Separate financial statements of ENEA S.A.
for the financial year ended
31 December 2013

Poznań, 10 March 2014

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

Index to the separate financial statements

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

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

Members of the Management Board

President of the Management Board **Krzysztof Zamasz** **………………………………….**

Member of the Management Board **Dalida Gepfert** **………………………………….**

Member of the Management Board **Grzegorz Kinelski** **………………………………….**

Member of the Management Board **Paweł Orlof** **………………………………….**

Poznań, 10 March 2014

Prepared by: Wiesława Bazaniak ……..………………
Accounting Office Manager
Enea Centrum Sp. z o.o.

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

Separate statement of financial position

	Note	Balance as at 31.12.2013	31.12.2012 Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	7	36 533	182 708
Perpetual usufruct of land	8	1 562	1 437
Intangible assets	9	2 459	3 572
Investment property	10	16 910	17 455
Investments in subsidiaries and associates	11	8 951 213	8 820 100
Deferred tax assets	24	45 544	47 795
Financial assets available for sale	13	-	5
Financial assets held to maturity	13	1 674 223	596 450
Financial assets measured at fair value through profit or loss	13	1 860	1 504
		10 730 304	**9 671 026**
Current assets			
Inventory	15	117 449	120 160
Trade and other receivables	14	978 529	951 598
Current income tax receivables		1 341	4 750
Financial assets held to maturity	13	38 109	79 475
Financial assets measured at fair value through profit or loss	13	296 339	422 173
Cash and cash equivalents	16	807 036	361 401
Non-current assets held for sale	12	12 876	12 876
		2 251 679	**1 952 433**
Total assets		**12 981 983**	**11 623 459**
EQUITY			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Share-based payments reserve		1 144 336	1 144 336
Reserve capital		1 569 385	1 205 625
Retained earnings		3 226 006	2 907 999
Total equity	18	**11 155 418**	**10 473 651**
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	19	777 130	-
Finance lease liabilities	23	103	7 289
Deferred income due to subsidies and connection fees	21	-	29 909
Liabilities due to employee benefits	25	61 682	87 810
Provisions for other liabilities and charges	26	13 333	17 084
		852 248	**142 092**
Current liabilities			
Trade and other liabilities	20	645 479	712 626
Finance lease liabilities	23	1 052	3 405
Deferred income due to subsidies and connection fees	21	-	2 344
Deferred tax liabilities		-	-
Liabilities due to employee benefits	25	24 118	16 776
Liabilities due to an equivalent of the right to acquire shares free of charge		292	306
Provisions for other liabilities and charges	26	303 376	272 259
		974 317	**1 007 716**
Total liabilities		**1 826 565**	**1 149 808**
Total equity and liabilities		**12 981 983**	**11 623 459**

* Restatements of comparative figures are presented in Note 3of these separate financial statements

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

Separate statement of profit or loss and other comprehensive income

	Note	For the period 12 months ended 31.12.2013	12 months ended 31.12.2012 Restated *
Sales revenue		5 155 991	5 953 337
Excise duty		(204 217)	(193 998)
Net sales revenue	27	**4 951 774**	**5 759 339**
Other operating revenue	30	59 331	11 344
Depreciation	28	(17 873)	(16 878)
Costs of employee benefits	28	(52 215)	(64 324)
Consumption of materials and supplies and costs of goods sold	28	(3 702)	(4 199)
Energy purchase for sale	28	(2 995 827)	(3 727 174)
Transmission services	28	(1 518 682)	(1 595 649)
Other external services	28	(175 312)	(197 601)
Taxes and charges	28	(9 333)	(8 486)
Gain/(loss) on sale and liquidation of property, plant and equipment		(495)	1 786
Impairment loss on tangible fixed assets	7	(11 363)	-
Other operating expenses	30	(15 947)	(42 838)
Operating profit		**210 356**	**115 320**
Financial expenses	32	(21 293)	(37 719)
Financial revenue	31	92 720	99 583
Dividends income		605 676	362 091
Profit before tax		**887 459**	**539 275**
Income tax	33	(53 994)	(34 138)
Net profit for the reporting period		**833 465**	**505 137**

Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
- change in fair value of financial assets available for sale reclassified to profit or loss		-	(12 245)
- change in fair value of financial assets available for sale		-	-
- income tax		-	256
Items that will not be reclassified to profit or loss			
- net actuarial gains/(losses) on defined benefit plans	25	8 915	(8 349)
- income tax		(1 694)	1 586
Net other comprehensive income		**7 221**	**(18 752)**
Total comprehensive income		**840 686**	**486 385**

Earnings attributable to the Company's shareholders	833 465	505 137
Weighted average number of ordinary shares	441 442 578	441 442 578
Basic earnings per share (in PLN per share)	**1.89**	**1.14**
Diluted earnings per share (in PLN per share)	**1.89**	**1.14**

* Restatements of comparative figures are presented in Note 3 of these separate financial statements

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

Separate statement of changes in equity

	Note	Share capital (face value)	Revaluation of share capital	**Total share capital**	**Share premium**	**Share-based payments reserve**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance as at 1 January 2013		441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**1 205 625**	**2 907 999**	**10 473 651**
Net profit								833 465	**833 465**
Net other comprehensive income								7 221	**7 221**
Total comprehensive income								**840 686**	**840 686**
Distribution of the net profit							363 760	(363 760)	**-**
Dividends	34							(158 919)	**(158 919)**
Balance as at 31 December 2013		441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**1 569 385**	**3 226 006**	**11 155 418**

	Note	Share capital (face value)	Revaluation of share capital	**Total share capital**	**Share premium**	**Share-based payments reserve**	**Revaluation reserve (financial instruments)**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance as at 1 January 2012 *		441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**11 989**	**1 062 349**	**2 764 793**	**10 199 158**
Net profit *									505 137	**505 137**
Net other comprehensive income *							(11 989)		(6 763)	**(18 752)**
Total comprehensive income							**(11 989)**		**498 374**	**486 385**
Distribution of the net profit								143 276	(143 276)	-
Dividends	34								(211 892)	**(211 892)**
Balance as at 31 December 2012		441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**-**	**1 205 625**	**2 907 999**	**10 473 651**

* Restatements of comparative figures are presented in Note 3 of these separate financial statements

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

Separate statement of cash flows

	Note	For the period 12 months ended 31.12.2013	For the period 12 months ended 31.12.2012 Restated *
Cash flows from operating activities			
Net profit for the reporting period		833 465	505 137
Adjustments:			
Income tax disclosed in the profit or loss	33	53 994	34 138
Depreciation	28	17 873	16 878
(Gain) / loss on sale and liquidation of property, plant and equipment		495	(1 786)
Impairment loss on property, plant and equipment	7	11 363	-
(Gain)/loss on disposal of financial assets		9 867	(10 758)
Interest income		(99 271)	(93 767)
Dividends income		(605 676)	(362 091)
Interest expense		11 426	7 814
(Gain)/loss on measurement of financial assets		-	24 149
Other financial expense		-	5 756
		(599 929)	(379 667)
Paid income tax		(50 028)	(12 374)
Interest received		85 391	62 382
Interest paid		(7 224)	(3 629)
Changes in working capital			
Inventory		2 711	(63 396)
Trade and other receivables		(20 877)	(153 608)
Trade and other liabilities		(59 710)	95 921
Liabilities due to employee benefits		(9 871)	2 286
Deferred income due to subsidies and connection fees		(32 890)	(2 207)
Liabilities due to an equivalent of the right to acquire shares free of charge		(14)	(202)
Non-current assets available for sale and related liabilities		-	4 942
Provisions for other liabilities and charges		27 366	(14 245)
		(93 285)	(130 509)
Net cash flows from operating activities		**168 390**	**41 340**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(24 281)	(18 820)
Receipts from disposal of property, plant and equipment and intangible assets		116	2 401
Acquisition of financial assets		(1 567 000)	(678 483)
Receipts from disposal of financial assets		644 209	344 288
Acquisition of subsidiaries and associates		(305)	(55 925)
Receipts from disposal of subsidiary		3 000	1 752
Dividends received		603 676	232 468
Other receipts from investing activities		369	42
Net cash flows from investing activities		**(340 216)**	**(172 277)**
Cash flows from financing activities			
Proceeds from credits and loans		780 000	-
Dividends paid		(158 919)	(211 892)
Payment of finance lease liabilities		(3 620)	(3 380)
Net cash flows from financing activities		**617 461**	**(215 272)**
Net increase/ (decrease) in cash		**445 695**	**(346 209)**
Opening balance of cash	16	361 401	707 610
Closing balance of cash	16	**807 036**	**361 401**

* Restatements of comparative figures are presented in Note 3 of these separate financial statements

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

Notes to the separate financial statements

1. General information

1.1. General information about ENEA S.A.

Name (business name):	ENEA Spółka Akcyjna
Legal form:	joint-stock company
Country:	Poland
Registered office:	Poznań
Address:	Górecka 1, 60-201 Poznań
National Court Register - District Court in Poznań	KRS 0000012483
Telephone:	(+48 61) 856 10 00
Fax:	(+48 61) 856 11 17
E-mail:	enea@enea.pl
Website:	www.enea.pl
Statistical number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

ENEA S.A., operating under the business name Energetyka Poznańska S.A, was entered in the National Court Register at the District Court in Poznań under KRS number 0000012483 on 21 May 2001. On 2 January 2012 a change in the registered address of the Company (from Nowowiejskiego 11 to Górecka 1) was entered in the National Court Register.

As at 31 December 2013 the shareholding structure of ENEA S.A. was the following: the State Treasury of the Republic of Poland – 51.50% of shares, Vattenfall AB – 18.67%, other shareholders – 29.83%. The change in the shareholding structure of ENEA S.A. after reporting date was presented in Note 46.

As at 31 December 2013 the Company's statutory share capital registered in the National Court Register equaled PLN 441 443 thousand (PLN 588 018 thousand after restatement to IFRS-EU and considering hyperinflation and other adjustments) and it was divided into 441 442 578 shares.

Trade in electricity is the core business of ENEA S.A. ("ENEA", "Company").

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

ENEA S.A. is the Parent of the ENEA Group, which as at 31 December 2013 comprised also 15 subsidiaries, 4 indirect subsidiaries and 1 associate.

The financial statements have been prepared under assumption that the Company will be able to continue as a going concern in the foreseeable future. No circumstances occur that would indicate a threat to the Company's operation as a going concern.

1.2. Composition of the Management Board and the Supervisory Board

As at 31 December 2013, the composition of the Management Board was as follows:
Krzysztof Zamasz - President of the Company's Management Board,
Dalida Gepfert - Member of the Company's Management Board responsible for Financial Matters
Grzegorz Kinelski - Member of the Company's Management Board responsible for Commercial Matters,
Paweł Orlof - Member of the Company's Management Board responsible for Corporate Matters.

On 11 January 2013 Mr Krzysztof Zborowski – Member of the Management Board for Energy Production resigned from the Management Board, effective from the date of the statement.
On 11 March 2013 the Supervisory Board dismissed all members of the Management Board of ENEA S.A., effective from 11 March 2013 and at the same time appointed Mr Krzysztof Zamasz to the position of the President of the Company's Management Board, Mr Grzegorz Kinelski to the position of the Member of the Company's Management Board responsible for Commercial Matters, Mr Paweł Orlof to the position of the Member of the Company's Management Board responsible for Corporate Matters.
On 9 April 2013 the Supervisory Board appointed Mrs Dalida Gepfert to the position of the Member of the Company's Management Board responsible for Financial Matters, effective from 23 April 2013.

As at 1 January 2013, the composition of the Supervisory Board for the 8th term of office was as follows:
Wojciech Chmielewski – the Chairman of the Supervisory Board,
Jeremi Mordasewicz,
Michał Kowalewski,
Sandra Malinowska,
Małgorzata Aniołek,
Sławomir Brzeziński,
Przemysław Łyczyński,
Tadeusz Mikłosz,
Graham Wood,
Michał Jarczyński.
On 27 March 2013 Mr Graham Wood resigned from the position of the Member of Supervisory Board, effective from 24 April 2013. On 24 April 2013 Mrs. Małgorzata Aniołek resigned from the position of the Member of Supervisory Board. On 24 April 2013 the General Shareholders' Meeting appointed Mrs Małgorzata Niezgoda and Mr Torbjörn Wahlborg to the Supervisory Board.
On 24 June 2013 Mr Michał Jarczyński resigned from the position of the Member of Supervisory Board of ENEA S.A.

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

2. Description of key accounting principles

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

2.1. Basis for preparation

These separate financial statements for the period from 1 January 2013 to 31 December 2013 have been prepared in compliance with the requirements of the International Financial Reporting Standards as endorsed by the European Union ("IFRS-EU").
In line with the guidelines laid down in article 69 of the Polish Accounting Act the Company prepares the separate financial statements with requirement to provide to appropriate Court Register.

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

The Company prepares the consolidated financial statements of the ENEA Capital Group in accordance with the IFRS-EU. In the consolidated financial statements the entities in which the Company holds shares, directly or indirectly, giving the right to at least 50% of votes or over which it exercises effective control in any other way, have been subject to consolidation using the full consolidation method. The consolidated financial statements of the ENEA Capital Group were approved by the Management Board of ENEA S.A. on the same date as the separate financial statements. The separate financial statements of ENEA S.A. ought to be read together with the consolidated financial statements of the ENEA Capital Group for the period from 1 January to 31 December 2013 in order to obtain complete information on the financial position as well as the financial result of the Capital Group as a whole.

2.2. Business combinations/acquisitions

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

The Company adopted an accounting policy according to which such transactions are recognized at book value.

The accounting principles adopted by the Company are as follows:
The acquirer recognizes the assets, equity and liabilities of the acquiree at their current book value adjusted only for the purpose of applying the same accounting principles for the combined entities. Goodwill and a gain on a bargain purchase are not recognized. Any differences between the book value of the net assets acquired and the fair value of the payment in the form of equity instruments and/or assets given by the entity are recognized in the equity of the combined entities.

2.3. Measurement of investments in subsidiaries and associates

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

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

Joint-ventures include all entities over which ENEA S.A. exercises control together with other companies based on contractual arrangements.

As there is no active market for the entities whose shares are held by ENEA S.A., investments in subsidiaries, associates and joint-ventures are measured at acquisition price less impairment losses. Impairment losses on investments are charged to financial expenses. If the circumstances based on which an impairment loss was made are no longer present, the equivalent of the total amount or an appropriate portion of the impairment loss recognized previously increases the value of investments and is disclosed under financial revenue.

2.4. Foreign currency transactions and measurement of foreign currency balance

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated upon their initial recognition to the functional currency at the exchange rate ruling as at the transaction date.

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

Exchange gains and losses arising from settlement of foreign currency transactions and balance sheet measurement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.5. Property, plant and equipment

Property, plant and equipment is measured at acquisition price or manufacturing cost less accumulated depreciation and accumulated impairment losses.

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

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

Land is not subject to depreciation. Other tangible fixed assets are depreciated using the straight-line method over the expected useful life of the asset. Depreciation is calculated based on the gross value reduced by the residual value, provided it is material. Each material component of a tangible fixed asset with a different useful life is depreciated separately.

The useful lives of property, plant and equipment are as follows:

- buildings and structures	25 – 80 years
- technical equipment and machines	4 – 50 years
- vehicles	5 – 20 years
- other equipment	5 – 15 years

The residual value and useful lives of tangible fixed assets are reviewed at least on an annual basis.

Depreciation begins when a given asset has been commissioned for use. Depreciation is no longer recognized when an asset is to be sold or derecognized in financial statement.

The Company receives street lighting equipment from communes and municipalities free of charge and such tangible fixed assets are recognized at their fair value with a corresponding recognition in the statement of financial position as deferred income from grants and fixed assets received free of charge. Deferred income is settled as revenue pro-rate to depreciation charges over the period of 30 years for overhead and other cables and over the period of 20 years for lighting installations.

Gains and losses on disposal of tangible fixed assets, which constitute the difference between sales revenue and the carrying amount of the tangible fixed asset disposed of, are recognized in profit or loss.

2.6. Perpetual usufruct right of land

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

Depending on the method of acquisition, the Company classifies the right of perpetual usufruct as follows:

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

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

2.7. Intangible assets

Other intangible assets

Intangible assets include: computer software, licenses as well as other intangible assets. Intangible assets are measured at acquisition price or manufacturing cost less accumulated amortization and accumulated impairment losses.

Amortization is calculated based on the straight-line method, taking into account the estimated useful life, which is as follows:

- for server licenses and software	2 - 7 years;
- for workstation licenses and software as well as anti-virus software	4 - 7 years;
- for other intangible assets	2 - 7 years.

2.8. Research and development expenses

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

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

Capitalization criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset;
- the way the intangible asset will generate probable future economic benefits. Among other things, the enterprise should demonstrate the existence of a market for the output of the intangible asset or

the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

2.9. Investment property

Investment property is maintained in order to generate rental income, for capital appreciation or for both. For measurement Investment property after the initial recognition, ENEA S.A. selected the acquisition cost model.

Investments property are depreciated according to the straight-line method. Depreciation begins in the month following the month of its commissioning. The estimated useful life period is as follows:

Buildings	25 – 33 years

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

2.10. Leases

Lease agreements that transfer substantially all the risks and rewards incidental to ownership to ENEA S.A. are classified as finance leases. Leases other than finance leases are regarded as operating leases.
The object of a finance lease is recognized in the assets as at the lease commencement date at the lower of: the fair value of the leased asset or the present value of the minimum lease payments. Each finance lease payment is divided into an amount reducing the balance of the liability and financial expenses so as to produce a constant rate of interest on the remaining balance of the liability. The interest portion of a lease payment is recognized under financial expenses in profit or loss over the lease term. Depreciable assets acquired under finance lease agreements are depreciated over their useful life.
Lease payments under an operating lease (less any special promotional offers from the lessor) are recognized as an expense on a straight-line basis over the lease term.

2.11. Impairment of assets

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

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

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

Financial assets

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

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

The principles for recognition of impairment losses on financial assets have been presented in detail in Note 2.12.

2.12. Financial assets

Financial instruments are classified by ENEA S.A. to the following categories: financial assets measured at fair value through profit or loss, loans and receivables, investments held to maturity and financial assets available for sale.

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

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

The category includes two sub-categories:

- financial assets held for trading if they have been acquired principally for the purpose of being sold in the short term;
- financial assets designated as measured at fair value through profit or loss upon initial recognition.

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

(b) Loans and receivables

Loans and receivables are financial assets with determined or determinable payments, which are not quoted on an active market.

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

(c) Investments held to maturity

Investments held to maturity are financial assets with determined or determinable payments and fixed maturity that ENEA S.A. intends to and is able to hold to maturity.

(d) Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments designated as "available for sale" or not included in any other category. This category includes mainly shares in unrelated parties. AFS financial assets are recognized as non-current assets if ENEA S.A. does not intend to dispose of the investment within 12 months from the end of the reporting period.

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

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

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

The effects of measurement of financial assets at fair value through profit or loss are recognized in profit or loss in the period when they occurred. The effects of measurement of AFS financial assets are recognized in equity, except for impairment losses. Upon derecognition of an asset classified as "available for sale" from the accounting records, the total accumulated profits or loss previously recognized in equity are recognized in profit or loss.

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

(e) Impairment

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

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

If there are indications of impairment of loans and receivables or investments held to maturity measured at amortized cost using the effective interest method, impairment losses are determined as the difference between the carrying amount of the assets and the present value of estimated future cash flows discounted using the original effective interest rate for such assets (i.e. the effective interest rate calculated upon initial recognition for assets based on a fixed interest rate and the effective interest rate determined for the last revaluation of assets based on a floating interest rate). Impairment losses are recognized in profit or loss. Impairment is reversed if in subsequent periods the impairment decreases and the reduction may be attributed to events that occurred after the impairment recognition. As a result of reversal of the impairment, the carrying amount of financial assets may not exceed the amortized cost which would be determined if no impairment loss was recognized. Reversal of impairment losses is recognized in profit or loss.

If there are indications of impairment of unquoted equity instruments measured at acquisition price (as their fair value may not be determined reliably), the amount of the impairment loss is determined as the difference between the carrying amount of the assets and the present value of the estimated future cash flows discounted using the current market rate of return for similar financial assets. Such impairment losses are not reversed.

2.13. Inventory

Certificates of origin acquired for redemption and for resale are presented as inventory.
As at the moment of purchase certificates of origin are measured at acquisition price.
As at the end of the reporting period, the certificates of origin acquired for redemption are measured at acquisition price, less impairment losses.
As at the end of the reporting period, certificates of origin acquired for resale are measured at fair value and the effects of the remeasurement are recognized in profit or loss.

The deadline for complying with the requirement of certificate redemption or substitute fee payment expires on 31 March of the following year.

During the financial year and until 31 March of the following year the Company presents certificates of origin for redemption on a monthly basis in order to fulfill its obligation regarding the financial year. Redemption of certificates of origin is recognized in the accounting records based on a redemption decision issued by the President of Energy Regulatory Office, the redeemed certificates being subject to detailed identification.

2.14. Cash and cash equivalents

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

2.15. Share capital

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

2.16. Loans, borrowings and debt securities

Upon initial recognition financial liabilities are measured at fair value less transaction costs incurred by the Company.

Following their initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

2.17. Income tax (including deferred income tax)

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

The deferred tax is a tax of from events that occurred in a given period, recognized on the accrual basis in the accounting records of the period but realized in future. It occurs when the tax effect of revenue and expenses is the same as in the statement of financial position but pertains to other periods.
The balance sheet liability method is used to calculate the deferred tax. The method is characterized with temporary differences between the carrying and tax amount of assets and liabilities.

The carrying value of assets and liabilities recognized in the accounting records is the base value, which is compared to the tax amount and tax loss deductible in future.
Differences between the carrying amount and tax value of an asset or liability may include:

- a positive amount resulting in an increase of the future taxable base upon settlement or realization of the carrying value of the asset or liability;

- a negative amount resulting in a reduction of the future taxable base upon settlement or realization of the carrying value of the asset or liability.

If the carrying amount of an asset or liability is equal to its tax amount, no temporary differences occur.

Temporary differences multiplied by appropriate tax rates produce assets for deductible and deferred tax provisions for taxable differences.

The deferred tax provision resulting from taxable temporary differences between the tax value of assets and liabilities and their carrying amount is recognized in the financial statements in its full amount.

The deferred tax asset is recognized if it is probable that the Company will generate taxable income which will allow it to deduct temporary differences or use tax losses in the future.

The Company does not recognize a deferred tax asset and liability if they result from the initial recognition of an asset or liability arising from a transaction other than a business combination and if the transaction does not have an impact on the gross financial profit/loss or the taxable profit when it is effected. Additionally, the deferred tax liability is not recognized with respect to temporary differences arising upon initial recognition of goodwill or goodwill whose amortization is not regarded as a tax-deductible expense.

No deferred tax asset or provision is created on temporary differences arising from investments in related parties that jointly meet the following two conditions:

- the Company is able to control the timing of the reversal of the temporary differences; and
- it is probable that the temporary differences will not reverse in the foreseeable future.

The deferred income tax is determined based on tax rates (and regulations) which are expected to be applicable when an asset is used and the liability settled, on the basis of the tax rates (and regulations) which were legally or actually applicable as at the end of the reporting period.

If the tax law allows changes in tax rates, the total amount of assets and liabilities is calculated in accordance with various tax rates.

If changes in tax rates occur in the period from determining the deferred tax assets or provisions to their settlement, the effects of measurement of assets and provisions are included in the reporting period in which the tax regulations have been amended.

Further, as at the end of the reporting period at the latest, the entity tests the assets for impairment in order to check whether they still can be settled. The deferred tax asset is recognized only to the extent that it is probable that sufficient taxable income to use the deferred tax asset in part or in whole will be generated.

Deferred tax is recognized in profit or loss for a given period, except for instances when deferred tax:

1. pertains to a transaction or event that is recognized directly in other comprehensive income, in which case it is also recognized in the relevant other item of other comprehensive income depending on an event it results from;

2. results from business combinations, in which cases it affects the value of goodwill or the surplus of the interest in the net fair value of assets over business combination costs.

Deferred tax asset and liabilities are set off if there is a legally enforceable right to set off a current tax asset against a current tax liability when the deferred tax asset and liability relate to income taxes levied by the same taxation authority on the same taxable entity.

For the purpose of presentation in the statement of financial position, the deferred tax asset and liability should be offset and the surplus of the asset over the liability (or the surplus of the liability over asset) recognized in the statement of financial position.

2.18. Employee benefits

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

A. Short-term employee benefits

Short-term employee benefits at ENEA S.A. include but are not limited to: monthly wages, salaries, annual bonuses, electricity allowance, short-term paid leave with social security contributions, industry specific bonus and liability due to voluntary redundancy program.

The liability due to short-term (accumulated) paid leave (compensation for paid leave) is recognized even if employees are not entitled to receive payment in lieu of holiday.

In 2013 ENEA S.A. initiated voluntary redundancy program. Program assumes financial compensation to those employees, who decide voluntary terminate employment in the period specified in the program regulation.

B. Defined benefit plans

Defined benefit plans of ENEA S.A. include:

1) Retirement benefits

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

2) Right to energy allowance after retirement

Retiring employees who have worked for ENEA S.A. for at least one year are entitled to a reduced price of consumed energy amounting to 3,000 kWh/year. In case of an employee's death, the right is transferred to his/her spouse if that person receives a family allowance.

Pensioners and disability pensioners acquire the right to an electricity allowance in the amount of 3000 kWh x 80% of the electricity price and the variable component of the transmission charge and 100% the fixed network charge and subscription charge at the single-zone rate household tariff. The equivalent is paid twice a year: by

15 May and by 15 September, each time in the amount of the half of the annual equivalent. The related liabilities are estimated using actuarial methods.

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

Pursuant to the Collective Labor Agreement of ENEA S.A., when calculating the annual appropriation to the Company’s Social Benefits Fund the Company also takes into consideration pensioners entitled to the benefits. The liability is recognized proportionally to the expected period of performing work by employees. The value of the provision is estimated using actuarial methods.

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

C. Other long-term employee benefits

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

D. Defined contribution plan

1) *Social security contributions*

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

2) *Employee Pension Scheme*

Pursuant to Appendix No. 18 to the Collective Labor Agreement, ENEA S.A. operates an Employee Pension Scheme in the form of unit-linked group employee insurance in line with the statutory principles and under conditions negotiated with the labor unions.

The Employee Pension Scheme is available to all employees of ENEA S.A. after one year of service, irrespective of the type of their employment contract.

Employees join the Employee Pension Scheme under the following terms and conditions:

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

E. Share-based payments

Share-based payments relate to equity-settled or cash-settled transactions in which ENEA S.A. receives services (work performed by employees) as consideration for its equity instruments or their cash equivalent.

ENEA S.A. recognizes the services provided under equity-settled share-based payments and the corresponding increase in equity upon their receipt. If the services rendered in share-based payment transactions may not be classified as assets, they are recognized as cost.

The value of such cost is determined based on the fair value and measured at grant date. As the fair value of he services provided by employees may not be determined directly, it is estimated based on the fair value of equity instruments granted.

In cash-settled share-based payments the Group measures its liability at fair value as at each reporting date and as at the settlement date, whereas any changes in the value are recognized in profit or loss for a given period.

2.19. Provisions

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

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

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

The provision for redemption of certificates of origin amount is calculated on the number of certificates of origin accounting for the difference between the number of certificates redeemed as at the end of the reporting period and the number required for redemption by the Energy Law. Provisions are measured first at acquisition price of unredeemed certificates of origin held as the end of the reporting period, second - on the basis of weighted average price in session and off-session transactions closed at the Property Rights Market operated by the Polish Power Exchange during the month preceding the reporting date at which the measurement of the provision is determined, and if there are no such transactions or there is a shortage of specific certificates on the market, preventing the Company from acquiring a required number of certificates to be redeemed according to the Energy Law, the missing amount of certificates is measured at the unit substitute fee for the given financial year.

The provision for redemption of energy performance certificates amount is calculated on the number of energy performance certificates expressed in tons of oil equivalent accounting for the difference between the number of certificates redeemed as at the end of the reporting period and the number required for redemption by the Energy Efficiency Law. Provisions are measured first at acquisition price of unredeemed energy performance certificates held as the end of the reporting period, second - on the basis of weighted average price in session and off-session transactions closed at the Property Rights Market operated by the Polish Power Exchange during the month preceding the reporting date at which the measurement of the provision is determined, and if there are no such transactions or there is a shortage of specific certificates on the market, preventing the Company from acquiring a required number of certificates to be redeemed according to the Energy Efficiency Law, the missing amount of certificates is measured at the unit substitute fee for the given financial year.

2.20. Revenue recognition

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

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

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

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

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

2.21. Grants

ENEA S.A. receives grants in the form of fixed assets and compensation for expenses incurred for fixed assets. Such grants are recognized by the Company in the statement of financial position as deferred income when there is reasonable assurance that they will be received and that the Company will comply with appropriate conditions related to such grants. Grants received as compensation for costs already incurred by the Company are recognized on a systematic basis as revenue in profit or loss in the periods in which the entity recognizes as expenses the related costs. Grants received by the Company as compensation for capital expenditure incurred are recognized on a systematic basis in proportion to the depreciation charges as other operating revenue in profit or loss over the useful life of an asset.

2.22. Dividend payment

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

2.23. Non-current assets held for sale

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

- their carrying amount will be recovered principally through sale transactions rather than through continuing use;

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

If the aforementioned criteria have been satisfied after the end of the reporting period, the asset is not reclassified at the end of the financial year preceding the event. The classification change is reflected in the reporting period when the aforementioned criteria have been satisfied. Amortization/depreciation charges are no longer applied starting from the date when the asset is reclassified to assets held for sale.
Assets held for sale are measured at the lower of: the net carrying amount or the fair value less costs to sell.

2.24. Statement regarding application of new International Financial Reporting Standards and Interpretations

2.24.1. Standards, Interpretations and amendments to published Standards as adopted by the EU that are not yet effective for annual periods ending on 31 December 2013

The following new Standards, amendments to the existing Standards and Interpretations adopted by the EU are not yet mandatorily effective for annual periods ending on 31 December 2013:

- IFRS 10 *Consolidated Financial Statements* – for the reporting periods beginning 1 January 2014,
- IFRS 11 *Joint Arrangements* - for the reporting periods beginning 1 January 2014,
- IFRS 12 *Disclosure of Interests in Other Entities* - for the reporting periods beginning 1 January 2014,
- Amendments to IFRS 10, IFRS 11 and IFRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* - for the reporting periods beginning 1 January 2014,
- IAS 27 *Separate Financial Statements (2011)* - for the reporting periods beginning 1 January 2014,
- IAS 28 *Investments in Associates and Joint Ventures (2011)* – for the reporting periods beginning 1 January 2014,
- Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* - for the reporting periods beginning 1 January 2014,
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* - for the reporting periods beginning 1 January 2014,
- Amendments to IAS 36 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* - for the reporting periods beginning 1 January 2014,

- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* - for the reporting periods beginning 1 January 2014.

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

The Company is currently evaluating the impact of above mentioned new Standards, amendments to Standards and Interpretations. However, it is not expected to have a significant effect on its separate financial statements.

2.24.2. Standards and interpretations not yet endorsed by the EU

The following new Standards, amendments to Standards and Interpretations not yet endorsed by the EU are not mandatorily effective for annual periods ending on 31 December 2013:

- IFRS 9 *Financial Instruments (2009)* - for the reporting periods beginning 1 January 2018.
- Additions to IFRS 9 *Financial Instruments (2010)* - for the reporting periods beginning 1 January 2018,
- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* - for the reporting periods beginning 1 January 2018,
- IFRIC Interpretation 21 *Levies* - for the reporting periods beginning 1 January 2014,
- Amendments to IAS 19 *Employee Benefits* entitled *Defined Benefit Plans: Employee Contributions* - for the reporting periods beginning 1 July 2014,
- Improvements to IFRS (2010-2012) - for the reporting periods beginning 1 July 2014,
- Improvements to IFRS (2011-2013) - for the reporting periods beginning 1 July 2014,
- IFRS 14 *Regulatory Deferral Accounts* - for the reporting periods beginning 1 January 2016.

The Company plans to adopt these pronouncements when they become effective.
The Company has not yet analysed the likely impact of the new Standards, amendments to Standards and Interpretations on its financial position or performance.

3. Adjustment and changes in presentation of financial data for prior reporting periods

The comparative data presented in these separate financial statements derived from the approved financial statements for the year ended 31 December 2012 have been restated in order to maintain comparability. Restatements are attributable to the following:

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

(b) identification of the discontinued operation (Note 6).

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

Separate statement of financial position

ASSETS	31.12.2012	(a)	31.12.2012 Restated
Non-current assets			
Property, plant and equipment	182 708		182 708
Perpetual usufruct of land	1 437		1 437
Intangible assets	3 572		3 572
Investment property	17 455		17 455
Investments in subsidiaries and associates	8 820 100		8 820 100
Deferred tax assets	42 109	5 686	47 795
Financial assets available for sale	5		5
Financial assets held to maturity	596 450		596 450
Financial assets measured at fair value through profit or loss	1 504		1 504
	9 665 340	**5 686**	**9 671 026**
Current assets			
Inventory	120 160		120 160
Trade and other receivables	951 598	(29 927)	951 598
Current income tax receivables	4 750		4 750
Financial assets held to maturity	79 475		79 475
Financial assets at fair value through profit or loss	422 173		422 173
Cash and cash equivalents	361 401		361 401
Non-current assets held for sale	12 876		12 876
	1 982 360	**(29 927)**	**1 952 433**
Total assets	**11 647 700**	**(24 241)**	**11 623 459**

EQUITY AND LIABILITIES	31.12.2012		31.12.2012 Restated
Share capital	588 018		588 018
Share premium	4 627 673		4 627 673
Share-based payments reserve	1 144 336		1 144 336
Reserve capital	1 205 625		1 205 625
Retained earnings	2 932 240	(24 241)	2907 999
Total equity	**10 497 892**	**(24 241)**	**10 473 651**
Non-current liabilities			
Finance lease liabilities	7 289		7 289
Deferred income due to subsidies and connection fees	29 909		29 909
Liabilities due to employee benefits	87 810		87 810
Provisions for other liabilities and charges	17 084		17 084
	142 092	**-**	**142 092**
Current liabilities			
Trade and other liabilities	712 626		712 626
Finance lease liabilities	3 405		3 405
Deferred income due to subsidies and connection fees	2 344		2 344
Liabilities due to employee benefits	16 776		16 776
Liabilities due to an equivalent of the right to acquire shares free of charge	306		306
Provisions for other liabilities and charges	272 259		272 259
	1 007 716	**-**	**1 007 716**
Total liabilities	**1 149 808**	**-**	**1 149 808**
Total equity and liabilities	**11 647 700**	**(24 241)**	**11 623 459**

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

Separate statement of profit or loss and other comprehensive income

	For the 12-month period ended 31.12.2012	(a)	For the 12-month period ended 31.12.2012 Restated
Sales revenue	5 953 337		5 953 337
Excise duty	(193 998)		(193 998)
Net sales revenue	**5 759 339**	**-**	**5 759 339**
Other operating revenue	11 344		11 344
Depreciation	(16 878)		(16 878)
Costs of employee benefits	(64 324)		(64 324)
Consumption of materials and supplies and costs of goods sold	(4 199)		(4 199)
Energy purchase for sale	(3 705 516)	(21 658)	(3 727 174)
Transmission services	(1 595 649)		(1 595 649)
Other external services	(197 601)		(197 601)
Taxes and charges	(8 486)		(8 486)
Gain/(loss) on sale and liquidation of tangible fixed assets	1 786		1 786
Other operating expenses	(42 838)		(42 838)
Operating profit	**136 978**	**(21 658)**	**115 320**
Financial expenses	(37 719)		(37 719)
Financial revenue	99 583		99 583
Dividend income	362 091		362 091
Profit before tax	**560 933**	**(21 658)**	**539 275**
Income tax	(38 253)	4 115	(34 138)
Net profit for the reporting	**522 680**	**(17 543)**	**505 137**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
- change in fair value of financial assets available for sale reclassified to profit or loss	(12 245)		(12 245)
- income tax	256		256
Items that will not be reclassified to profit or loss			
- net actuarial gain/(loss) on defined benefit plans	(8 349)		(8 349)
- income tax	1 586		1 586
Net other comprehensive income	**(18 752)**		**(18 752)**
Total comprehensive income for the reporting period	**503 928**		**486 385**

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

Separate statement of cash flow

	For the period 12 months ended 31.12.2012	(a)	For the period 12 months ended 31.12.2012 Restated
Cash flows from operating activities			
Net profit for the reporting period	522 680	(17 543)	505 137
Adjustments:			
Income tax in the profit or loss	38 253	(4 115)	34 138
Depreciation	16 878		16 878
(Gain) / loss on sale and liquidation of tangible fixed assets	(1 786)		(1 786)
(Gain)/loss on sale of financial assets	(10 758)		(10 758)
Interest income	(93 767)		(93 767)
Revenue from dividends	(362 091)		(362 091)
Interest expense	7 814		7 814
Loss on valuation of financial instruments	24 149		24 149
Other financial expenses	5 756		5 756
	(375 552)	(4 115)	(379 667)
Paid income tax	(12 374)		(12 374)
Interest received	62 382		62 382
Interest paid	(3 629)		(3 629)
Changes in working capital			
Inventory	(63 396)		(63 396)
Trade and other receivables	(175 266)	21 658	(153 608)
Trade and other liabilities	95 921		95 921
Liabilities due to employee benefits	2 286		2 286
Deferred income due to subsidies and connection fees	(2 207)		(2 207)
Liabilities due to an equivalent of the right to acquire shares free of charge	(202)		(202)
Provision for certificates of origin	4 942		4 942
Provisions for other liabilities and charges	(14 245)		(14 245)
	(152 167)	21 658	(130 509)
Net cash flows from operating activities	**41 340**	**-**	**41 340**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(18 820)		(18 820)
Receipts from disposal of property, plant and equipment	2 401		2 401
Acquisition of financial assets	(678 483)		(678 483)
Receipts from disposal of financial assets	344 288		344 288
Acquisition of subsidiaries and associates	(55 925)		(55 925)
Disposal of subsidiary	1 752		1 752
Dividends received	232 468		232 468
Other receipts from investing activities	42		42
Net cash flows from investing activities	**(172 277)**	**-**	**(172 277)**
Cash flows from financing activities			
Dividends paid	(211 892)		(211 892)
Payment of finance lease liabilities	(3 380)		(3 380)
Net cash flows from financing activities	**(215 272)**	**-**	**(215 272)**
Net increase/(decrease) in cash	**(346 209)**		**(346 209)**
Opening balance of cash	707 610		707 610
Closing balance of cash	**361 401**	**-**	**361 401**

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

As a result of the adjustment of energy trade imbalance (a), comparative data as at the opening balance of the comparative period presented in these separate financial statements derived from the approved separate financial statements for the year ended 31 December 2012 have been restated in order to maintain comparability. Restated balances as at the opening balance of the comparative period has presented in these separate financial statements are as follows:

	31.12.2011	31.12.2011 Restated
Separate statement of financial position		
Trade and other liabilities	611 504	619 773
Retained earnings	2 771 491	2 764 793
Energy purchase for sale	(3 575 667)	(3 583 936)
Deferred tax asset	56 833	55 262
Income tax	(35 370)	(33 799)

4. Material estimates and assumptions

The preparation of these financial statements in accordance with IFRS-EU requires that the Management Board makes certain estimates and assumptions that affect the adopted accounting policies and the amounts disclosed in the financial statements and notes thereto. The adopted assumptions and estimates are based on the Management Board's best knowledge of the current and future activities and events. The actual figures, however, can be different from those assumed.

The key areas in which the estimates made by the Management Board have a material impact on the financial statements include:

- *post-employment benefits* – the provisions for employee benefits are measured using a method which involves determination of the opening balance of liabilities due to expected future benefit payments as at the end of the reporting period, calculated in line with actuarial methods; a change in the discount rate and the long-term pay rise rate affect the estimate made (Note 25);

- *trade and other receivables allowance* – their value is determined as the difference between the carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. A change in the estimated value of future cash flows results in a change in the estimated value of allowance on receivables (Note 14);

- *unbilled sales revenue at the end of the financial year* – the value of unbilled energy sales is estimated based on the estimated consumption of electricity in the period from the last meter reading date until the end of the financial period (Note 14);

- *compensation for non-contractual use of property* – the potential payment of compensation for the so called non-contractual use of land and rental fee is estimated by the technical staff of the Company based on analyses of claims filed on a case-by-case basis (Note 26 and 39.5);

- *recoverable amount of shares in subsidiaries* – impairment tests of carrying amount of shares are based on a number of significant assumptions, some of which are outside the control of ENEA S.A. Significant changes to the assumptions impact the results of impairment test and consequently on the financial position and performance of the Company (Note 11).

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

5. Composition of the Capital Group - list of subsidiaries, associates and joint-ventures

	Name and address of the company	**Share of ENEA S.A. in the total number of votes 31.12.2013**	**Share of ENEA S.A. in the total number of votes 31.12.2012**
1.	ENERGOMIAR Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, Strzeszyńska 58*	100	92.62
3.	ENEA Centrum Sp. z o.o. *Poznań, Górecka 1*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo near Poznań*	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
7.	ENERGO-TOUR Sp. z o.o. *Poznań, Marcinkowskiego 27*	99.92	99.92
8.	ENEOS Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
9.	ENTUR Sp. z o.o. in liquidation *Szczecin, Malczewskiego 5/7*	100***	100
10.	Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, Wilkońskiego 2*	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	-****	99.996*
12.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. *Oborniki, Wybudowanie 56*	99.89*	93.99*
13.	„IT SERWIS" Sp. z o.o. *Zielona Góra, Zacisze 28*	100	100
14.	ENEA Operator Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
15.	ENEA Wytwarzanie S.A. *Świerże Górne, commune Kozienice, Kozienice 1*	100	100
16.	Miejska Energetyka Cieplna Piła Sp. z o.o. *Piła, Kaczorska 20*	65.03*	65.03*
17.	Elektrociepłownia Białystok S.A. *Białystok, Gen. Andersa 3*	-****	99.996*
18.	DOBITT Energia Sp. z o.o. *Bierutów, Gorzesław 8*	-****	100*
19.	Annacond Enterprises Sp. z o.o. *Warszawa, Jana III Sobieskiego 1/4*	61	61
20.	Windfarm Polska Sp. z o.o. *Koszalin, Wojska Polskiego 24-26*	100*	100*
21.	ENEA Trading Sp. z o.o. *Świerże Górne, commune Kozienice, Kozienice 1*	100	100
22.	„Ecebe" Sp. z o.o. *Augustów, Wojciech 8*	100*	99,996*
23.	Energo-Inwest-Broker S.A. *Toruń, Jęczmienna 21*	38.46**	30.3**

* - an indirect subsidiary held through interests in ENEA Wytwarzanie S.A.
** - an associate of ENEA Wytwarzanie S.A.
*** - on 27 February 2013 the Extraordinary Shareholders' Meeting of Entur Sp. z o.o. with registered office in Szczecin adopted the Resolution No. 3 on the dissolution of the company after completion of the liquidation proceeding.
**** - on 31 December 2013 ENEA Wytwarzanie S.A. merged with Elektrownie Wodne Sp. z o.o., Dobitt Energia Sp. z o.o. and Elektrociepłownia Białystok S.A. ENEA Wytwarzanie S.A. assumed all the rights and obligations of the acquired companies.

Changes in the structure of the ENEA Group in the period covered by the financial statements

On 16 July 2013, in National Court Register (KRS), the company name fof "Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o." to "Centrum Uzdrowiskowe ENERGETYK Sp. z o.o." has been changed.

On 9 August 2013 a share purchase agreement of 7.38% shares in BHU S.A. was signed, between ENEA S.A. and ENERGA S.A. On 21 September 2013 ownership of shares was transferred to ENEA S.A.

On 27 August 2013 ENEA S.A. executed compulsory acquisition of 75 shares of Elektrociepłownia Białystok S.A. for the amount of PLN 17 thousand and the Company became the sole shareholder.

On 17 September 2013 a transformation of ENEA Centrum S.A. into ENEA Centrum Sp. z o.o. was registered.

On 10 June 2013 ENEA S.A. acquired 297 shares, on 4 and 5 December 2013 acquired 315 shares of Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o for the total amount of PLN 786 thousand on the basis of purchase agreements of employee shares.

On 19 December 2013 the General Shareholders' Meeting of Miejska Energetyka Cieplna Piła Sp. z o.o. resolved to increase the share capital by issuing 6,038 new shares of PLN 1 thousand each. All new shares have been acquired by ENEA Wytwarzanie S.A. on 20 December 2013 and the contribution in cash was transferred on 23 December 2013.

On 31 December 2013 the Extraordinary Shareholders' Meeting of ENEOS Sp. z o.o. decided to increase the share capital by PLN 134,037.5 thousand, from PLN 32,089.5 thousand up to PLN 166,127 thousand, by way of issuing 268,075 new shares of PLN 500 each. The new shares in the company's share capital were acquired by ENEA S.A. for contributing in kind – contribution in the form of an organised part of the enterprise of ENEA S.A. „Street Lighting Business". The increased share capital of ENEOS Sp. z o.o. has been registered in the National Court Register on 10 February 2014.

6. Discontinued operation

On 31 December 2013 Extraordinary Shareholders' Meeting of ENEOS Sp. z o.o. decided to increase the share capital. The new shares in the company's share capital were acquired by ENEA S.A. for contributing in kind – contribution in the form of an organised part of the enterprise of ENEA SA „ Street Lighting Business". The Company presented the contributed in kind operations as discontinued operation and restated the comparative data (Note 3).

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

	For the period	
	12 months ended	12 months ended
Results of discontinued operation	**31.12.2013**	**31.12.2012**
Sales revenue	54 904	54 735
Net sales revenue	**54 904**	**54 735**
Other operating revenue	32 968	2 207
Depreciation	(9 706)	(9 281)
Costs of employee benefits	(302)	(301)
Consumption of materials and supplies and costs of goods sold	(20)	(24)
Other external services	(29 283)	(27 999)
Taxes and charges	(5 274)	(5 009)
Impairment loss on property, plant and equipment	(11 363)	-
Other operating expenses	(44)	(58)
Profit before tax	**31 880**	**14 270**
Income tax	(6 058)	(2 711)
Net profit from discontinued operation	**25 822**	**11 559**

Basic earnings from discontinued operation per share (in PLN per share)	**0.06**	**0.03**
Diluted earnings from discontinued operation per share (in PLN per share)	**0.06**	**0.03**

	For the period	
	12 months ended	12 months ended
Cash flows from discontinued operation	**31.12.2013**	**31.12.2012**
Net cash from operating activities	35 167	24 134
Net cash from investing activities	(13 098)	(9 899)
Net cash from financing activities	(2 385)	(2 207)
Net cash flows for the year	**19 684**	**12 028**

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

7. Property, plant and equipment

	Land	Buildings and structures	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets under construction	Total
Balance as at 1 January 2013							
Cost	**1 917**	**258 356**	**20 017**	**6 108**	**4 625**	**12 525**	**303 548**
Accumulated depreciation	**-**	**(101 114)**	**(11 943)**	**(3 614)**	**(2 577)**	**-**	**(119 248)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**(2 272)**	**(1 592)**
Net book value	**1 917**	**157 719**	**8 278**	**2 494**	**2 047**	**10 253**	**182 708**
Changes in the 12 months ended 31 December 2013							
Reclassifications	-	18 461	2 304	984	996	(23 539)	**(794)**
Acquisition	-	5 671	4	-	5	19 102	**24 782**
Disposal (cost)	-	(2 308)	(24)	-	-	(1 377)	**(3 709)**
Disposal (accumulated depreciation)	-	2 290	15	-	-	-	**2 305**
Contribution in kind (cost)	-	(247 888)	-	-	-	-	**(247 888)**
Contribution in kind (accumulated depreciation)	-	97 547	-	-	-	-	**97 547**
Contribution in kind (impairment loss)	-	11 363	-	-	-	-	**11 363**
Depreciation	-	(10 070)	(3 658)	(1 421)	(426)	-	**(15 575)**
Impairment loss	-	(11 363)	-	-	-	-	**(11 363)**
Other (cost)	-	(4 120)	(1 431)	(1 354)	(31)	-	**(6 936)**
Other (accumulated depreciation)	-	1 603	1 360	1 099	31	-	**4 093**
Balance as at 31 December 2013							
Cost	**1 917**	**28 172**	**20 870**	**5 738**	**5 595**	**6 711**	**69 003**
Accumulated depreciation	**-**	**(9 744)**	**(14 226)**	**(3 936)**	**(2 972)**	**-**	**(30 878)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**(2 272)**	**(1 592)**
Net carrying amount	**1 917**	**18 905**	**6 848**	**1 802**	**2 622**	**4 439**	**36 533**

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

Property, plant and equipment (cont'd)

	Land	Buildings and structures	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets under construction	Total
Balance as at 1 January 2012							
Cost	**1 969**	**240 851**	**17 865**	**5 903**	**2 577**	**14 464**	**283 629**
Accumulated depreciation	**-**	**(90 359)**	**(8 917)**	**(2 253)**	**(1 723)**	**-**	**(103 252)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**(2 272)**	**(1 592)**
Net book value	**1 969**	**150 969**	**9 152**	**3 650**	**853**	**12 192**	**178 785**
Changes in the 12 months ended 31 December 2012							
Reclassifications	-	15 801	2 565	30	512	(21 228)	**(2 320)**
Acquisition	13	4 760	-	513	1 564	19 340	**26 190**
Disposal (cost)	(65)	(1 597)	(144)	(159)	(13)	-	**(1 978)**
Disposal (accumulated depreciation)	-	31	115	159	8	-	**313**
Depreciation	-	(11 337)	(3 271)	(1 638)	(862)	-	**(17 108)**
Reclassification to investment property	-	(183)	-	-	-	-	**(183)**
Other (cost)	-	(1 276)	(269)	(179)	(15)	(51)	**(1 790)**
Other (accumulated depreciation)	-	551	130	118	-	-	**799**
Balance as at 31 December 2012							
Cost	**1 917**	**258 356**	**20 017**	**6 108**	**4 625**	**12 525**	**303 548**
Accumulated depreciation	**-**	**(101 114)**	**(11 943)**	**(3 614)**	**(2 577)**	**-**	**(119 248)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**(2 272)**	**(1 592)**
Net carrying amount	**1 917**	**157 719**	**8 278**	**2 494**	**2 047**	**10 253**	**182 708**

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

Property, plant and equipment (cont'd)

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

	31.12.2013			31.12.2012		
	Initial value	**Accumulated depreciation**	**Net carrying amount**	**Initial value**	**Accumulated depreciation**	**Net carrying amount**
Structures	-	-	-	18 283	(2 420)	**15 863**
Vehicles	1 768	(1 207)	**561**	3 888	(1 847)	**2 041**
Other fixed assets	1 564	(326)	**1 238**	1 564	(170)	**1 394**
TOTAL	**3 332**	**(1 533)**	**1 799**	**23 735**	**(4 437)**	**19 298**

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

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

8. Perpetual usufruct of land

	31.12.2013	31.12.2012
Cost opening balance	**1 547**	**1 571**
Acquisition	144	713
Disposal (cost)	-	(737)
Cost closing balance	**1 691**	**1 547**
Opening balance of amortization	**(110)**	**(100)**
Disposal (accumulated amortization)	-	11
Amortization	(19)	(21)
Closing balance of amortization	**(129)**	**(110)**
Net carrying amount opening balance	**1 437**	**1 471**
Net carrying amount closing balance	**1 562**	**1 437**

9. Intangible assets

	Computer software, licenses, concessions and patents
Balance as at 1 January 2013	
Cost	**8 942**
Accumulated amortization	**(5 370)**
Net carrying amount	**3 572**
Changes in 12 months ended 31 December 2013	
Reclassification	470
Amortization	(1 307)
Liquidation (cost)	(856)
Liquidation (accumulated amortization)	580
Balance as at 31 December 2013	
Cost	**8 556**
Accumulated amortization	**(6 097)**
Net carrying amount	**2 459**

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

	Computer software, licenses, concessions and patents
Balance as at 1 January 2012	
Cost	**7 335**
Accumulated amortization	**(4 221)**
Net carrying amount	**3 114**
Changes in 12 months ended 31 December 2012	
Reclassification	1 607
Amortization	(1 149)
Balance as at 31 December 2012	
Cost	**8 942**
Accumulated amortization	**(5 370)**
Net carrying amount	**3 572**

No collateral has been pledged on intangible assets.

10. Investment property

	31.12.2013	31.12.2012
Cost opening balance	**19 186**	**18 703**
Acquisition	-	483
Cost closing balance	**19 186**	**19 186**
Opening balance of accumulated depreciation	**(1 731)**	**(1 191)**
Depreciation for the period	(545)	(540)
Closing balance of depreciation	**(2 276)**	**(1 731)**
Net carrying amount opening balance	**17 455**	**17 512**
Net carrying amount closing balance	**16 910**	**17 455**

ENEA S.A. recognizes the office building and other commercial properties as investment properties. The most significant investment property is the office building; the lease agreement was concluded in January 2012 for the period of 60 months with the possibility to terminate the contract after 48 months, subject to 6-month notice period. The revenue from the rental of the building in 2013 amounted to PLN 1 451 thousand, the maintenance costs of the building amounted to PLN 493 thousand.

The most valuable investment property is the former seat of ENEA S.A., recognized in the amount of PLN 10 096 thousand. The Company estimates the fair value of the investment property at PLN 18,162 thousand.

11. Investments in subsidiaries and associates

	31.12.2013	31.12.2012
Opening balance	**8 820 100**	**8 522 698**
Reclassification to non-current assets held for sale (gross value)	-	(2 309)
Acquisition of investments	134 343	187 813
Disposal of investments	(3 000)	-
Other changes	-	122 202
Change of impairment loss	(230)	(10 304)
Closing balance	**8 951 213**	**8 820 100**

On 9 August 2013 ENEA S.A. signed with ENERGA S.A. an agreement for the purchase of BHU S.A.' shares, under which ENEA S.A. acquired 12,200 shares for PLN 305 thousand.

On 31 December 2013 the Extraordinary Shareholders' Meeting of ENEOS Sp. z o.o. decided to increase the share capital by PLN 134,037.5 thousand, from PLN 32 089,5 thousand up to PLN 166,127 thousand, by way of issuing 268,075 new shares of PLN 500 each. The new shares in the Company's share capital were acquired by ENEA S.A. for contributing in kind – contribution in the form of an organised part of the enterprise of ENEA SA „Gospodarka Oświetleniowa".

On 17 December 2013 ENEA S.A. received reimbursement of PLN 3 000 thousand paid in advance for acquisition of shares in Farma Wiatrowa Łańcut Sp. z o.o. and Farma Wiatrowa Gać Sp. z o.o.

During 2012 the Company increased shares in its subsidiaries: Elektrownie Wodne Sp. z o.o., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Oborniki, Elektrociepłownia Białystok S.A., Annacond Enterprises Sp. z o.o. and Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. by increasing capital or partial repurchase of non-controlling interests for the total amount of PLN 3,192 thousand.

On 20 December 2012 the General Shareholders' Meeting of ENEA Wytwarzanie S.A. resolved to increase the share capital. All new shares have been acquired by ENEA S.A. by contribution in kind in the form of shares of the following companies: Elektrownie Wodne Sp. z o.o., Elektrociepłownia Białystok S.A., Miejska Energetyka Cieplna Piła Sp. z o.o., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Oborniki, Windfarm Polska Sp. z o.o., DOBITT Energia Sp. z o.o. and receivables of ENEA S.A. from Windfarm Polska Sp. z o.o.

On 30 July 2012 r. the Supervisory Board of ENEA S.A. agreed for the ENEA S.A. to acquire shares of ELKO Trading Sp. z o.o. as a non-cash dividend from ENEA Wytwarzanie S.A. ENEA S.A. became a direct owner of 100% of shares of ELKO Trading Sp. z o.o. amounting to PLN 129,623 thousand. On 18 October 2012 the change of the name ELKO Trading Sp. z o.o. to ENEA Trading Sp. z o.o. was registered in the national Court Register.

On 16 April 2012 ENEA S.A. concluded acquisition of 100% shares of Windfarm Polska Sp. z o.o. (the "Windfarm"), the owner of working wind farm Bardy 50 MW, consisting of 25 Vestas turbines with 2 MW power each and electricity network connection station. The wind farm is situated in the area with high level of wind, predicted annual production of "green" energy equals 150,000 MWh. The total purchase price amounted to PLN 102,398 thousand, including PLN 1,141 thousand of transaction costs.

In connection with the settlement of Windfarm acquisition, part of the amount paid in 2011 as an advance payment, in the amount of PLN 224,910 thousand has been reclassified and till the date of contribution in kind to ENEA Wytwarzanie S.A. was presented within long-term other financial assets. In relation to the acquisition of new shares of ENEA Wytwarzanie S.A. by contribution in kind, the value of the receivables from Windfarm Polska Sp. z o.o. in the amount of PLN 347,112 thousand increased the value of shares in subsidiaries.

During 2012 the Company reclassified shares in "Auto-Styl" Sp. z o.o. in the amount of PLN 2,309 thousand to non-current assets held for sale.

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

Impairment loss on investments

	31.12.2013	31.12.2012
Opening balance of impairment loss on investments	**29 874**	**19 570**
Loss recognized in the reporting period	230	10 304
Closing balance of impairment loss on investments	**30 104**	**29 874**

As at 30 September 2013 the Company carried out an impairment test of investments in subsidiaries which produce energy following decreasing electric energy prices. As a result of the analysis the Company did not recognized an impairment loss on shares.

The most significant assumptions adopted by the Company for impairment testing are presented below:

- energy prices for years 2013-2035,
- prices of certificates of energy origin from renewable resources and cogeneration,
- prices of CO_2 emission rights,
- free certificates support period – applied for the whole projection period.

	Dobitt Energia Sp. z o.o.	Windfarm Polska Sp. z o.o.	Elektrociepłownia Białystok S.A.	Elektrownie Wodne Sp. z o.o.	ENEA Wytwarzanie S.A.
Pre-tax discount rate	12.4%	10.9%	9.2%	8.8%	7.5%
Residual period growth rate	2.5%	2.5%	2.5%	2.5%	2.5%

Projection periods for subsidiaries:

- ENEA Wytwarzanie S.A. – till 2035,
- Elektrociepłownia Białystok S.A. – till 2017,
- Dobitt Energia Sp. z o.o. and Windfarm Polska Sp. z o.o. - till 2033,
- Elektrownie Wodne Sp. z o.o. - till 2033.

Based on the sensitivity analysis performed, prices of energy, certificates of origin, CO_2 emission rights and discount rates are the key factors having an impact on the estimated value in use of cash generating units.

As at 31 December 2013 the Company did not recognized an impairment loss for shares. Impairment loss recognized in 2013 was related to shares in ENTUR Sp. z o.o. in liquidation.
As at 31 December 2012 the Company recognized an impairment loss for shares in Annacond Enterprises Sp. z o.o. in the amount of PLN 10,275 thousand and in Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. in the amount of PLN 29 thousand.

12. Non-current assets held for sale

	31.12.2013	31.12.2012
Opening balance	**12 876**	**17 818**
Reclassification from investments in subsidiaries, associates and joint-ventures	-	2 309
Sale of assets	-	(7 251)
Closing balance	**12 876**	**12 876**

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

As at 31 December 2013 the shares in Hotel "EDISON" Sp. z o.o. are presented as non-current assets held for sale .

On 15 March 2013 the announcement of the sale of the hotel was published in Gazeta Wyborcza, however there was no offer submitted. The Memorandum was requested by two companies. On 24 April 2013 another announcement was published in Gazeta Wyborcza. Response to the Company's public invitation to negotiations on the acquisition of a block of shares was received from two entities. On 14 June 2013, binding offers were obtained from them. At the same time, one of the bidders was granted exclusive right to negotiate.

As a result of the sales process of Hotel "Edison" Sp. z o.o., on 13 August 2013, a share sale agreement of its shares was concluded (with the entity, previously granted the exclusive right to negotiate). The acquisition of 100% in Hotel "Edison" Sp. z o.o. by the investor was subject to receipt from a bank a promise of a loan for purchase of shares and the issuance of zoning conditions for land on which Hotel Edison is located by the Tarnowo Podgórne Municipal Office. The Parties agreed to finalize the above conditions no later than 31 December 2013. As the above mentioned conditions were not met till this date, on 31 December 2013 the agreement was terminated.

On 23 January 2014 the another announcement of the sale of the hotel was published in Gazeta Wyborcza – an invitation to negotiation for purchase of the package of all shares in Hotel Edison Sp. z o.o. The Memorandum was requested by four entities. Three of them submitted preliminary offer within the prescribed period. The final selection of the Investor and the sale contract is planned for the end of the first quarter in 2014.

13. Financial assets

	31.12.2013	**31.12.2012**
Non-current available-for-sale financial assets (shares in unrelated parties)	-	5
Non-current financial assets held to maturity	1 674 223	596 450
Non-current financial assets measured at fair value through profit or loss	1 860	1 504
Total non-current financial assets	**1 676 083**	**597 959**
Trade and other receivables	38 109	79 475
Short-term financial assets measured at fair value through profit or loss (investment portfolio)	296 339	422 173
Total current financial assets	**334 448**	**501 648**
TOTAL	**2 010 531**	**1 099 607**

13.1. Bond issue programme of Elektrociepłownia Białystok S.A. (currently ENEA Wytwarzanie S.A.)

On 23 July 2012 ENEA S.A. (here as: Guarantor) concluded with Elektrociepłownia Białystok S.A. (here as: Bond Issuer) and Financial Authority (Organiser, Issue Agent, Paying Agent and Depositary) an Agreement on the Bond Issue Programme for PLN 98.5 million. On the same day ENEA S.A. executed the Guarantee Agreement with Elektrociepłownia Białystok S.A. On 14 December 2012 ENEA S.A. concluded with the Issuer and Financial Authority an Annex No 1 to the Bond Issue Programme Agreement increasing the total value of the Programme by PLN 30 million, up to PLN 128.5 million. On 9 September 2013 ENEA S.A. signed Annex No 2 to the Bond Issue Programme Agreement increasing the total value of the Programme by PLN 30 million, up to PLN 158.5 million.

As at 31 December 2013 ENEA S.A. has acquired five series of bonds issued under the Bond Issue Programme for the total amount of PLN 158.5 million.

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

On 9 August 2011 ENEA S.A. concluded with ENEA Operator Sp. z o.o. (here as: Issuer) and Financial Authority (Organiser, Issue Agent, Paying Agent and Depositary) an Agreement on the Bond Issue Programme for PLN 500 million. On 31 October 2013 ENEA Operator Sp.z o.o. redeemed bonds acquired by ENEA S.A. under Bond Issue Programme Agreement on 9 August 2013, in a total amount of PLN 454 million.

On 20 June 2013 ENEA S.A. (Guarantor) concluded with ENEA Operator Sp. z o.o. and Nordea Bank Polska SA an Agreement on the Bond Issue Programme for PLN 1,425 million. On 20 June 2013 Guarantee Agreement was also signed.
As at 31 December 2013 ENEA S.A. has acquired first serie of bonds issued under this Bond Issue Programme for the total amount of PLN 780 million.

13.3. Bond issue programme of Elektrownie Wodne Sp. z o.o. (currently ENEA Wytwarzanie S.A.)

On 10 March 2011 ENEA S.A. received an offer to purchase bonds from Elektrownie Wodne Sp. z o.o.
As at 31 December 2013 ENEA S.A. has acquired three series bonds for the total amount of PLN 26 million.

13.4. Bond issue programme of Dobitt Energia Sp. z o.o. (currently ENEA Wytwarzanie S.A.)

On 10 March 2011 ENEA S.A. received an offer to purchase bonds from Dobitt Energia Sp. z o.o.
As at 31 December 2013 ENEA S.A. has acquired three series bonds for the total amount of PLN 14.5 million.

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

On 16 July 2013 ENEA S.A. (Guarantor) concluded with ENEA Wytwarzanie S.A. (Issuer) and mBank S.A. (formerly BRE S.A.) as Organiser, Issue Agent, Paying Agent and Depositary, an Agreement on the Bond Issue Programme for PLN 746 million.
As at 31 December 2013 ENEA S.A. has acquired four series bonds for the total amount of PLN 746 million.

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

14. Trade and other receivables

Short-term trade and other receivables	**31.12.2013**	**31.12.2012**
Trade receivables	698 992	732 513
Receivables due to taxes (excluding income tax) and other similar charges	795	4 715
Other receivables	104 185	68 237
Receivables due to unbilled sales	230 310	231 799
	1 034 282	**1 037 264**
Less: receivables allowance	(55 753)	(85 666)
Net short-term trade and other receivables	**978 529**	**951 598**

Trade and other receivables allowance:	**31.12.2013**	**31.12.2012**
Opening balance of receivables allowance	**85 666**	**82 104**
Addition	9 514	13 008
Release	(775)	(9 531)
Utilization	(38 652)	85
Closing balance of receivables allowance	**55 753**	**85 666**

Ageing structure of trade and other receivables:

	Nominal value	**Allowance**	**Net carrying amount**
31.12.2013			
Current	745 993	-	745 993
Overdue			
0-30 days	110 067	(2)	110 065
31- 90 days	41 835	(72)	41 763
91-180 days	14 207	(853)	13 354
over 180 days	122 180	(55 826)	67 354
TOTAL	**1 034 282**	**(55 753)**	**978 529**

	Nominal value	**Allowance**	**Net carrying amount**
31.12.2012			
Current	652 332	(1)	652 331
Overdue			
0-30 days	142 878	(190)	142 688
31- 90 days	79 667	(25)	79 642
91-180 days	24 532	(2 867)	21 665
over 180 days	137 855	(82 583)	55 272
TOTAL	**1 037 264**	**(85 666)**	**951 598**

15. Inventory

	31.12.2013	**31.12.2012**
Certificates of origin	117 449	120 160
Total inventory	**117 449**	**120 160**

Certificates of origin:

	31.12.2013	**31.12.2012**
Opening balance	**120 160**	**56 765**
Acquisition	429 648	483 002
Redemption	(432 359)	(419 606)
Closing balance	**117 449**	**120 160**

The costs of certificates of origin' redemption are presented in profit or loss as Energy purchase for sale.

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

16. Cash and cash equivalents

	31.12.2013	31.12.2012
Cash in hand and at bank	**807 036**	**360 925**
- cash in hand	19	160
- cash at bank	807 17	360 765
Other cash	**-**	**476**
-cash in transit	-	476
Total cash and cash equivalents	**807 036**	**361 401**
Cash disclosed in the statement of cash flows	**807 036**	**361 401**

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

As at 31 December 2012 the restricted cash amounted to PLN 7 000 thousand.

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

As at 31 December 2013 the book value of investments portfolio amounted to PLN 328,595 thousand, including financial assets measured at fair value through profit or loss treasury bills and bonds of PLN 296,331 thousand and bank deposits of PLN 32,264 thousand presented as cash and cash equivalents. The Company also has units in the "Pioneer" Investment Fund, presented as long-term assets.

18. Equity

Equity as at 31 December 2013:

Series of shares	Number of shares	Nominal value of 1 share (in PLN)	Carrying amount
"A" series	295 987 473	1	295 988
"B" series	41 638 955	1	41 639
"C" series	103 816 150	1	103 816
Total number of shares	**441 442 578**		
Share capital (face value)			**441 443**
Capital from business combination			38 810
Hyperinflation adjustment of share capital			107 765
Total share capital			**588 018**
Treasury shares			-
Share premium			4 627 673
Share-based payments reserve			1 144 336
Reserve capital			1 569 385
Retained earnings			3 226 006
Total equity			**11 155 418**

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

Equity as at 31 December 2012:

Series of shares	Number of shares	Nominal value of 1 share (in PLN)	Carrying amount
"A" series	295 987 473	1	295 988
"B" series	41 638 955	1	41 639
"C" series	103 816 150	1	103 816
Total number of shares	**441 442 578**		
Share capital (face value)			**441 443**
Capital from business combination			38 810
Hyperinflation adjustment of share capital			107 765
Total share capital			**588 018**
Treasury shares			-
Share premium			4 627 673
Share-based payments reserve			1 144 336
Reserve capital			1 205 625
Retained earnings			2 907 999
Total equity			**10 473 651**

On 24 April 2013 the General Shareholders' Meeting of ENEA S.A. adopted Resolution no. 7 concerning net profit distribution for the financial period from 1 January 2012 to 31 December 2012 under which PLN 363,760 thousand has been allocated to the reserve capital. The remaining amount of PLN 158,919 thousand had been paid as a dividend.

On 29 June 2012 the General Shareholders' Meeting of ENEA S.A. adopted Resolution 7 concerning net profit distribution for the financial period from 1 January 2011 to 31 December 2011 whereby PLN 143,276 thousand was allocated to reserve capital. The remaining amount of PLN 211,892 thousand had been paid as a dividend.

19. Loans, borrowings and debt securities

	31.12.2013	31.12.2012
Long-term		
Bank loans	777 130	-
Balance as at the reporting date	**777 130**	**-**

Under the agreement with European Investment Bank (Note 45) ENEA S.A. received funds in the amount of PLN 780 million. The loan is denominated in PLN, with a floating rate based on WIBOR 6M plus the bank's margin.

20. Trade and other liabilities

	31.12.2013	31.12.2012
Current trade and other liabilities		
Trade liabilities	470 465	578 840
Advance payments received for deliveries, works and services	41 296	37 890
Tax liabilities (excluding income tax)	51 940	42 546
Others	81 778	53 350
Total	**645 479**	**712 626**

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

21. Deferred income due to subsidies and fixed assets received free of charge

	31.12.2013	31.12.2012
Long-term		
Deferred income due to subsidies	-	29 909
	-	**29 909**
Short-term		
Deferred income due to subsidies	-	2 344
	-	**2 344**

Deferred income schedule

	31.12.2013	31.12.2012
Up to 1 year	-	2 344
1 to 5 years	-	9 376
Over 5 years	-	20 533
	-	**32 253**

In connection with transfer of the organized part of enterprise ENEA S.A. "Street Lighting Business" on 31 December 2013 to ENEOS Sp. z o.o., due to subsidies in December 2013 ENEA S.A. amortized the remaining balances of deferred income recognized this income under other operating income.

22. Financial instruments

22.1. Principles of financial risk management

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

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

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

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

Risk is managed on an ongoing basis. Risks are analyzed in connection with the impact of the external environment as well as changes in the structure and activities of ENEA S.A. Taking these into consideration, the steps are undertaken aimed at mitigation of the risk or its transfer outside the Company. In order to do so, the Company makes sure that its employees are aware of the possibility of risks occurrence and their influence on the activity of individual organizational unit.

Aware of the risks relating to its business activities, ENEA S.A. continues actions aimed at development of an integrated, formalized risk management system covering credit, liquidity, market, currency and interest rate risks. In 2012 the Management Board of ENEA S.A. adopted Liquidity Risk Management Policy, Currency Risk and Interest Rate Risk Management Policy. As a consequence, in 2013 supplementary procedures concerning Policies in the range of process has been also adopted. At present, complete documentation of aforementioned policies is being implemented and as well activities regulating the Commodity Risk Management Policy are finalized.

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

22.2. Credit risk

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

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

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

The Management Board applies a credit policy which provides for credit risk monitoring on an ongoing basis.

The maximum exposure of ENEA S.A. to credit risk is presented below:

	31.12.2013	31.12.2012
Financial assets held to maturity	1 712 332	675 925
Financial assets measured at fair value through profit or loss	298 199	423 677
Trade and other receivables	977 734	946 883
Cash and cash equivalents	807 036	361 401
Total	**3 795 301**	**2 407 886**

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

- electricity sales to individual customers – a considerable amount of past due receivables. Although they do not represent a serious threat to the Company’s financial position, measures aimed at their reduction have been undertaken. Actions aimed at improvement of the collection process have been undertaken involving development of new and update of the existing manuals and principles of collection and cooperation with professional entities. The collection process starts 20-25 days after the payment deadline. Thanks to a unified collection policy, including soft collection, the entity is able to shorten the collection period and avoid long-lasting and quite ineffective hard collections, i.e. enforcement by court or a bailiff. Court or bailiff’s collections are applied to cases whose value is higher than the cost-benefit ratio for debt collection;
- sales of electricity and distribution services to business, key and strategic clients, where overdue receivables are higher than in the segment of individual clients. However, the collection procedure is similar and collection measures are undertaken within 6-10 business days of the payment date;
- other receivables – compared to the above segments the amounts of past due receivables are immaterial.

A key role in the debt collection process is played by employees supervising contacts with customers. They monitor the debt collection process and attempt to collect past due receivables through direct contact with the customer. Cooperation with a debtor as well as obtaining information on its current and future financial position is one of the tasks of the function established for that purpose.

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

22.3. Liquidity risk

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

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

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

Liquidity management focuses on a detailed analysis of the receivables collection scheme, the ongoing monitoring of bank accounts and cash concentration in consolidated accounts; the Company invests surplus funds in current assets in the form of term deposits. The financial surpluses are invested in current assets in the form of term deposits. The effectiveness of investment process is monitored on an ongoing basis. The Company diversifies sources of external financing and investments to mitigate liquidity risk and ensure stability of financing.

ENEA S.A. has undertaken actions toward concentration of liquidity management between entities within the Group, comprising introduction the cash pooling in main entities and intergroup bond issue program. The actions are to increase effectiveness of cash within the Group.

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

Additionally, the Company manages its liquidity risk by maintaining open and unused credit facilities of PLN 150 million.

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

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

31.12.2013	Trade and other liabilities	Finance lease liabilities	Bank loans	Cash and cash equivalents	Trade and other receivables	Financial assets measured at fair value through profit or loss	Financial instruments held to maturity	Total
Carrying amount	552 243	1 155	777 130	(807 036)	(977 734)	(298 199)	**(1 712 332)**	**(2 464 773)**
Undiscounted contractual cash flows	**(552 243)**	**(1 445)**	**(999 726)**	**808 364**	**977 734**	**298 199**	**2 014 172**	**2 545 055**
up to 6 months	(552 243)	(584)	(12 207)	808 364	977 734	298 199	49 157	**1 568 420**
6 - 12 months	-	(584)	(12 207)	-	-	-	53 756	**40 965**
1 – 2 years	-	(277)	(24 414)	-	-	-	827 411	**802 720**
2 – 5 years	-	-	(293 173)	-	-	-	404 690	**111 517**
Over 5 years	-	-	(657 725)	-	-	-	679 158	**21 433**

31.12.2012	Trade and other liabilities	Finance lease liabilities	Cash and cash equivalents	Trade and other receivables	Financial assets measured at fair value through profit or loss	Financial instruments held to maturity	Total
Carrying amount	632 190	10 694	(361 401)	(946 883)	(423 677)	(675 925)	**(1 765 002)**
Undiscounted contractual cash flows	**(632 190)**	**(14 892)**	**361 401**	**946 883**	**423 677**	**852 214**	**1 910 561**
up to 6 months	(632 190)	(2 594)	361 401	946 883	423 677	59 504	**1 157 149**
6 - 12 months	-	(2 526)	-	-	-	64 430	**61 904**
1 – 2 years	-	(4 111)	-	-	-	260 382	**256 271**
2 – 5 years	-	(5 661)	-	-	-	277 719	**272 058**
Over 5 years	-	-	-	-	-	163 179	**163 179**

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

22.4. Commodity risk

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

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

Commodity risk management in the range of pricing is based on continuous monitoring of an open trading item (both with regard to securing the volume of retail sales, and to proprietary trading) and measurement - using value at risk tools - of the level of risk of possible electricity price fluctuation with respect to such an open item. An appropriate risk mitigation technique in this case is to close an item that generates excessive value of potential loss.

Volumetric commodity risk management involves use of scenario-based methods and optimization of trading activity planning and control processes.

A commodity risk management based on the above mentioned principles, according to schedule, will be fully implemented in 2014. In 2013 (and until new commodity risk management rules are implemented), the management principles defined by the strategic regulation in place at ENEA Group (so-called Wholesale Trading Procedure), defining the operating methods related to optimization of ENEA's trading position, with the primary purpose of minimizing the risk of taking actions contrary to the market tendency, taking account of the efficiency aspect in the context of that trend (achieving better results than the market average).

22.5. Currency risk

Currency risk is related to possible changes in cash flows generated by the Company resulting from fluctuations in the rates of the currencies in which such cash flows are denominated.

During the reporting period ENEA S. A. had not concluded transactions which secure currency risk.

22.6. Interest rate risk

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

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

As at the end of the reporting period the Company has liabilities arising from credit facilities in the amount of PLN 777,130 thousand. As at 31 December 2013 financial liabilities with a floating interest rate consisted of finance lease liabilities and credit liabilities.

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

	31.12.2013	31.12.2012
Fixed rate instruments		
Financial assets	994 844	975 643
Financial liabilities	(552 243)	(632 190)
Total	**442 601**	**343 453**
Floating rate instruments		
Financial assets	2 800 457	1 432 243
Financial liabilities	(778 285)	(10 694)
Total	**2 022 172**	**1 421 549**

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

	as at 31 December 2013		as at 31 December 2012	
	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Financial instruments held to maturity	4.59	1 712 332	6.26	675 925
Financial assets measured at fair value through profit or loss	3.61	298 199	5.42	423 677
Cash and cash equivalents	3.53	789 926	4.81	332 641
Finance lease liabilities	2.61	(1 155)	6.22	(10 694)
Bank loans	3.13	(777 130)	-	-
Total	**-**	**2 022 172**	**-**	**1 421 549**

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

The table below presents the impact of interest rate changes on the Company's financial profit.

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

	Carrying amount as at 31 December 2013	Interest rate risk impact on profit (12-month period)		Carrying amount as at 31 December 2012	Interest rate risk impact on profit (12-month period)	
		+ 1 p.p.	- 1 p.p.		+ 1 p.p.	- 1 p.p.
Financial assets						
Cash	789 926	7 899	(7 899)	361 401	3 326	(3 326)
Financial assets held to maturity	1 712 332	17 123	(17 123)	675 925	6 759	(6 759)
Financial assets measured at fair value through profit or loss	298 199	2 982	(2 982)	423 682	4 237	(4 237)
Impact on profit/loss before tax		**28 004**	**(28 004)**		**14 322**	**(14 322)**
19% tax		(5 321)	5 321		(2 721)	2 721
Impact on profit/loss after tax		**22 683**	**(22 683)**		**11 601**	**(11 601)**

	Carrying amount as at 31 December 2013	Interest rate risk impact on profit (12-month period)		Carrying amount as at 31 December 2012	Interest rate risk impact on profit (12-month period)	
		+ 1 p.p.	- 1 p.p.		+ 1 p.p.	- 1 p.p.
Financial liabilities						
Bank loans, borrowings and debt securities	(777 130)	(7 771)	7 771	-	-	-
Finance lease liabilities	(1 155)	(12)	12	(10 694)	(107)	107
Impact on profit/loss before tax		**(7 783)**	**7 783**		**(107)**	**107**
19% tax		1 479	(1 479)		20	(20)
Impact on profit/loss after tax		**(6 304)**	**6 304**		**(87)**	**87**
Total		**16 379**	**(16 379)**		**11 514**	**(11 514)**

22.7. Capital management

The key assumption of the capital management policy developed by the Company is maintaining an optimum capital structure with the objective to reduce its cost, ensure a good credit rating and safe capital ratios supporting the Company's operations and increasing its shareholder value. It is also important to maintain a strong capital base being a foundation for building confidence of future investors, creditors and market, and ensuring the future development of ENEA S.A. In order to maintain or adjust its capital structure, the Company may issue new shares or sell its assets. ENEA S.A. monitors its capital using the debt ratio and the return on equity ratio. It is the Company's objective to ensure an optimum level of the aforementioned ratios.

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

22.8. Fair value

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

	31.12.2013		31.12.2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Long-term financial assets available for sale (shares in unrelated parties)	-	-	5	5
Non-current financial assets held to maturity	1 674 223	1 674 223	596 450	596 450
Non-current financial assets measured at fair value through profit or loss	1 860	1 860	1 504	1 504
Short-term financial assets held to maturity	38 109	38 109	79 475	79 475
Short-term financial assets measured at fair value through profit or loss	296 339	296 339	422 173	422 173
Trade and others receivables	977 734	(*)	946 883	(*)
Cash and cash equivalents	807 036	807 036	361 401	361 401
Bank loans, borrowings and debt securities	777 130	777 130	-	-
Finance lease liabilities	1 155	1 155	10 694	10 694
Trade and other liabilities	552 243	(*)	632 190	(*)

(*) The book value of trade and other receivables, trade and other liabilities approximates their fair value.

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

Financial assets held to maturity include acquired debt instruments – bonds with the original maturity exceeding 1 year.

Long-term financial assets measured at fair value through profit or loss include units in the "Pioneer" Investment Fund which can be traded on an active market, as a result of which their fair value may be determined. The fair value of the above units was measured at the market price of participation units, whereas its changes in the financial period recognized in profit or loss.

Short-term financial assets measured at fair value through profit or loss include an investment portfolio managed by a company specialized in professional fund management (Note 17) and forward contracts. The fair value of the investment portfolio is estimated based on market quotations.

Short-term financial assets held to maturity include acquired debt instruments – bonds with the original maturity not exceeding 1 year.

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

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

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

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

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

	31.12.2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss				
Non-derivative financial assets held for trading	298 199	-	-	298 199
Total	**298 199**	**-**	**-**	**298 199**

	31.12.2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss				
Non-derivative financial assets held for trading	423 677	-	5	423 682
Total	**423 677**	**-**	**5**	**423 682**

23. Finance lease liabilities

	31.12.2013	**31.12.2012**
Up to 1 year	1 052	3 405
1-5 years	103	7 289
Total	**1 155**	**10 694**

The Company also leases personal vehicles.

Until the date of transfer of the organised part of the enterprise of ENEA S.A. „Street Lighting Business" to ENEOS Sp. z o.o. the Company classified rental agreements of lighting, which was used to improve the quality and efficiency of road and street lighting in the municipalities, as finance lease.

	Finance lease liabilities	**Interests**	**Total**
Up to 1 year	1 052	116	1 168
1 – 5 years	103	174	277
Balance as at 31.12.2013	**1 155**	**290**	**1 445**

	Finance lease liabilities	**Interests**	**Total**
Up to 1 year	3 405	1 715	5 120
1 – 5 years	7 289	2 483	9 772
Balance as at 31.12.2012	**10 694**	**4 198**	**14 892**

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

24. Deferred income tax

Changes in the deferred tax liability (considering the setoff of the asset against the liability):

Deferred tax assets

	Receivables allowance	Liabilities due to employee benefits	Provision for the costs of redemption of certificates of origin	Grants	Tax deductible expenses after the end of the settlement period	Measurement of investments in shares	Other	Total
Balance as at 1 January 2012 – 19% rate	**3 075**	**17 365**	**47 445**	**5 334**	**56 459**	**1 723**	**10 213**	**141 614**
Amount recognized in the profit or loss due to a change in temporary differences	(45)	(625)	(2 652)	(66)	20 909	1 934	(946)	**18 509**
Change recognized in other comprehensive income	-	1 586	-	-	-	256	-	**1 842**
Balance as at 31 December 2012 – 19% rate	**3 030**	**18 326**	**44 793**	**5 268**	**77 368**	**3 913**	**9 267**	**161 965**
Amount recognized in the profit or loss due to a change in temporary differences	(1 430)	(825)	7 181	(5 268)	10 792	(97)	(5 032)	**5 321**
Change recognized in other comprehensive income	-	(1 694)	-	-	-	-	-	**(1 694)**
	1 600	**15 807**	**51 974**	**-**	**88 160**	**3 816**	**4 235**	**165 592**

Provision for deferred income tax

	Income taxable after the end of the reporting period	Accrued unbilled sales	Measurement of fixed assets at fair value	Other	Total
Balance as at 1 January 2012 – 19% rate	**57 361**	**21 797**	**1 182**	**4 441**	**84 781**
Amount recognized in the profit or loss due to a change in temporary differences	24 115	5 599	(536)	211	**29 389**
Balance as at 31 December 2012 – 19% rate	**81 476**	**27 396**	**646**	**4 652**	**114 170**
Amount recognized in the profit or loss due to a change in temporary differences	14 036	3 902	(634)	(11 426)	**5 878**
Balance as at 31 December 2013 – 19% rate	**95 512**	**31 298**	**12**	**(6 774)**	**120 048**

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

25. Liabilities due to employee benefits

	31.12.2013	31.12.2012
Defined benefit plans		
Retirement benefits		
- long-term portion	1 028	1 252
- short-term portion	107	40
	1 135	1 292
Right to energy allowance after retirement		
- long-term portion	50 161	60 436
- short-term portion	4 338	4 571
	54 499	65 007
Appropriation to the Company's Social Benefits Fund for pensioners		
- long-term portion	5 456	6 241
- short-term portion	404	428
	5 860	6 669
Total defined benefit plans		
- long-term portion	***56 645***	***67 929***
- short-term portion	***4 849***	***5 039***
	61 494	***72 968***
Jubilee bonuses		
- long-term portion	5 037	5 023
- short-term portion	599	527
	5 636	5 550
Salaries and wages and other liabilities		
- long-term portion	-	14 858
- short-term portion	14 400	11 210
	14 400	26 068
Provision for voluntary redundancy program – short-term portion	4 270	-
Total liabilities due to employee benefits		
- long-term portion	**61 682**	**87 810**
- short-term portion	**24 118**	**16 776**
	85 800	**104 586**

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

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

all mentioned above benefits are fully financed by the Company.

The present value of the related future liabilities has been measured using actuarial methods. Calculations were made using basic individual data for the employees of ENEA S.A. as at 31 December 2013 (taking into account their gender) regarding:

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

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

- the probable number of leaving employees was determined based on historical data concerning staff turnover in the Company and industry statistics,

- the value of minimum remuneration in the Polish economy since 1 January 2014 was assumed at PLN 1,680.00,
- pursuant to announcements of the Chairman of the Central Statistical Office, the average salary in the Polish economy, less premiums for retirement, pension and health insurance paid by the insured was assumed at PLN 2,917.14 (average amount assumed for the second half of 2010, which will constitute the basis for calculating the appropriation to the Company's Social Benefits Fund in 2014 under the amendment to the Act on Company Social Benefits Fund dated 8 November 2013),
- under the assumptions defined by the management of the Group, the growth of the average salary in the Polish economy was assumed at 16.0 % in 2014, 3.7% in 2015, 4.2% in 2016 and at 5% in the remaining period of the projection,
- mortality rate and the probability of receiving benefits were adopted in line with the 2012 Life Expectancy Tables published by the Central Statistical Office;
- the value of the provision for disability benefits was not determined separately but the individuals receiving disability allowance were not taken into consideration in calculating the employee turnover ratio;
- standard retirement age was assumed under particular regulations of the Act of Pension, excluding these employees, which fulfill the conditions expected to earlier retirement;
- the long-term pay rise rate was adopted at the level of 2.3% (as at 31 December 2012: 2.7%);
- the interest rate for discounting future benefits was adopted at the level of 4.26% (3.9% as at 31 December 2012);
- the base value of the annual equivalent of the electricity allowance for old-age pensioners, disability pensioners and other beneficiaries was adopted at the level of PLN 1,452.24 (PLN 1,471.87 as at 31 December 2012);
- as at 31 December 2013 the electricity price growth rate for 2014 was assumed at the level of nil, for 2014 (-)4,9%, for 2015 +18.4% , for 2016 +14.2% and for 2017 +5.2% (as at 31 December 2012 the rate adopted for 2013 was +2.5%, for 2014 +9.5%, for 2015 +17.1%, for 2016 +7.8%),
- distribution charge growth rate for 2014 was adopted at the level of (-)0.30%, for 2015 +0.0% (as at 31 December 2012 the rate adopted for 2013 was +2.1%, for 2014 +3.8%, for 2015 +2.0%),
- the average rise in the cash equivalent of the electricity allowance was adopted for 2014 at the level of (-)2.9%, for 2015 +10.2%, for 2016 + 6.7%, for 2017 +3.9%, for 2018-2025 at the level of 4.0%, for 2026-2027 at the level of 4.1% and the following years +2.5% (as at 31 December 2012 the increase in 2013 was adopted at the level of 2.3%, for 2014 +7.0%, for 2015 +10.8%, for 2016 +5.8%, for 2017 - 2026 at the level of +3.9 and the following years +2.5%).

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

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

Defined benefit plan

	Retirement benefits	Right to energy allowance after retirement	Appropriation to the Company's Social Benefits Fund for pensioners	Total
Balance as at 1 January 2013	**1 292**	**65 007**	**6 669**	**72 968**
Changes during 12 months ended 31 December 2013				
Costs recognized in profit or loss, including:	**(80)**	**2 229**	**232**	**2 381**
- current employment costs	186	152	32	370
- post-employment costs	(315)	(280)	(43)	(638)
- costs of interests	49	2 357	243	2 649
Costs recognized in other comprehensive income, including:	**(69)**	**(8 238)**	**(608)**	**(8 915)**
- net actuarial losses/(profits) due to adjustments of ex-post assumptions	(16)	314	(115)	183
- net actuarial losses/(profits) due to changes in demographic assumptions	107	321	42	470
- net actuarial losses/(profits) due to changes in financial assumptions	(160)	(8 873)	(535)	(9 568)
Decrease in the liability due to benefits paid (negative value)	(8)	(4 499)	(433)	(4 940)
Total changes	**157**	**(10 508)**	**(809)**	**(11 474)**
Balance as at 31 December 2013	**1 135**	**54 499**	**5 860**	**61 494**

	Retirement benefits	Right to energy allowance after retirement	Appropriation to the Company's Social Benefits Fund for pensioners	Total
Balance as at 1 January 2012	**979**	**59 515**	**5 652**	**66 146**
Changes during 12 months ended 31 December 2012				
Costs recognized in profit or loss, including:	**54**	**3 083**	**285**	**3 422**
- current employment costs	155	143	26	324
- post-employment costs	(155)	(288)	(47)	(490)
- costs of interests	54	3 228	306	3 588
Costs recognized in other comprehensive income, including:	**287**	**6 886**	**1 176**	**8 349**
- net actuarial losses/(profits) due to adjustments of ex-post assumptions	(2)	(4 721)	(79)	(4 802)
- net actuarial losses/(profits) due to changes in demographic assumptions	2	886	88	976
- net actuarial losses/(profits) due to changes in financial assumptions	287	10 721	1 167	12 175
Decrease in the liability due to benefits paid (negative value)	(28)	(4 477)	(444)	(4 949)
Total changes	**313**	**5 492**	**1 017**	**6 822**
Balance as at 31 December 2012	**1 292**	**65 007**	**6 669**	**72 968**

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

Sensitivity analysis for defined benefit plans

	Actuarial assumptions change impact on the liabilities due to defined benefit plans	
	+ 1 p.p.	**- 1 p.p.**
Defined benefit plans		
Discount rate	(5 397)	6 410
Anticipated rise in the salaries and wages rate	804	(674)
Average rise in the cash equivalent of the electricity allowance	5 171	(4 463)

Maturity of liabilities due to defined benefit plans

The weighted average duration of liabilities due to defined benefit plans (in years)	**31.12.2013**	**31.12.2012**
Retirement benefits	25.4	24.0
Electricity allowance for pensioners	9.8	10.2
Appropriation to the Company's Social Benefits Fund for pensioners	10.5	11.0

Other long-term employee benefits - jubilee bonuses	**31.12.2013**	**31.12.2012**
Opening balance	**5 550**	**3 741**
Changes in the 12 months ended at the reporting date		
Costs recognized in profit or loss, including:	**652**	**2 201**
- current employment costs	867	766
- post-employment costs	(176)	(855)
- net actuarial losses/(profits) due to adjustments of ex-post assumptions	(145)	(53)
- net actuarial losses/(profits) due to changes in demographic assumptions	383	4
- net actuarial losses/(profits) due to changes in financial assumptions	(471)	1 027
- costs of interests	195	200
Decrease in the liability due to benefits paid (negative value)	(566)	(392)
Total changes	**86**	**1 809**
Closing balance	**5 636**	**5 550**

On 17 December 2013 the Management Board of ENEA S.A. adopted a resolution to launch the Voluntary Redundancy Program (Program). The Program is dedicated to Employees:

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

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

(1) Employees who:

- have reached a standard retirement age till 31 December 2013 and did not terminate the employment contract due to retirement (Group no. 1),
- will acquire pension rights arising from achieving standard retirement age till 31 December 2014,

(2) Employees who are to achieve the standard retirement age within 3 year inclusive, counting from 31 December 2014 (Group no. 2).

The application period is from 31 January 2014 till 31 March 2014.

26. Provision for other liabilities and other charges

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

	31.12.2013	31.12.2012
Long-term	13 333	17 084
Short-term	303 376	272 259
Total	**316 709**	**289 343**

	Provision for non-contractual use of property	Provision for projected loss due to compensation proceedings	Provisions for certificates of origins	Other	Total
Balance as at 01.01.2012	**26 577**	**3 163**	**249 710**	**24 138**	**303 588**
Provisions applied	17 562	1 276	430 479	-	**449 317**
Provisions used	(1 043)	-	(431 748)	(14 394)	**(447 185)**
Reversal of provisions	(3 690)	-	(12 687)	-	**(16 377)**
Balance as at 31.12.2012	**39 406**	**4 439**	**235 754**	**9 744**	**289 343**
Provisions applied	4 239	196	370 997	-	**375 432**
Provisions used	-	(48)	(324 155)	(3 600)	**(327 803)**
Reversal of provisions	(5 447)	(1 772)	(9 050)	(3 994)	**(20 263)**
Balance as at 31.12.2013	**38 198**	**2 815**	**273 546**	**2 150**	**316 709**

Provisions for liabilities are determined in reasonable, reliably estimated amounts. Individual provisions are recognized for projected losses related to court action brought against the Company. The amount recognized as a provision is the best estimate of the expenditure required to settle a claim. The cost of provisions is recognized under other operating expenses. The descriptions of claims and relevant contingent liabilities have been presented in Note 39.

Provisions for liabilities and other charges include mainly the amount for claims of individuals owning real estate property arising from non-contractual use of land. The majority of such claims are requests for compensation for non-contractual use of land, determination of a rental fee or, in a few cases, requests for relocation of facilities (restoring land to its previous condition). As at 31 December 2013, a substantial number of claims filed had not been brought to court. The Company recognizes a related provision for both disputed claims brought to court and claims which have not been submitted to court yet.

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

Provisions for non-contractual use of property claims (stage before judicial proceeding) are presented as long-term provisions.

Provisions for projected losses due to compensation proceedings (including non-contractual use of property claims) as well as other provisions are presented as current liabilities.

27. Net sales revenue

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Revenue from sales of electricity	4 885 481	5 694 084
Revenue from sales of goods and materials	28	41
Revenue from sales of other services	66 265	65 214
Total	**4 951 774**	**5 759 339**

28. Costs by type

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Depreciation	**(17 873)**	**(16 878)**
Costs of employee benefits	**(52 215)**	**(64 324)**
- salaries and wages	(42 194)	(49 836)
- social security and other benefits	(10 021)	(14 488)
Consumption of materials and supplies and costs of goods sold	**(3 702)**	**(4 199)**
- consumption of materials and energy	(3 702)	(4 199)
External services	**(1 693 994)**	**(1 793 250)**
- transmission and distribution services	(1 518 682)	(1 595 649)
- other external services	(175 312)	(197 601)
Taxes and charges	**(9 333)**	**(8 486)**
Value of energy purchased	**(2 995 827)**	**(3 727 174)**
Total costs of products, goods and materials sold, costs of sales and marketing and general and administrative costs	**(4 772 944)**	**(5 614 311)**

29. Costs of employee benefits

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Payroll costs	**(42 194)**	**(49 836)**
- current salaries and wages	(38 348)	(47 713)
- jubilee benefits	(86)	(1 809)
- retirement benefits	19	(314)
- other	(3 779)	-
Social insurance	**(10 021)**	**(14 488)**
- Social Security premiums	(4 756)	(6 823)
- appropriation to the Company’s Social Benefits Fund	(1 529)	(1 514)
- other social benefits	(4 059)	(6 151)
- other	323	-
	(52 215)	**(64 324)**

Employment guarantees

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

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

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

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

30. Other operating revenue and expense

Other operating revenue

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Release of provisions for claims	11 256	3 690
Reimbursement of expenses by an insurance company	221	437
Reversal of receivables allowance	4 679	-
Received damages and fines	4 805	1 893
Fixed assets received free of charge	32 967	1 185
Other operating revenue	5 403	4 139
Total	**59 331**	**11 344**

Other operating expenses

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Cost of provision for claims	(4 428)	(2 252)
Costs of other provisions	(153)	(18 839)
Receivables allowance	-	(2 702)
Uncollectible receivables written off	(172)	(5 336)
Court fees	(2 811)	(2 523)
Trade union related expenses	(89)	(81)
Other operating expenses	(8 294)	(11 105)
Total	**(15 947)**	**(42 838)**

31. Financial revenue

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Interest income	92 720	93 766
- bank accounts and deposits	13 552	22 206
- bonds	64 044	48 427
- other loans and receivables	14 097	22 869
- other interest income	1 027	264
Revaluation of financial assets measured at fair value through profit or loss	-	5 817
Total	**92 720**	**99 583**

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

32. Financial expenses

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Interest expense	(8 581)	(4 026)
- on credit facilities	(7 219)	(35)
- interest on leases	(528)	(607)
- other interest	(834)	(3 384)
Foreign currency differences	-	(29 905)
Costs of discounted liabilities due to employee benefits	(2 845)	(3 788)
Revaluation of financial assets measured at fair value through profit or loss	(9 867)	-
Total	**(21 293)**	**(37 719)**

33. Income tax

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Current tax	(53 437)	(21 687)
Deferred tax	(557)	(12 451)
Total	**(53 994)**	**(34 138)**

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

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Profit before tax (including discontinued operation)	887 459	539 275
Tax at a 19% rate	(168 617)	(102 462)
Costs not classified as tax-deductible expenses (permanent differences) at a 19% rate	(455)	(473)
Dividends received at a 19% rate	115 078	68 797
Amount charged to profit or loss due to income tax	**(53 994)**	**(34 138)**

34. Dividend

A decision regarding the payment of dividend for the financial year shall be made by General Shareholders Meeting in 2014. The Management Board intends to propose using 30% of separate 2013 profit for the dividend payment.

On 24 April 2013 the General Shareholders' Meeting of ENEA S.A. adopted Resolution no. 7 concerning net profit distribution for the financial period from 1 January 2012 to 31 December 2012 under which the dividend for shareholders amounts to PLN 158,919 thousand, PLN 0.36 per share (the dividend paid in 2012 for the financial period from 1 January 2011 to 31 December 2011 amounted to PLN 211,892 thousand, PLN 0.48 per share). The dividend had been paid to the shareholders before the end of the reporting period. The amount of dividend paid to shareholders had been decreased by financial gain income tax.

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

35. Related party transactions

The Company concludes transactions with the following related parties:

(i) Companies from the ENEA Group

	01.01.2013 - 31.12.2013	01.01.2012- 31.12.2012
Purchases, including:	**3 924 869**	**3 771 624**
investment purchases	12 307	15 400
materials	733	699
services	1 642 455	1 595 821
other (including energy)	2 269 374	2 159 704
Sales, including:	**51 337**	**96 675**
energy	27 488	73 028
services	13 761	11 628
other	10 088	12 019
Interest income, including:	**45 534**	**23 397**
bond	45 534	23 397
Dividend income	**605 676**	**362 091**

	31.12.2013	31.12.2012
Receivables	18 878	20 682
Liabilities	398 289	464 446
Financial assets – debentures	1 712 332	675 925

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

(ii) Transactions concluded by the Company and members of its governing bodies divided into two categories:

- resulting from appointment of Members of the Supervisory Board;
- resulting from other civil law agreements.

The value of transactions falling within the scope of the first category has been presented below:

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2013 31.12.2013	01.01.2012 31.12.2012	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Remuneration under managerial contracts and consultancy agreements	6 709	3 151	-	-
Remuneration relating to appointment of members of management or supervisory bodies	23	514	393	378
Remuneration due to other employee benefits, including: (electricity allowance)	33	108	-	-
TOTAL	**6 765**	**3 773**	**393**	**378**

As at 31 December 2013 the liabilities resulting from managerial contracts and consultancy agreements to the members of the Management Board amount to PLN 675 thousand. The provision for bonuses to members of the Management Board amount to PLN 2,191 thousand.

The increase in remuneration under managerial contracts and consultancy agreements in 2013 in comparison to 2012 is attributable to remuneration under non-competition agreements to the former Management Board of the Company. Changes in composition of the Management Board have been presented in Note 1.2.

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

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

Governing body	Balance as at 01.01.2013	Granted from 01.01.2013	Repaid till 31.12.2013	Balance as at 31.12.2013
Management Board	-	-	-	-
Supervisory Board	21	10	(4)	**27**
TOTAL	**21**	**10**	**(4)**	**27**

Governing body	Balance as at 01.01.2012	Granted from 01.01.2012	Repaid till 31.12.2012	Balance as at 31.12.2012
Management Board	-	-	-	-
Supervisory Board	21	24*	(24)**	**21**
TOTAL	**21**	**24**	**(24)**	**21**

* - *appointment of the new Member of the Supervisory Board*

** - *including PLN 18 thousand due to expiration of the term of office of a Member of the Supervisory Board*

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

(iii) Transactions with entities controlled by the State Treasury

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

- purchase of electricity and property rights resulting from certificates of origin as regards renewable energy and energy cogenerated with heat from companies whose shares are held by the State Treasury;
- sale of electricity, distribution services and other related fees, provided by the Company both to central and local administration bodies (sale to end users) and entities whose shares are held by the State Treasury (wholesale and retail sale to end users).

Such transactions are concluded under arm's length terms and their conditions do not differ from those applied in transactions with other entities. As the Company does not keep a record of the aggregate value of all transactions concluded with all state institutions and entities controlled by the State Treasury, the turnover and balances of transactions with related parties disclosed in these separate financial statements do not include data related to transactions with entities controlled by the State Treasury.

The most significant customer of ENEA S.A. among entities controlled by the State Treasury is Kompania Węglowa S.A. In 2013 the net sales to the entity amounted to PLN 82,182 thousand (in 2012 it was PLN 135,209 thousand). The most significant supplier of ENEA S.A. is PGE Polska Grupa Energetyczna S.A. with net sales amount PLN 232,804 thousand and Zespół Elektrowni Pątnów-Adamów-

Konin S.A. with net sales amount PLN 175,889 (in 2012 the net purchase from Zespół Elektrowni Pątnów-Adamów-Konin amounted to PLN 196,742 thousand and from PGE Polska Grupa Energetyczna S.A. PLN 45,883 thousand).

36. Concession arrangements on the provision of public services

The core business of ENEA S.A. is trade in electricity.
In line with the provisions of the Energy Law, on 26 November 1998 ENEA S.A. obtained the following concessions to carry out its business activities:

- concession for trading in electricity, granted for a 10-year period, i.e. until 30 November 2008;
- concession for electricity transmission and distribution, granted also for a 10-year period, i.e. until 30 November 2008;

On 23 April 2007 ENEA S.A. filed a request to the President of the Energy Regulatory Office to extend the validity of the concession for trading in electricity. On 5 October 2007 ENEA S.A. received a decision on extension of the validity of the concession for trading in electricity until 31 December 2025.
Pursuant to the provisions of the Energy Law, the President of the Energy Regulatory Office is responsible for granting concessions, exercising supervision over energy companies as well as approval of tariffs. Energy prices, fee rates and the principles for their application laid down in the Tariff are approved by the President of the Energy Regulatory Office based on administrative decisions.

While approving the Tariff, the President of the Energy Regulatory Office verifies its compliance with the following legal acts:

- the Energy Law of 10 April 1997 (Journal of Laws of 2006 no. 89, item 625 as amended);
- Ordinance of the Minister of Economy of 18 August 2011 on detailed principles for tariff establishment and calculation as well as the principles for settlements in electricity trading (Journal of Laws of 2011, No. 189, item 1126);
- Ordinance of the Minister of Economy of 04 May 2007 on detailed conditions for the operation of the electric power system (Journal of Laws of 2007, No. 93, item 623).

On 14 May 2008 pursuant to a decision issued by the President of the Energy Regulatory Office ENEA S.A. was released from the obligation to submit a Tariff for the A, B and C group customers.
On 24 January 2012 the Management Board of ENEA S.A. adopted a resolution on introduction of a electricity Tariff of ENEA S.A. for tariff groups in the corporate, classic, economy, universal and green packages.

On 20 December 2012 the President of the Energy Regulatory Office approved the prolongation of the electricity tariff for ENEA S.A. in 2012 for household and prepaid G tariff groups until 30 June 2013.

On 11 June 2013 the President of the Energy Regulatory Office issued a decision approving Tariff for electricity for customers in groups G tariff for the period from 1 July 2013 to 31 December 2013, giving it immediate enforceability in order to protect the interests of consumers in the tariff groups G, in particular household customers, against unreasonable level of electricity prices. The approved Tariff, in accordance with the order of President of the Energy Regulatory Office of 6 June 2013 on determining the correction factor Yn, defining change of independent from ENEA S.A. business conditions in the energy trading, contained energy prices adjusted by the factor Yn, which resulted in their reduction compared to previously existing.

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

On 17 December 2012 the President of the Energy Regulatory Office approved the electricity tariff of ENEA S.A. for household and prepaid G tariff groups for the 2014 for the end users with complex agreement connected to ENEA Operator Sp. z o.o. electricity network.

On 12 September 2013 ENEA S.A. received a concession for trading in gas fuels issued by the President of Energy Regulatory Office. The concession will be valid from 1 January 2014 till 31 December 2030. The Company plans to start retail sales of natural gas in 2014.

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

The future liabilities arising from the right of perpetual usufruct of land (estimated at the fees for 2013) apply to the remaining term of agreements for the use of land (40-99 years). Such agreements are recognized as operating leases, where ENEA S.A. acts as a lessee:

	31.12.2013	31.12.2012
Up to 1 year	5 839	5 018
1 – 5 years	11 336	13 078
Over 5 years	53 911	55 219
Total	**71 086**	**73 315**

Cost incurred due to perpetual usufruct of land:

	31.12.2013	31.12.2012
Perpetual usufruct of land	5 018	5 060

38. Future liabilities under contracts concluded as at the end of the reporting period

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

	31.12.2013	31.12.2012
Acquisition of property, plant and equipment	1 358	7 017
Acquisition of intangible assets	977	57 539
Total	**2 335**	**64 556**

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

39.1. Sureties and guarantees

In 2013 the Company did not issue any new guarantees or sureties for credit facilities or loans. On 18 July 2012 ENEA S.A. entered into an annex No. 2 to the contract of guarantee dated 27 July 2011 with Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House) which extends the duration of the surety for the liabilities of ENEA Trading Sp. z o.o. till 31 July 2014. Under this contract, ENEA S.A. unconditionally and irrevocably guarantees the liabilities of ENEA Trading Sp. z o.o. to the Warsaw Commodity Clearing House.

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

Guarantees and sureties as at 31 December 2013

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Tenor	Relation between the Company and the entity which incurred the liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 203 thousand (EUR 49 thousand)	31-08-2017	subsidiary
2.	ENEA Trading Sp. z o.o.	PLN 50,000 thousand	31-07-2013	subsidiary

Guarantees and sureties as at 31 December 2012

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Tenor	Relation between the Company and the entity which incurred the liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 200 thousand (EUR 49 thousand)	31-08-2017	subsidiary
2.	ENEA Trading Sp. z o.o.	PLN 50,000 thousand	31-07-2013	subsidiary

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

Other collateral, including for the liabilities presented in the table above

Entity's name	Collateralized liability	Type of collateral (e.g. blank promissory notes)	Collateral value	Collateral for:	Debt as at 31 December 2013	Debt as at 31 December 2012	Collateral period
ENEA S.A.	Securing a transactional deposit and a securing deposit for the benefit of IRGIT S.A. with relation to settling transactions related to trading in electricity and property rights in the commodity exchange	bank guarantee granted under a guarantee limit of PLN 350,000 thousand	PLN 4,000 thousand	Izba Rozliczeniowa Giełd Towarowych S.A.	PLN 4,000 thousand	PLN 30,000 thousand	18.11.2014
	Bank guarantee for liabilities of ENEA Trading Sp. z o.o.		PLN 230,000 thousand	Izba Rozliczeniowa Giełd Towarowych S.A.	PLN 230,000 thousand	PLN 150,000 thousand	
ENEA S.A.	Securing payment under the contract of lease of office space	bank guarantee granted under a guarantee limit of PLN 350,000 thousand	PLN 1 600 thousand	Górecka Projekt Sp. z o.o.	PLN 1 600 thousand	-	31.12.2014
ENEA S.A.	Securing payment under the contract of lease of office space	bank guarantee granted under a guarantee limit of PLN 350,000 thousand	PLN 186 thousand	Atrium Tower Sp. z o.o.	PLN 186 thousand	-	31.08.2015
ENEA S.A.	Securing costs of arbitration to the agreement in Case No 19338 between ENEA S.A. and EQUIVENTUS CAPITAL S.A.R.L.	bank guarantee granted under a guarantee limit of PLN 350,000 thousand	USD 210 thousand PLN 632.5 thousand	International Chamber Of Commerce	USD 210 thousand PLN 632.5 thousand	-	13.10.2014

39.2. Pending proceedings before courts of general jurisdiction

Actions brought by the Company

Actions which ENEA S.A. brought to common courts of law refer to claims for receivables due to provision of electricity (the so-called electricity cases) and claims for other receivables – illegal consumption of electricity, connections to the power grid and other specialist services rendered by the Company (the so-called non-electricity cases).

As at 31 December 2013, the total of 6,264 cases brought by the Company were pending before common courts of law for the total amount of PLN 16,444 thousand (11,467 cases for the total amount of PLN 22,661 thousand as at 31 December 2012).

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

Actions brought against the Company

Actions against the Company are brought both by natural and legal persons. They mainly refer to such issues as compensation for interrupted delivery of electricity, identification of illegal electricity consumption and compensation for the Company’s use of real property where electrical devices are located. The Company considers actions concerning non-contractual use of real property not owned by the Company as particularly important (Note 26 and 39.5).

As at 31 December 2013, the total of 98 cases against the Company were pending before common courts of law for the total amount of PLN 18,681 thousand (129 cases for the total amount of PLN 17,760 thousand as at 31 December 2012).

39.3. Arbitration Proceedings

Actions brought against the Company

As at 31 December 2013, arbitration proceedings were pending, brought by Gestamp Eolica S.A. against ENEA S.A. for payment of damages under the "Joint Development Agreement between ENEA and Gestamp Eolica" dated 25 November 2008. In a judgment of Arbitration Court dated 19 January 2012, payment of the amount of EUR 3 321 926 was adjudicated against ENEA S.A. in favour of Gestamp Eolica S.A., together with the costs of the arbitration proceedings and the costs of representation, amounting to PLN 230 000. ENEA S.A. appealed against the above mentioned judgment to the Court of Appeal in Poznań which ruled to dismiss the Company's appeal against the Arbitration Court's judgment on 18 September 2013. On 22 November 2013, the Appeals Court in Poznań dismissed ENEA S.A.'s complaint against assignment of immediate enforcement clause to an arbitration court ruling.

A cassation appeal against the judgment of the Court of Appeal in Poznań of 18 September 2013 was brought to the Supreme Court on 18 January 2014 and as at date of these separate financial statements it remains unresolved.

Actions brought by the Group

As at 31 December 2013, arbitration proceedings were pending, brought by ENEA S.A. against Equiventus Capital S.A.R.L. for payment of damages in the amount of EUR 171,912.57 pursuant to Annex No. 1 dated 17 April 2012 to the preliminary contract of sale of all shares in Windfarm Polska Sp. z o.o. executed by the above mentioned parties on 25 November 2011, and for payment of the amount of EUR 8,556,735.25 pursuant to the preliminary contract of sale of all shares in Windfarm Polska Sp. z o. o., which is referred to above – Equiventus Capital S.A.R.L. was obliged to repay all the amounts payable by Windfarm Polska Sp. z o. o. to Vestas Poland Sp. z o. o. under civil works contracts. Both claims were referred to the Arbitration Tribunal in Paris and covered by joint proceedings. As at 31 December 2013, above mentioned proceedings remained in the preliminary phase.

39.4. Proceedings before Public Administration Bodies

As described more in detail in the financial statements for the year ended 31 December 2012 the President of the Energy Regulatory Office issued in 2009 a decision on ENEA's failure to comply with the obligation to purchased electricity produced in the energy cogenerated with heat system in the first half of 2007, imposing a fine of PLN 2,150 thousand on the Company. On 20 February 2013 the Court of Appeal dismissed the appeal of the President of the Energy Regulatory Office and upheld the sentence of the Regional Court in Warsaw – the Court of Competition and Consumer Protection from 6 March 2012, which repealed the decision of the President of the Energy Regulatory Office about imposing a fine of PLN 2,150 thousand on the Company. Furthermore, the Court ordered the reimbursement of the costs of the appeal in the amount of PLN 270 from the President of the Energy Regulatory Office to ENEA S.A. The verdict is valid. On 18 June 2013 the President of the Energy Regulatory Office filed cassation appeals against the sentence.

As described more in detail in the financial statements for the year ended 31 December 2012 the President of the Energy Regulatory Office issued in 2009 a decision on ENEA's failure to comply with the obligation to purchased electricity produced in the energy cogenerated with heat system in the first half of 2006, imposing a fine of PLN 7,594 thousand on the Company. On 4 January 2013 ENEA S.A. appealed against the judgment of 10 December 2012.

On 14 October 2013, the Court of Appeal in Warsaw announced a ruling on the above case. Pursuant to that ruling, the Decision of the President of Energy Regulatory Office of 27 November 2008 was amended so that the amount of the fine was decreased from PLN 7,594 thousand to PLN 3,600 thousand. The costs of the proceeding have been endured (neither party is required to pay the costs to the other party). On 24 October 2013 ENEA S.A. transferred the above mentioned amount to the National Fund for Environmental Protection and Water Management.

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

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

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

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

Court decisions related to these issues are important as they considerably affect the Company's strategy towards persons who lodged out-of-court claims related to devices located on their land in the past and the approach to the legal status of devices in case of new investments.

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

39.6. Court proceedings to establish the ineffectiveness of withdrawal from the contract with Infovide-Matrix S.A.

On 20 September 2013 ENEA SA withdrew from the contract for the construction and implementation of the Customer Service Information System including billing system and CRM system concluded on 18 September 2012 with Infovide-Matrix S.A. As a reason for withdrawal ENEA S.A. pointed to a breach of terms of contract by Infovide-Matrix S.A. On 25 October 2013 Infovide-Matrix SA filed a lawsuit to determine that the statement of ENEA SA dated 20 September 2013 on the withdrawal from the contract is ineffective, demanding the execution of the contract. The agreement amounted to PLN 59,781 thousand No dates of court hearings have been determined yet.

40. Employment at ENEA S.A.

The average number of employees at the Company in 2013 and 2012 was as follows:

	31.12.2013	31.12.2012
White-collar positions	401	388
Total	**401**	**388**

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

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

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

42. Bond issue programmes

42.1. Bond issue programme of ENEA S.A.

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

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

On 31 December 2013 and till the date of these separate financial statements, ENEA S.A. has not issued any bonds under the above Bonds Issue Programme. The Company plans to issue bonds in the first quarter 2014.

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

On 16 July 2013 ENEA S.A. (here as: Guarantor) concluded with ENEA Wytwarzanie S.A. (here as: Bond Issuer) and BRE Bank S.A. (Organiser, Issue Agent, Paying Agent and Depositary) an Agreement on the Bond Issue Programme for PLN 746 million. The bonds are denominated in polish zloty and the interest rate of the bonds is floating. The latest redemption date is set at 15 July 2015. The Programme Agreement anticipates a possibility of issuing bonds of maximum 4 series, the nominal value of each series will not be lower than PLN 100 milion.

As at 31 December 2013 the Company under the Bond Issue Programme ENEA S.A. purchased four series of bonds for a total amount of PLN 746 million.

On 17 January 2014 ENEA S.A. concluded with ENEA Wytwarzanie S.A. (Issuer) and mBank S.A. (formerly BRE S.A.) as Organiser, Issue Agent, Paying Agent and Depositary, Annex No 1 to Agreement on the Bond Issue Programme for PLN 746 million. The above mentioned Annex increased the amount of the Bond Issue Programme by PLN 190 million, that is to the amount of PLN 936 million.

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

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

On 20 June 2013 ENEA S.A. executed a Programme Agreement with ENEA Operator Sp. z o.o and Nordea Bank Polska S.A. (Bank – Issue Agent, Paying Agent and Depository). The Programme Agreement relates to

Bond Issue Programme up to the amount of PLN 1.425 bln (Agreement). The bond issue programme established by ENEA Operator Sp. z o.o. based on the Agreement (Programme) provides bond issue under the bond purchase referral to ENEA S.A.

The Programme was established for the period from the date of signing the Agreement till 18 October 2029 and the availability period expires on 18 October 2014 (Availability Period). The issued bonds will be unsecured.

The funds from the issue will be designated for financing of long-term investment plan (Programme) for the modernization and extension of power grids of ENEA Operator Sp. z o.o located in north - western Poland.

Bonds issued within the Bond Issue Programme are bonds in accordance with the Act on Bonds dated 29 June 1995 (Official Journal 2001, No. 120, item 1300 with amendmendts).

As a part of the Agreement, on 20 June 2013 ENEA S.A. and ENEA Operator Sp. z o.o. executed a Guarantee Agreement concerning the Programme, up to the amount of PLN 1.425 bln. Under the terms of the Guarantee Agreement ENEA S.A. is obliged to purchase bonds of initial offering, on the terms determined in the Guarantee Agreement and in the Programme. The obligation of ENEA S.A. to purchase bonds applies to the Availability Period.

The Guarantee Agreement is valid for the Programme period and expires on 18 October 2029 or till the day of the last bond redemption if on the last day of the Programme period all bonds are not purchased.

As at 31 December 2013 and till the date of these separate financial statements, under the Programme ENEA Opearator Sp. z o.o. issued first series bonds for a total amount of PLN 780 million. The bonds have been fully taken up by ENEA S.A.

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

43. Signing of a framework agreement on the exploration for and extraction of shale gas

On 4 July 2012 the Company signed a framework agreement on the exploration for and extraction of shale gas (the "Agreement").

The parties of the Agreement are ENEA S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG"), KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A. (hereafter jointly referred to as the "Parties").

The subject of cooperation of the Parties will be the exploration, evaluation and extraction of shale gas in geological formations for which concessions have been granted for the exploration and evaluation of deposits of crude oil and natural gas in relation to the Wejherowo concession granted to PGNiG.

Under the Wejherowo concession, the cooperation will cover the area of approximately 160 km^2 (Area of Cooperation). The agreement also provides for the preferences for the Parties to interaction in the remaining area of Wejherowo concession (except for situations when PGNiG explores, evaluates and extracts of shale gas individually and except for the area on which PGNiG has already begun the exploration near Opalino and Lubocino). Estimated expenditures on exploration, evaluation and extraction with respect to the first three zones (Kochanowo, Częstkowo and Tępcz pads) within the Area of Cooperation are projected to be in the amount of PLN 1.72 bln. In the third quarter of 2013 the Parties continued to work on the terms of agreement and to analyse the business and tax conditions of the cooperation.

On 31 December 2013 a framework agreement on the exploration for and extraction of shale gas signed on 4 July 2012 between ENEA S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG"), KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A., has expired.

44. The participation in the construction of the nuclear power plant programme

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

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

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

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

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

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

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

45. Signing of the Loan Agreement with European Investment Bank

On 18 October 2012 ENEA S.A. (Debtor) executed a Bank Loan Agreement (Agreement) with European Investment Bank (Bank) for the value of PLN 950 million or its equivalent in Euro currency. On 19 June 2013 ENEA S.A. (Debtor) executed a Financial Agreement B (Agreement) with European Investment Bank (Bank) for the value of PLN 475 million or its equivalent in Euro currency. Therefore the total amount of financing granted by the Bank over the last twelve months amounted to PLN 1.425 billion.

The funds from the issue will be designated for financing of long-term investment plan (Programme) for the modernization and extension of power grids of ENEA Operator Sp. z o.o located in north - western Poland. The total value of the Programme is estimated at approximately PLN 3,275.87 million.

The loan should be repaid after maximum of 15 year from the scheduled date of the loan payday. The loan availability period expires on 18 October 2014. The interest rate of the loan can be fixed or floating.

Additionally, on 19 June 2013 ENEA S.A. and ENEA Operator Sp. z o.o. signed an annex to the Agreement on the Programme realization dated 18 October 2012, which settled issues relating the rules of the Programme realization in part based on funds granted by the Bank. The annex updates the rules of the Programme realization due to the increase of the total level of funds granted by the Bank.

As at 31 December 2013 under the agreements with European Investment Bank for a total value of PLN 1.425 million ENEA S.A. received funds in the amount of PLN 780 million.

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

46. Subsequent events

On 13 January 2014 Vattenfall put on sale 82 395 573 shares of ENEA S.A., that represents 18.67% of the Company's share capital. On 22 January 2014 Vattenfall confirmed that on 15 January 2014 all shares were sold. At the same time Mr Torbjörn Wahlborg resigned from the position of the Member of Supervisory Board.

According to the ENEA Group Corporate Strategy, reorganization actions has been taken for ITSERWIS. A part of this company related to operation of a network of authorized points of sale of PLUS GSM will be sold. Other activities of ITSERWIS will be ceased. The next step will be a legal merger of ITSERWIS and ENEA Centrum Sp. z o.o. This process will be completed in the second half of 2014.