30/MWh⁵.

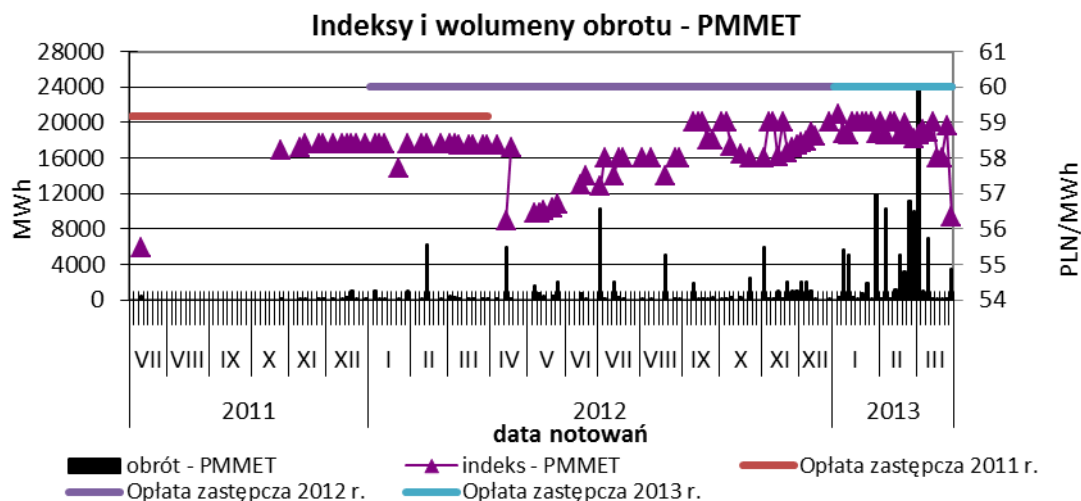


Source: own development based on the data from PPE, the levels of unit compensatory payment acc. to the information from the President of ERO.

⁵ The information of the President of ERO (No. 15/2012) regarding unit compensatory payments for cogeneration being in force in 2013, Warsaw dated 29 May 2012.

The lowest value changeability in prices in Q1 2013 was characteristic for "purple" certificates, for which the difference between the minimum and maximum index amounted to almost PLN 3.00/MWh, and the volume of the trade on the session market of PPE was, in comparison with the other types of certificates, substantially smaller. The value of the index (PMMET) at the end of March 2013 amounted to PLN 56.32/MWh and was by PLN 3.68/MWh lower than the unit compensatory payment for 2013. It is worth noticing at the same time that contrary to "red" and "yellow" certificates the obligation to redeem "purple" certificates is continued in 2013.

The unit compensatory payment for "purple" certificates for 2013 remained at the same level in comparison with 2012, i.e. PLN 60.00/MWh.



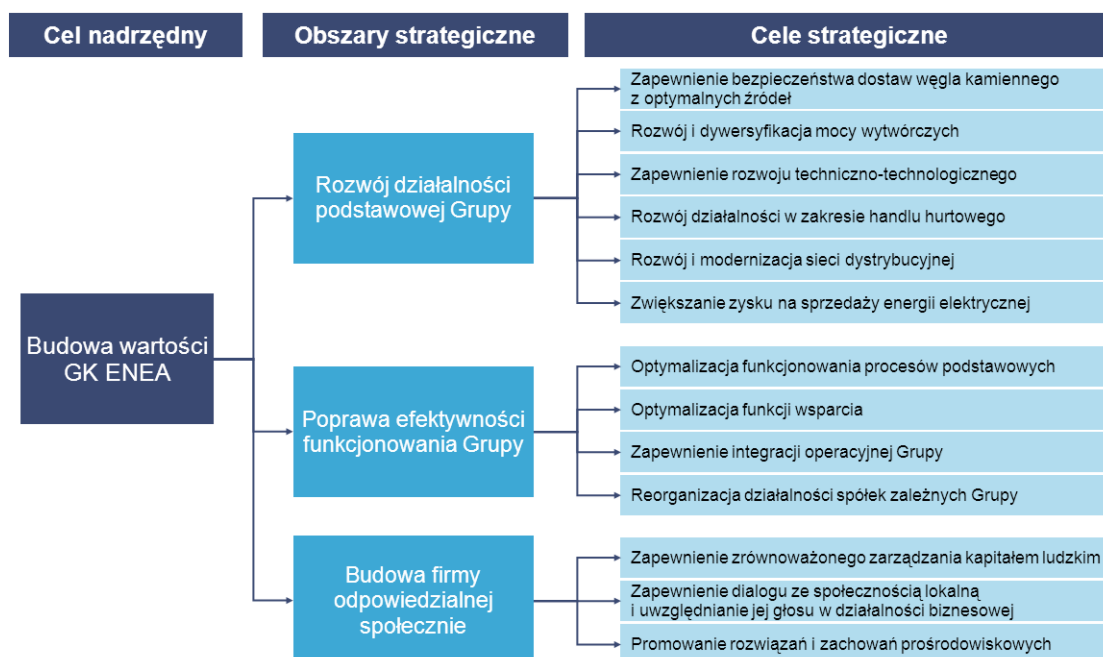
Source: own development based on the data from PPE, the levels of unit compensatory payment acc. to the information from the President of ERO.

12.5. Implementation of the strategy of development of the Capital Group

The implementation of the Capital Group strategy is one of the essential factors for developing the Capital Group.

Our strategy is based on the mission of the Group, that is, to provide high-quality services to customers, to ensure a safe environment for our employees, and to build shareholder value while caring for the natural environment.

We plan to realise our strategy through the realisation of the below defined goals:



An integral part of this strategy is the implementation of a new business model for the Group, which provides for the functioning of the following business areas:

- Corporate Centre,
- Generation based on fossil fuels and renewable sources,
- Wholesale trading,
- Sales,
- Distribution,
- Shared Services Centre.

Creating, in addition to the core business areas, a corporate centre and a shared service centre divisions, should increase the efficiency of managing the Group and enable cost synergies to be obtained from the centralised management of Group operations and a shared customer service system.

We assume that implementing our strategy during 2010-2020, we will designate in the base variant a total of about PLN 18.7 bln for investments in conventional generation, distribution and renewable energy sources and cogeneration.

Taking into account the planned investments, from the point of view of ENEA S.A., the long-term development of the equity portfolio is essential to carry the burden of future investments. The funds from the profit could complement the sources of financing of investment expenses, particularly within investments connected with the growth of the Group, mainly investments in new generating capacities.

Area of Generation

Our main goal for conventional generation is to construct a new 1,075 MWe gross electrical capacity bituminous coal-fired supercritical power unit in Świerże Górne. We are planning to commission it in 2017. Detailed information within the progress of the construction process with a description of required investment outlays was presented in 11.7 above.

At the same time, we are continuing the modernisation of the other 200 and 500 MW units operating in ENEA Wytwarzanie, the objective of which is to prolong the time of operation of units and improvement of the electricity generation efficiency through decreasing unit consumption of heat. Additionally, the investment programme is continued which aims at reconciliation to the requirements

of the Directive No. 2010/75/EU on emissions from large sources of combustion, the result of which is the agreement signed in March 2013 for the construction of IOS IV flue gas desulphurisation plant with Babcock-Hitachi K.K.

In the area of renewable energy sources we expect to further develop our generation capacities. By 2020 we are planning to achieve 250-350 MW of power installed in wind. Concurrently, we are conducting activities aiming at the realisation of the investment in biogas capacities.

On 15 January 2010 ENEA S.A. completed the purchase of the first biogas power plant in Liszkowo (the Kujawsko-Pomorskie Province) with the capacity of 2.12 MWe. In Q2 2011 ENEA S.A. purchased 100% shares in the special purpose vehicle Dobitt Energia established for the needs of the construction of an agricultural biopower plant with the capacity of 1.6 MW - the construction was completed in December 2012. Having been connected to the network and after a technological start-up the biopower plant will commence the production of electricity in Q2 2013. The total capacity of biogas power plants in the ENEA Capital Group will reach 3.72 MWe at that time.

In March 2011 a subsidiary of ENEA S.A., i.e. Elektrownie Wodne, dedicated to, among other things, the extension of production capacities of the Group from Renewable Energy Sources purchased a wind farm located in Darżyno in Pomorze with the installed capacity of 6 MW. The wind farm in Darżyno was constructed in 2008. It located on the very windy area. In 2012 the farm generated 16,410.3 MWh of gross electricity (16,305.2 MWh net).

On 1 June 2011 ENEA S.A. purchased from the French company Société Nationale d'Électricité et de Thermique (SNET) 69.58% of the Białystok Heat and Power Plant's shares. Thanks to the transaction the Group holds almost 100% shares of the company from Białystok. The Białystok Heat and Power Plant is one of the largest enterprises in the region. Heat generating capacity of the Białystok Heat and Power Plant (before the conversion of another boiler on biomass) amounted to 459.2 MWt. Apart from the heat production the Białystok Heat and Power Plant produces also electricity and process steam. The equipment of the combined heat and power plant may generate 400 GWh of electricity which is then sold on the wholesale market. The basic fuels used in the combined heat and power plant are biomass and coal. In 2008, in unit No. I, a boiler fired exclusively with biomass was started. The new installation helped to limit the emission of gases and dusts harmful to the environment and decreased the volume of waste from coal combustion. The capacity of the installation fired with this fuel is 75.2 MW. In 2012 the Białystok Heat and Power Plant completed the investment of the conversion of another coal boiler to the BFB fluidised bed type boiler - powered with biomass. Another biomass boiler in the Białystok Heat and Power Plant was commissioned on 31 December 2012.

Presently, the generating capacities of the Białystok Heat and Power Plant amount to respectively:

- the heat generating capacity 446.5 MWt, of which the heat generating capacity in RES - 105.0 MWt,
- the electrical generating capacity 156.6 MWe, of which the electrical generating capacity in RES - 56.6 MWe.

In June 2011 a hydroelectric plant was commissioned on the Wełna River in Oborniki. The building, which belongs to Elektrownie Wodne with the seat in Samociążek has the capacity of 330 kW. In 2012 the power plant generated 1,150.8 MWh of electricity. The water power plant in Oborniki is the 21st installation of that kind belonging to the ENEA Capital Group.

On 16 April 2012 ENEA S.A. purchased 100% shares of the special purpose vehicle, Windfarm Polska. The Company owns the newly built 50 MW wind farm in Bardy with the total capacity of 50 MW consisting of 25 Vestas turbines with the capacity of 2 MW each and the own switching station. The wind farm is located on a very windy area in the north-western Poland which translates into the forecast of an annual average production of electricity on the level of 150,000 MWh. In the period from the start-up (March 2012) till the end of 2012 the farm produced 121,914.3 MWh gross electricity (114,312.4 MWh net). In Q1 2013 the farm generated 35,149.9 MWh of gross electricity (32,533.7

MWh net). Windfarm Polska commenced works aiming at the extension of production capacities of the farm with another 9 MW.

On 25 May 2012, within the "Integration of the Generation Area" Elektrownia "Kozienice" S.A. changed its name to ENEA Wytwarzanie S.A. and will manage the production of electricity and heat in the whole ENEA Capital Group. The Integration of the Generation Area covers seven subsidiaries of the ENEA CG: ENEA Wytwarzanie S.A., Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o.o., Dobitt Energia Sp. z o.o., Windfarm Polska Sp. z o.o., MEC Piła Sp. z o.o. and PEC Oborniki Sp. z o.o. The integration of electricity and heat generating companies aims at the implementation of a new model of the Group's operations ensuring an efficient decision-making process within the coherent generation strategy, optimum allocation of resources and improvement in the generation area efficiency. On 28 December 2012 ENEA Wytwarzanie took over from ENEA S.A. the shares of six companies operating within the generation of electrical and heat energy in the ENEA CG. In return ENEA S.A. took up all the shares in the raised share capital of ENEA Wytwarzanie. As a result of these actions a holding structure of the generation area was established which is managed by ENEA Wytwarzanie.

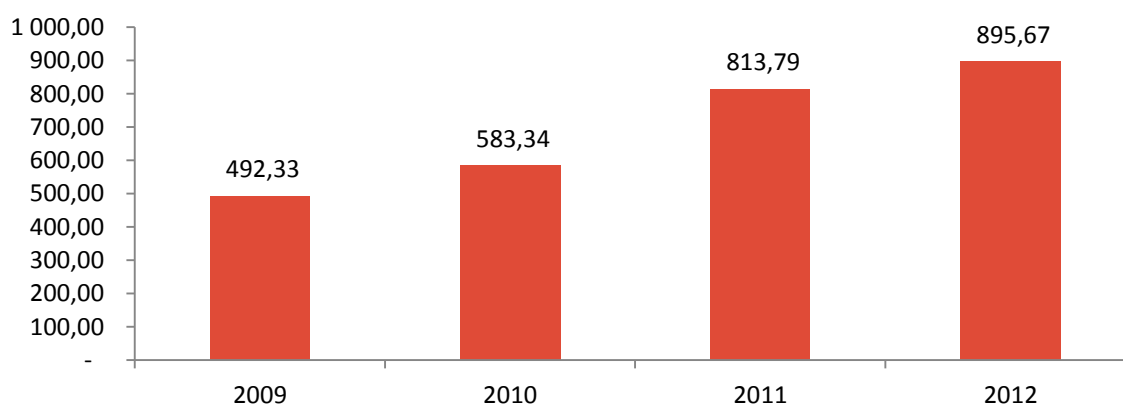
Another stage of the integration of the generation area realised in 2013 will be the inclusion of the three of the above mentioned companies into the capital structure of ENEA Wytwarzanie, the remaining three companies will remain in the full operating subjectivity.

In 2011 ENEA S.A. also started cooperation with Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG) analysing the ability to construct together an electric power generating source fuelled by gas. Within this cooperation we are performing actions aimed at selection of an optimum location for the gas-powered unit. Presently, together with PGNiG we are finalising the execution of detailed location and economic analyses for the selected locations based on which relevant corporate decisions will be made.

Distribution Area

In the area of distribution, during the period covered with the strategy we are planning investment works and modernisation of the grid infrastructure, and essential refurbishment in connection with an increasing demand for electricity and the need to connect renewable sources of energy. Such investment and modernisation activities should result in increasing the functionality of our grid and reducing grid losses. They will also involve replacing those sections of power distribution lines that have been the longest in service. These activities should substantially impact the increase in reliability of deliveries of electricity to customers. Below we present the amounts of investment outlays made by ENEA Operator since 2009.

Value of investment outlays incurred in ENEA Operator [PLN mln]



Our investment expenditures within distribution are continually increasing. Also in 2013 the planned outlays are higher than the outlays realised in 2012.

The Company designated the outlays to:

- connecting new users and new sources and related construction of new networks,
- modernisation and reinstatement of the existing assets connected with improving the quality of services and/or power demand increase,
- other investment outlays (in particular: connectivity, measurements, IT, buildings, constructions, means of transport).

In the perspective of 2009-2013 an explicit trend was noticed consisting in the decreasing of the share of outlays for connecting new recipients and new sources and related construction of new networks in the total amount of outlays. In 2009 the outlays of this type constituted 66% of the value of the investment plan, in 2012 - 38% and in 2013 they constitute 29% of the planned expenditures.

At the same time, a trend is visible of increasing the share of outlays for the modernisation and reinstatement of the existing assets. In 2009 the outlays of this type constituted 26% of the value of the investment plan, in 2012 - already 50% and in 2013 they constitute 58% of the planned expenditures.

Area of Sales

In Q1 2013 the works within the adopted "Strategy of sales of ENEA S.A. in the area of retail sales for 2012 - 2016" were continued. The strategy based on the expansion beyond the historical market, improvement in the efficiency of customer service and purchases on the wholesale market of energy, assumes the reversion of the downward trend in sales observed during 2009 and 2010.

The pillars of the sales strategy are:

- expansion of retail sales (gaining new clients beyond the historical area, keeping and recovery of clients from the historical area, and the development of the gas trade competences),
- efficiency of customer service (development of new channels of customer gaining and service, improvement in the efficiency and quality of customer service and optimisation of costs),
- efficiency in the wholesale trading (efficiency of purchases on the wholesale market, better projections, risk and portfolio management).

The initiatives realised within the strategy implementation in Q1 2013 included:

- product implementation (guaranteed prices) for loyalisation of customers from Cxx tariff groups,
- implementation of the agreement and tariff for individual customers from beyond the area of ENEA Operator,
- opening of two sales points of ENEA S.A. beyond the area of operations of ENEA Operator,
- development and implementation of the incentive scheme for the area of sales,
- transfer of the after-sale service of TPA customers to ENEA Centrum S.A. from the After-Sale Customer Service Point in ENEA S.A.,
- implementation of a system of reporting and monitoring of levels of service in Customer Service Points.

Initiatives commenced during that period include:

- development and implementation of the operating model of the sales and customer service areas/implementation of the Information System of Customer Service,
- Implementation of the controlling system,
- dimensioning and development of the organisation of the area of sales,
- analysis of the grounds for the extension of the operations of ENEA S.A. with trade in gas.

Area of Customer Service

In Q1 2013 works were continued within the initiated programme of customer service model change, covering the most substantial issues from within the customer service area.

The programme groups initiatives and projects which lead to the gaining of the following goals:

- increase in the efficiency of gaining and retaining customers,
- increase in the level of customer service quality,
- reduction of unit costs of customer service.

A growth in the efficiency of gaining and retaining customers and a higher level of the quality of customer service will be reached through the implementation of a new operating model of sales and customer service areas and the implementation of an IT system of customer service (Billing, CRM, Contact Centre).

As a result of the implementation of the new operating model it is planned to lower the unit costs of customer service, increase the volumes of sales and share in the energy market, and also enhance customer satisfaction.

A key and largest project realised within the Programme is the implementation of the operating model together with an IT customer service system.

Initiatives within which works are conducted at the present stage of the programme advancement include:

- development and implementation of the operating model of the sales and customer service areas/implementation of the Information System of Customer Service,
- transfer of TPA agreements for the inclusion in the enPort information system and also extension of the registration of agreements in enPort with direct sales,
- automation of downloading the measurement data of TPA clients to the MultiZBYT billing system,
- widening of the Call Center,
- optimisation of the debt collection process - verification of present processes,
- takeover by ENEA S.A. from ENEA Operator of back-office service,
- optimisation of the chain of points collecting payments of ENEA S.A.'s customers.

Area of Wholesale Trade

In 2012 the model of settlements was changed between ENEA S.A. and ENEA Trading Sp. z o.o. within the cooperation on wholesale trade in electricity and proprietary interests. The cooperation between the parties aims at reaching optimum business effects for the ENEA Capital Group within sales of electricity to end users and within products and services connected with the supply for the area of electricity sales, including also the rules of calculation of the remuneration of ENEA Trading Sp. z o.o. by title of the services rendered for ENEA S.A.

The new model is based on the method of a net transaction margin and introduces an incentive mechanism for ENEA Trading Sp. z o.o. to effectively realise its function for the account of ENEA S.A., both on the side of the efficiency of the trading function towards the market and the cost discipline.

The new settlement model entered into force starting from 1 January 2012, however the efficiency criteria application on which the amount of ENEA Trading Sp. z o.o.'s remuneration will depend relates to settlements starting from 1 January 2013.

In March 2013 works were performed connected with the model of remuneration of ENEA Trading Sp. z o.o. by title of the cooperation on wholesale trade in electricity and proprietary interests. The amount of charges will depend on the fulfilment by ENEA Trading Sp. z o.o. of a set annual goal (KPI).

Additionally, in order to obtain tax optimisation a quarterly settlement period was introduced instead of annual settlements.

A review of the procedures of inter-area cooperation was performed between ENEA S.A. and ENEA Trading Sp. z o.o. and in March 2013 a new procedure was introduced in order to cover the present practice and new cooperation determinants between the Parties.

12.6. Assessment of the Feasibility of Implementing Investment Plans

The financial situation of the Company provides a solid foundation for carrying out its investment plans, which can be implemented through organic development and acquiring other entities. Our balance sheet, equity and balance of pecuniary funds provide a solid financial base for investment outlays, both from our own resources and external sources. In order to use its resources efficiently, in their further investment activities (particularly in the area of acquisitions) the Company intends to make use of debt financing so as to attain leverage.

12.7. Risks connected with the possibility of strategy realisation

We will make efforts to implement our policy with respect to development directions but we might not be able to implement our development strategy and planned investment outlays because of factors which remain beyond our control.

Our development strategy foresees the implementation of specific targets, and covers in particular the development of the Group's core operations, improving the Group's effectiveness, and building a socially responsible business.

The implementation of our strategy is affected by several factors, most of which are independent of us, particularly decisions of our majority Shareholder, i.e. the State Treasury, measures taken by our competitors, and changes in the applicable law. A key aspect of the implementation of our strategy is the need to ensure appropriate financing on terms that are favourable for us.

On 21 June 2012 between ENEA and five banks acting as Guarantors for the issue, i.e.: Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. an agreement was concluded concerning the bond issue programme up to the amount of PLN 4 bln.

Despite the concluded agreement relating to the bond issue programme mentioned above, we are not certain if the funding within the other investment needs is available to us. As a result, we could be forced to postpone the achievement of certain strategic goals, as well as to reduce or forgo planned investment outlays, which could have a material effect on our operations, financial standing, financial results or development prospects.

Our ability to obtain financing and the cost of capital depend on many factors, and in particular on:

- general market conditions and situation on capital markets;
- availability of bank loans;
- investors' confidence;
- Company's financial situation;
- tax regulations.

We conduct our activities in an environment which is subject to a special legal framework. The situation of the Group is particularly affected by the provisions of the Energy Law and European Union regulations, including those relating to environmental protection. These legal regulations are subject to frequent changes (which we are not in a position to forecast) but there is a tendency to gradually increase the requirements relating to use of the environment, in particular in relation to entities in the power sector. These growing requirements may in the future create a need for the Group to incur additional investment outlays.

Also, the legal provisions impose an obligation on us to obtain and present certificates of origin to the President of ERO for cancellation, confirming:

- that electricity is being generated in renewable sources;
- that electrical energy is being generated in combination with heat generation (cogeneration) or, if certificates of origin are not obtained or presented for redemption in the required quantity, to make compensatory payments.

Additionally, on 1 January 2013 the system of energy efficiency certificates system was implemented in Poland, the so-called "white certificates", which imposes an obligation on us to obtain and present for redemption to the President of ERO energy efficiency certificates or, if certificates are not obtained or presented for redemption in the required quantity, to make compensatory payment. Actions undertaken by us in our development strategy are also dependent on the level of permits for emissions of carbon dioxide and other gases and substances received for each specific settlement period.

Operations planned by us in regard to acquisitions and capital investments may not achieve the expected effect because of factors beyond our control such as competition from other power companies and market conditions. Furthermore, the results obtained by the companies in which we invest may turn out to be worse than our initial estimates, which may cause a reduction in the rate of return on these transactions compared with initial expectations. As a result of acquisitions or investments made, we will also have to take steps to reorganise the structure of the entities concerned, to integrate particular business areas, to centralise the management of assets and liabilities and to integrate information technology systems. These processes may turn out to be time-consuming and costly and it is uncertain whether they will be performed in accordance with the desired schedule or in the planned manner. They may also lead to lasting differences in the procedures employed in the Group. The above actions are dependent also on the behaviour of the trade unions involved in the acquisitions or capital investments made.

Our activity within modernising generating capacity and making new investments in generating assets is dependent on weather conditions, the course of construction, repair and modernisation works, increases in the planned costs of investments, market conditions and the need to obtain necessary permits.

Achieving strategic objectives in the field of development is also affected by the condition of the Polish economy and by the regional economic situation, and in particular by: growth or decline in the gross national product and industrial production, inflation, unemployment and in average wages and salaries, the size and demographic structure of the population, and also the development of the services sector and industry.

12.8. Synergy results

The planned acquisitions and capital investments may not produce the expected results. The valuation of our future acquisitions and investments will depend on market conditions, as well as on other factors that are beyond our control, and it might turn out that we are unable to correctly assess the value of the acquisitions and investments that we have carried out. Furthermore, the results achieved by companies in which we invest might turn out to be worse than our initial estimates, which could result in the rate of return from those transactions being lower than initially anticipated. Moreover, the restructuring of these entities may prove to be a time-consuming and costly process.



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