



Other information to the Enea SA extended consolidated report for Q1 2016

Poznań, 16 May 2016





1. Operating Summary

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In Q1 2016 Enea Group generated:

- **PLN 2,937 mln** - net sales revenue - growth by 20.0% yoy
- **PLN 668 mln EBITDA** - growth by 31.3% yoy
- **PLN 290 mln** net profit - growth by 9.4% yoy

In the reporting period, the highest EBITDA, PLN 305 mln, was realised on the segment of Distribution. This segment demonstrated also the highest growth in EBITDA - by PLN 32 mln - in relation to Q1 2015 (growth by 11.9%) The segment of Generation's EBITDA, after a growth by PLN 27 mln (15.4% yoy), amounted to PLN 204 mln. Adverse conditions on the electricity market affected the result of the segment of Trade which in Q1 2016 generated EBITDA totalling to PLN 18 mln. In relation to the acquisition of LW Bogdanka, Enea CG's operations in Q4 2015 were extended with the segment of Mining, which in January - March 2016 generated PLN 150 mln EBITDA.

<p>+</p> <ul style="list-style-type: none"> • Higher sale volumes of electricity in retail trading • Higher volumes of electricity sales in wholesale trading • Dynamic growth in gaseous fuel sales • Higher sales of heat energy • Higher sales of distribution services • Higher sale volumes of proprietary interests • Sales of coal as a result of the takeover of LW Bogdanka • Implementation of the Fixed Costs Optimisation Programme 	<p>-</p> <ul style="list-style-type: none"> • Lower average electricity selling price in retail trading • Lower average electricity selling prices in wholesale trading • Higher costs of employee benefits and costs of outsourced services in relation to the acquisition of LW Bogdanka • Higher costs of ecological obligations • Lower average price of proprietary interests • Higher costs of purchasing transmission services
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In Q1 2016 Enea CG spent PLN 381 billion on investments, which is by 36.2% less than in the same period of the previous year. The schedules of investment projects in Enea CG result in the fact that the majority of capital expenditures planned for 2016 will be incurred in H2 2016 - currently the realisation level of CAPEX planned for 2016 is ca. 11%.

Net debt/EBITDA ratio, as at the end of March 2016, did not change in relation to the end of December 2015 and amounted to 1.8.

During the first three months of 2016, the Group generated 3.4 TWh of electricity - growth by 13.1% yoy and 2.3 TJ of heat energy - growth by 3.0% yoy. During that period Enea increased the sales volumes of electricity and gaseous fuel to retail users by 562 GWh, which is 12.9% yoy. The sale of gaseous fuel to business customers increased significantly - a growth by 306 GWh from 114 GWh in Q1 2015.

Sales of distribution services grew considerably, by 81 GWh, i.e. 1.7% yoy, and reached the level of 4.7 TWh.



WE ARE OPTIMISING THE BUSINESS MODEL AND BUILDING POTENTIAL FOR THE GROUP'S SUSTAINABLE DEVELOPMENT

We focus on strengthening our competitive position - we are using the synergy effects within the Group's chain of values

The basic goal of Enea Group is further development and strengthening of the position on energy and fuel market. To achieve it we are implementing a range of initiatives which guarantee an optimum use of resources and potential of each business segment. We are operating on a difficult market, therefore the operating efficiency is so important for us. Since 2014, the Group has consistently implemented the cost reduction programme which foresees savings totalling to PLN 362 mln in 2016. We executed 24% of this year's plan in Q1. We have been continuously monitoring the changing regulatory environment. We want our operations to become part of the current economic policy in Poland. The Group's development variants analysed by us are however mostly subordinated to the economic calculation so that they guarantee return to our Shareholders. We count that in Q3 2016 we will be able to provide you with the results of our analyses in this area and verify the core strategic goals. Already today we anticipate that the final development scenario will also take into account the segment of mining incorporated under the Group in Q4 2015. A full integration of LW Bogdanka with Enea Group will improve the efficiency of the mine from Lublin and enable an optimum exploitation of synergies.

We are building the development potential via enhanced operating efficiency of the Group's operations

We wish Enea Group would become a strong and modern economic entity holding modernised generation assets and satisfying strict community requirements related to the environmental protection. We pursue a growth in efficiency in all the links of the chain of values. In Q1 2016, as a result of implementing the efficiency programme, we saved PLN 86 mln. We wish to maximally use the Group companies' potential to guarantee its long-term and sustainable development. We focus on the full business integration of LW Bogdanka with Enea, which will enable us to optimally use the synergy effects e.g. within the management process, support functions or common purchases. The core factor of all the business decisions we make is their profitability as regards the Group and being part of the national security policy.

Our priority is most modern, innovative and ecological solutions and we are thinking about new investments

In Q1 2016 the capital expenditures in the segment of generation totalled over PLN 135 mln. The plan for the whole 2016 foresees expenditures in this segment on the level of PLN 1.97 billion. Approximately 62% of this amount is expenditures connected with the core investment, a new unit in Koźnice Power Plant whose construction's advancement is 82%.

In March 2016 we successfully executed one of the most important stages of the project - the boiler's positive water test. In April we passed another important test - the pressure test of the boiler was successful. Unit No. 11 will become an important pillar of the Polish energy security. At the same time, it will be one of the most efficient objects of this type in the world. The remaining amount of CAPEX planned for 2016 will be allocated in the modernisation and replacement investments, and those connected with the environmental protection. We are proving that there is space in the power sector for modern, high-performance and low-emission conventional power plants, using the latest technologies which generate energy based on coal fuel, in an environmentally friendly way. Our investment plan comprises also renewable sources of energy. We are developing our own projects and analysing the market as regards potential acquisitions which will become part of our business model.

We guarantee the reliability of electricity supplies

Our investments are implemented to guarantee the reliability and security of electricity supply, based on the Polish fuel. The distribution network's reconstruction and development is equally important for us. We guarantee the reliability of electricity supplies to ca. 2.5 mln citizens of north-western Poland. The long-term programme of the grid modernisation and automation will shorten the duration and frequency of interruptions in electricity supplies, which is also extremely important in the context of the quality regulation in force since January 2016. In order to increase the efficiency of the grid assets management we are implementing the Grid Information System. We are also developing the concept of smart grids (AMI) which will improve the grid management processes, in particular those connected with the area of metering information. The investments planned for 2016 will consume ca. PLN 848 mln, of which PLN 175 mln was spent in Q1.

Our priority is to successively increase the level of Customer satisfaction

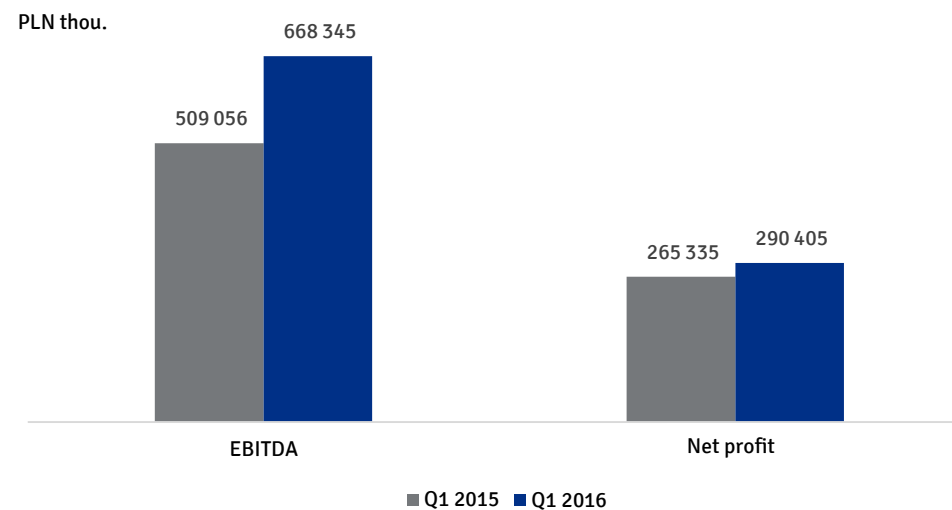
We want to build long-term relations with Customers. Therefore, we focus on possibly the best adaptation to their needs. We are regularly extending our product portfolio. We try to guarantee our Customers a comprehensive range of products and services based on electricity sales together with packages of additional benefits. We are developing modern communication channels. Since March, Enea's electronic Customer Service Centre has been available to all our Customers. We are optimising sales channels - we are planning to launch a dedicated e-commerce platform until the end of 2016. We are aware of changing Customer expectations - we are examining their needs and level of satisfaction from the products and services we provide. We wish the decisions we make in the area of sales would result in the growth of our Customers' satisfaction and enhancement of Enea's competitiveness.

Sincerely,

Mirosław Kowalik
President of the Management Board of Enea SA

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Net sales revenue	2 446 414	2 936 751	490 337	20.0%
Operating profit / (loss)	327 320	388 637	61 317	18.7%
Profit / (loss) before tax	329 252	366 965	37 713	11.5%
Net profit / (loss) for the reporting period	265 335	290 405	25 070	9.4%
EBITDA	509 056	668 345	159 289	31.3%
Net cash flows from:				
operating activities	188 724	395 232	206 508	109.4%
investing activities	-446 580	-573 393	-126 813	-28.4%
financing activities	980 963	60 967	-919 996	-93.8%
Balance of cash	1 410 423	1 704 900	294 477	20.9%
Weighted average number of shares [pcs.]	441 442 578	441 442 578	-	-
Net profit per share [PLN]	0.60	0.62	0.02	3.3%
Diluted profit per share [PLN]	0.60	0.62	0.02	3.3%

[PLN '000]	31 December 2015	31 March 2016	Change	Change %
Total assets	22 988 996	22 777 991	-211 005	-0.9%
Total liabilities	10 866 393	10 389 124	-477 269	-4.4%
Non-current liabilities	8 457 838	8 392 154	-65 684	-0.8%
Current liabilities	2 408 555	1 996 970	-411 585	-17.1%
Equity	12 122 603	12 388 867	266 264	2.2%
Share capital	588 018	588 018	-	-
Book value per share [PLN]	27.46	28.06	0.60	2.2%
Diluted book value per share [PLN]	27.46	28.06	0.60	2.2%



	unit	Q1 2015	Q1 2016	Change	Change %
Net sales revenue	PLN thou.	2 446 414	2 936 751	490 337	20.0%
EBITDA	PLN thou.	509 056	668 345	159 289	31.3%
EBIT	PLN thou.	327 320	388 637	61 317	18.7%
Net profit	PLN thou.	265 335	290 405	25 070	9.4%
Net cash flows from operating activities	PLN thou.	188 724	395 232	206 508	109.4%
CAPEX	PLN thou.	596 510	380 807	-215 703	-36.2%
Net debt / EBITDA ¹⁾	-	0.7	1.8	1.1	170.1%
Return on assets (ROA) ¹⁾	%	5.5%	5.1%	-0.4 p.p.	-
Return on equity (ROE) ¹⁾	%	8.6%	9.4%	0.8 p.p.	-
Trade					
Sales of electricity and gaseous fuel to retail customers	GWh	4 341	4 903	562	12.9%
Number of recipients (Power Delivery Points)	thou.	2 383	2 394	11	0.5%
Distribution					
Sales of distribution services to end users	GWh	4 646	4 727	81	1.7%
Number of customers (closing balance)	thou.	2 467	2 497	30	1.2%
Generation					
Total generation of electricity, including:	GWh	2 963	3 351	388	13.1%
<i>from conventional sources</i>	GWh	2 692	3 198	506	18.8%
<i>from renewable sources of energy</i>	GWh	271	153	-118	-43.5%
Gross generation of heat	TJ	2 214	2 280	66	3.0%
Sale of electricity, including:	GWh	3 910	4 275	365	9.3%
<i>from conventional sources</i>	GWh	3 639	4 122	483	13.3%
<i>from renewable sources of energy</i>	GWh	271	153	-118	-43.5%
Sales of heat	TJ	1 813	1 970	157	8.7%
Mining ²⁾					
Gross output	thou. of tonnes	2 974	3 733	759	25.5%
Net production	thou. of tonnes	1 990	2 335	345	17.3%
Preparatory works	m	5 212	6 441	1 229	23.6%

Q1 2016 / Q1 2015:

Growth in EBITDA by PLN 159 mln

Q1 2016:

- Consistent development of Enea CG: CAPEX totalling to PLN 381 mln with a value of net debt/EBITDA ratio on the level of 1.8
- Greater volumes of generated electricity by 388 GWh
- Greater volumes of generated heat energy by 66 TJ
- Higher sales of electricity and gaseous fuel to retail customers by 562 MWh
- Extension of operations with the segment of Mining



1) Ratio definitions are to be found on page 74

2) The data for Q1 2015 is only informative. Enea took over LW Bogdanka in Q4 2015 and has consolidated its results since 1 November 2015.

Changes in Enea's authorities

On 7 January 2016 Mr. Wiesław Kowalik became the President of the Board of Enea, and Mr. Wiesław Piosik the Vice-President of the Management Board for Corporate Affairs, who in relation to the nomination into the Management Board resigned from the membership in the Supervisory Board. On the same day, the following people ceased to hold their functions: Dalida Gepfert, Vice-President of the Management Board for Financial Affairs and Grzegorz Kinelski, Vice-President of the Management Board for Commercial Affairs. The duties of the Vice-President for Commercial Affairs were temporarily taken by the Member of the Supervisory Board, Sławomir Brzeziński. On 15 January the following people were recalled from the composition of the Supervisory Board: Sandra Malinowska, Tomasz Gołębiowski and Radosław Winiarski, and the following people were nominated into it: Piotr Kossak, Rafał Bargiel, Roman Stryjski and Piotr Mirkowski. On 21 January the Supervisory Board nominated, as of 15 February, Mr. Mikołaj Franzkowiak to the position of the Vice-President of the Management Board for Financial Affairs and Mr. Piotr Adamczak to the position of the Vice-President of the Management Board for Commercial Affairs. On the same day Sławomir Brzeziński ceased to perform the duties of the Vice-President of the Management Board for Commercial Affairs.

Changes in the Management Boards of Enea's subsidiaries

• Enea Wytwarzanie

Wacław Bilnicki became a new President of the company which is responsible for the production of energy and heat in Enea Group. The other new Members of Enea Wytwarzanie's Management Board are: Grzegorz Kotte – Vice-President for Technical Affairs, Elżbieta Piwoński – Vice-President for Corporate Affairs, Stefan Pacyński – Vice-President for Development Strategy and Dariusz Skiba – Vice-President for Economic and Financial Affairs. The sixth Member of the Board remains, selected by the team, the Vice-President for HR Affairs, Grzegorz Mierzejewski. The new Management Board commenced their work on 14 March. As of 13 March, the so far Members of the Board of Enea Wytwarzanie were recalled: Krzysztof Sadowski, Piotr Andrusiewicz, Grzegorz Staniewski and Michał Prażyński.

• LW Bogdanka

Krzysztof Szlaga became a new President of LW Bogdanka. The other new Members of the company's Management Board are: Stanisław Misterek – Vice-President of the Management Board for Economic and Commercial Affairs and Adam Partyka – Vice-President of the Management Board for HR and Social Affairs. The new Management Board commenced their work on 1 April. As of 31 March, the so far Members of the Board of the mining company were recalled: Zbigniew Stopa, Waldemar Bernaciak, Piotr Janicki and Jakub Stęchły.

• Enea Operator

Two new Members were nominated into the Management Board of Enea Operator as of 1 April. Wojciech Drożdż became the Vice-President for Economic and Financial Affairs, and Dariusz Szymczak the Vice-President for Distribution Service. Marek Lelątko retired from the Management Board.

The President of Enea Operator is still Michał Jarczyński, and the Vice-President: Marek Szymankiewicz. Jakub Kamyk holds the position of a Vice-President elected by Employees, who was re-elected to this position.

Enea Wytwarzanie invests in new technologies

In Q1 2016 one of the most important stages of the new 1,075 MW_e power unit construction was completed. A water test of the boiler was successfully performed. In April, however, the boiler underwent a positive pressure test. Enea Wytwarzanie's unit No. 11 will be the most modern generating unit based on bituminous coal in Poland and Europe.

A modern control station of Traffic Engineers on Duty was launched in Kozienice Power Plant. The room is the heart of the power plant, from which the electricity production may be managed. New posts are equipped with the most modern appliances, which enhances the safety and facilitates the work.

In care for the natural environment chemical and research laboratories belonging to Enea Wytwarzanie were equipped with the most modern control and metering devices of renowned companies. Soon, STARLIMS system which serves for the safe collection, archiving and browsing of data will be implemented there as well. It will be the first implementation of this type in the Polish power sector.

eCSC available for all Enea's Customers

In Q1 2016, the process of implementing a modern electronic system of the Customer Service Centre was completed. The solution is both for households and companies as well. Due to eCSC Enea's Customers may e.g. check the status of invoices, pay the bills and contact the company on any matter.

Bogdanka further integrates with Enea Group

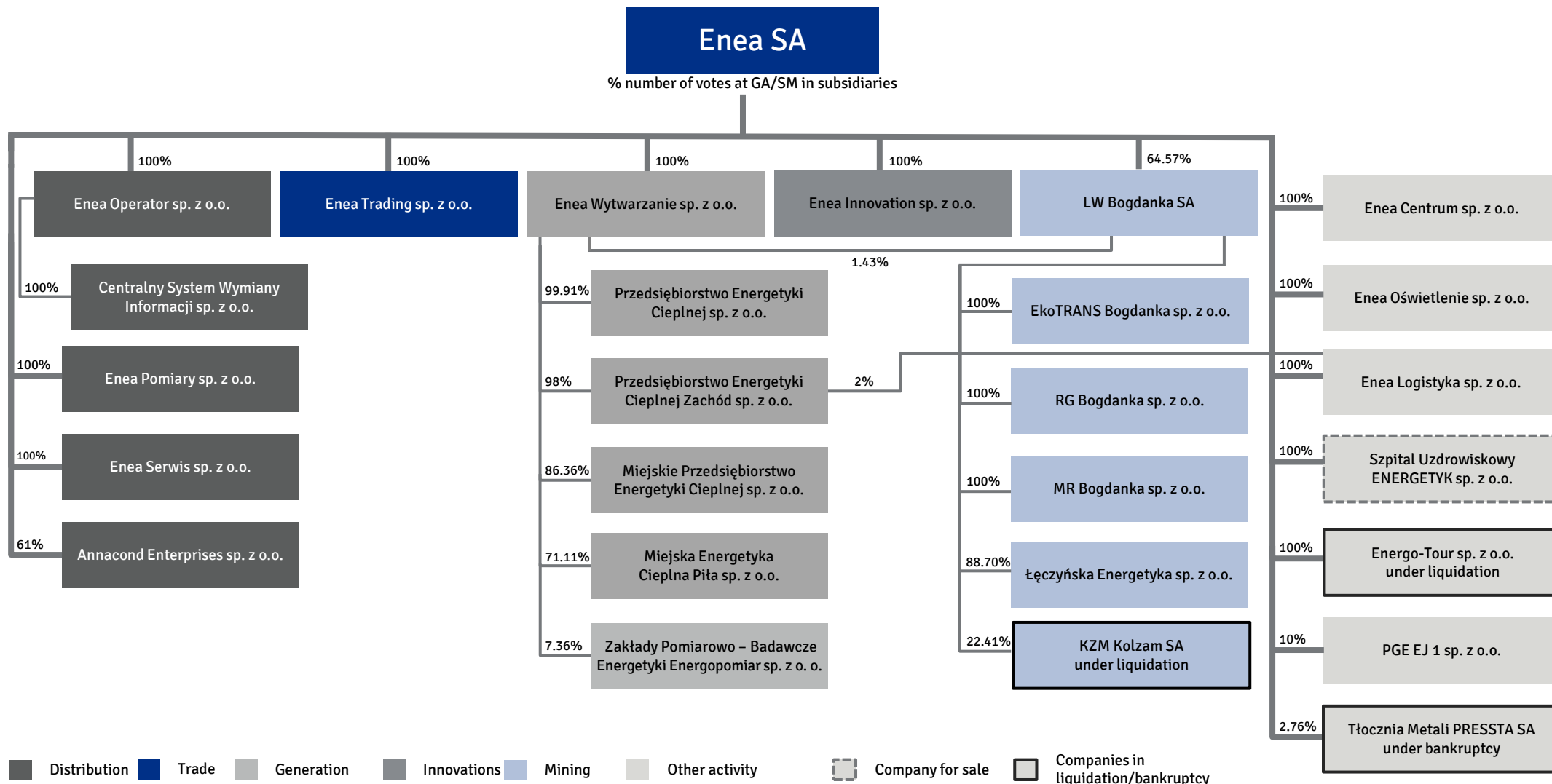
Enea continues the process of integration of LW Bogdanka with the Group commenced last year. The course of the integration process is evolutionary from the moment Enea became a strategic investor in the mine from Lublin.

After the reporting period, on 12 April, an Extraordinary General Meeting of Shareholders of LW Bogdanka was held during which decisions were made on amendments to the statute of this company adapting the document to the standards of Enea Group and enabling an easier and closer cooperation.





2. Enea Group's organisation and operations



As at 31 March 2016 the Group comprised the parent company Enea SA and 13 direct subsidiaries. All the direct subsidiaries are subject to consolidation.

5 leading entities operate within Enea Group, i.e. Enea SA (trade in electricity), Enea Operator sp. z o.o. (distribution of electricity) and Enea Wytwarzanie sp. z o.o. (generation and sales of electrical and heat energy), Enea Trading sp. z o.o. (wholesale trade in electricity) and LW Bogdanka SA (coal mining). The other entities render supplementary services towards the aforementioned companies. The Group's structure includes also minority interests in entities held by Enea SA's subsidiaries, i.e. in particular Enea Wytwarzanie sp. z o.o. and LW Bogdanka SA.

Asset restructuring

After performing, in previous years, key organisational changes in Q1 2016 Enea Group, apart from the initiatives related to the planned changes, did not conduct any significant activities within assets restructuring. Pursuant to Enea Group's Corporate Strategy for 2014-2020 which foresees concentration on the core operations, the conducted activities aim at guaranteeing the functioning of relevant organisational structures and processes enabling the further development of Enea Group.

Equity investments

Segment	Date	Company	Event
Other activity	11 March 2016	Enea Centrum	Raising the share capital of the Company by PLN 502,500 and subscription for all new shares in the amount of 5,025 by Enea SA which paid for them in whole with a contribution in kind being SAP Business Objects Planning and Consolidation (SAP BPC) constituting an element of fixed assets of Enea SA. On 11 March 2016, KRS (National Court Register) entered the raised share capital to the register.

Equity disinvestments

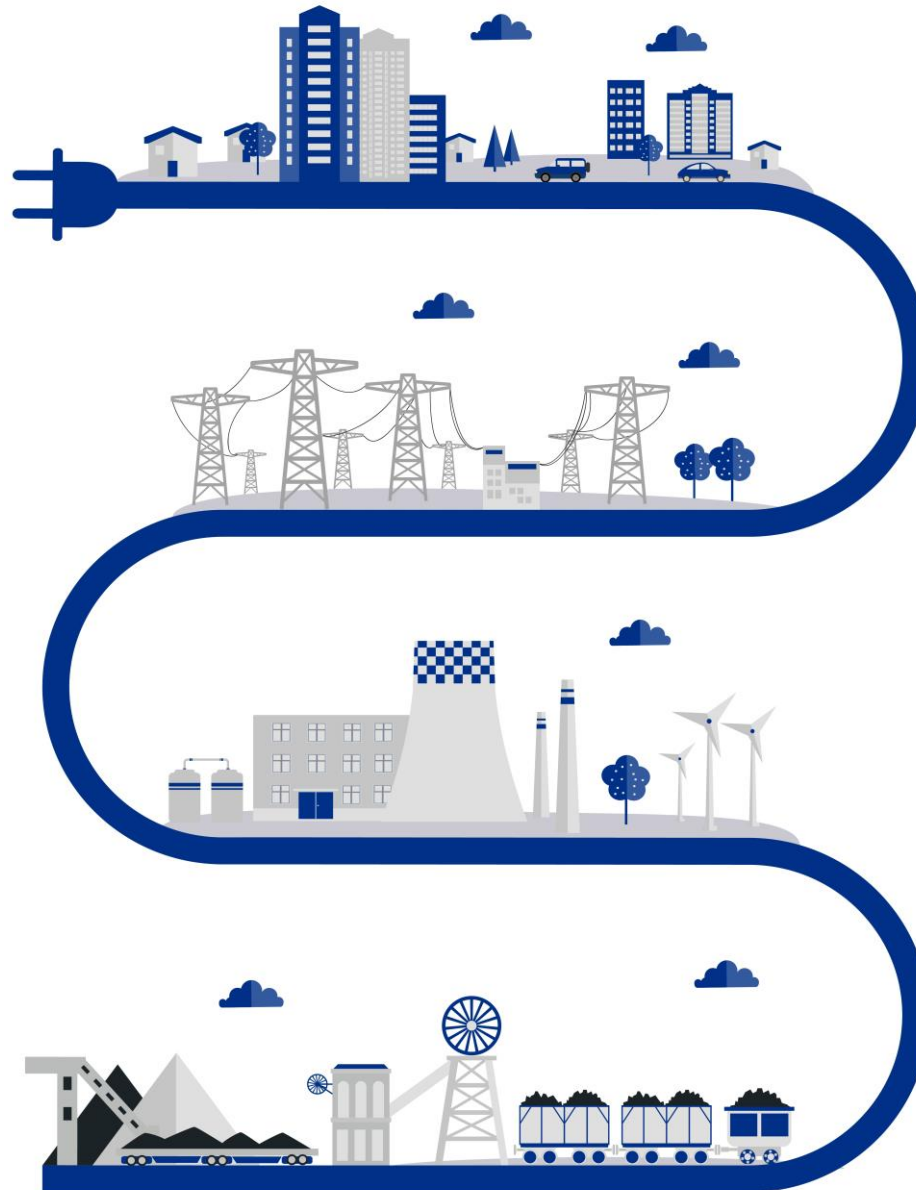
In Q1 2016 no significant activities were performed as regards equity disinvestments.

Changes in the Group's organisation

In Q1 2016 Enea Group continued activities focused on the implementation of the Group's Corporate Strategy.

Segment	Company	Event
Other activity	Szpital Uzdrowiskowy ENERGETYK	Sales process





DISTRIBUTION

- Supplies of electricity
- Planning and guaranteeing the extension of the distribution network
- Exploitation, maintenance and renovations of the distribution network
- Metering data management

MINING

- Production of bituminous coal
- Sale of bituminous coal
- Securing the base of resources for the Group

TRADE

Retail sales:

- Trade in electricity and gaseous fuel on the retail market
- Range of products and services adjusted to Customer needs
- Comprehensive Customer Service

Wholesale trading:



- Electricity and gaseous fuel wholesale contract portfolio optimisation
- Operations on product markets
- Guaranteeing access to wholesale markets

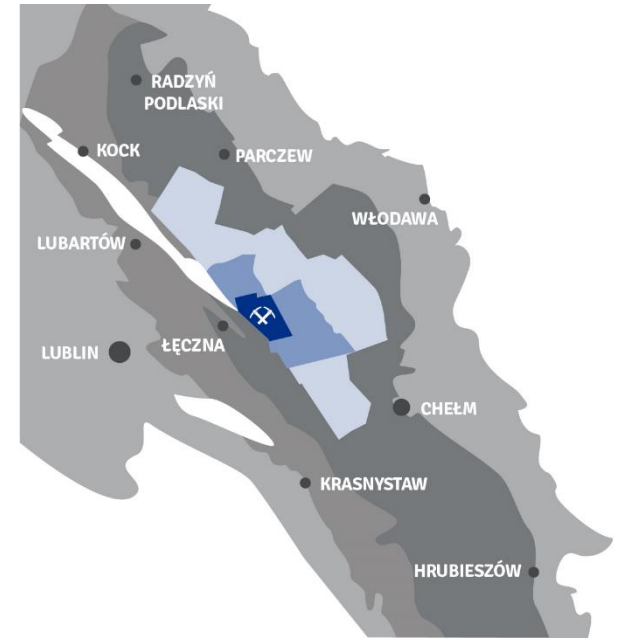
GENERATION







- Generation of electricity based on bituminous coal, biomass, gas, wind, water and biogas
- Heat generation
- Heat transmission and distribution
- Trade in electricity

Mining



 Distribution network of Enea Operator
 Lubelskie Zagłębie Węglowe



-  Area of occurrence of carbon deposits without perspective resources of bituminous coal
-  Unverified deposits (forecast cat. D2)
-  Unverified deposits (forecast cat. D1)
-  Deposit cat. C2
-  Deposits perspective for LW Bogdanka (deposit cat. C2)
-  Deposits being currently used by LW Bogdanka

Mining

LW Bogdanka is one of the leaders on the market of bituminous coal producers in Poland, outstanding in the sector as regards the financial results generated, efficiency of bituminous coal mining and investment plans providing for the availability of new resources. The hard fuel coal sold by the Company is used mainly for the generation of electricity, heat energy and cement production. The Company's customers in majority include industrial companies, mainly entities conducting business activity in the power sector located in the eastern and north-eastern Poland.

Enea took over LW Bogdanka in Q4 2015 and has consolidated its results since 1 November 2015. The table below is only informative and presents the key data of the segment of Mining in Q1 2015 and 2016.

Description of products	Q1 2015	Q1 2016	Change	Change %
Gross output ['000 tonnes]	2 974	3 733	759	25.5%
Net production ['000 tonnes]	1 990	2 335	345	17.3%
Sale of coal ['000 tonnes]	1 946	2 184	238	12.2%
Closing stocks ['000 tonnes]	350 ¹⁾	380	30	8.6%
Length of performed excavations [km]	5.2	6.4	1.2	23.1%
Yield [%]	66.9%	62.6%	-4.3 p.p.	-

1) The level of stock presented as at 31 March 2015 includes the coal deposit (33 thou. tonnes) realised for one of coal recipients. The deposit was fully accounted for by the Parent (supplied to recipients) until the end of 2015.

Key competitive advantages of LW Bogdanka

- One of the largest producers of fuel coal in Poland
- The most modern bituminous coal mine in Poland
- LW Bogdanka, despite a low quality of fine coals, has one of the highest levels of profitability, generates the lowest unit costs, selling concurrently at prices close to marginal producers in Poland
- The only mine localised in south-east Poland (location rent) LW Bogdanka's geographical location gives a competitive advantage within supplies to several power plants, including Koźienice Power Plant
- The nature of LW Bogdanka's deposits enables high efficiency of mining
- Availability of new resources - the Company applies for new licences within the area of K-6, 7, Ostrów and Orzechów



Generation



-  Kozienice Power Plant
-  Białystok Heat and Power Plant, MEC Piła, PEC Oborniki, PEC Zachód, MPEC Białystok
-  Wind farms: Bardy, Darżyno, Baczyna
-  21 hydropower plants
-  Biogas power plants: Gorześlów, Liszkowo
-  Distribution network of Enea Operator

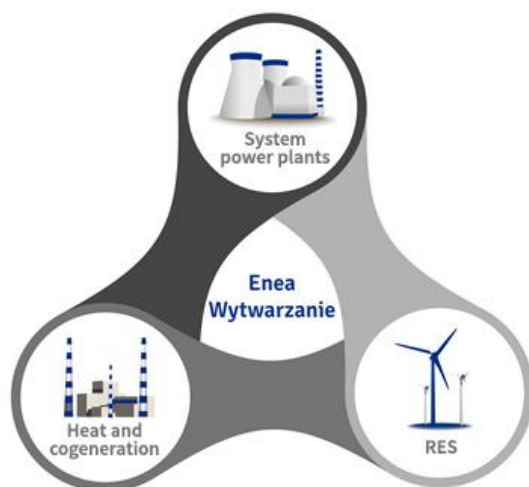
Generation

Enea Group's generating assets

Item	Installed electrical capacity [MW _e]	Attainable electrical capacity [MW _e]	Installed heating capacity [MW _e]
Kozienice Power Plant	2 960.0	2 919.0	105.0
Białystok Heat and Power Plant ¹⁾	203.5	156.6	383.7
Wind Farms: Bardy, Darżyno and Baczyzna ²⁾	70.1	70.1	-
Liszkowo and Gorzestaw Biogas Power Plants	3.8	3.8	3.1
Hydropower plants	60.4	57.6	-
MEC Piła	10.0	10.0	151.3
PEC Oborniki	-	-	30.5
MPEC Białystok	-	-	185.0
TOTAL	3 307.8	3 217.1	858.6

1) Expiry of a permit for K4 boiler operation on 31 December 2015

2) Baczyzna Wind Farm capacity was included - Enea Wytwarzanie is pending the licence extension (obtained in April 2016)



Item	Q1 2015	Q1 2016	Change	Change %
Total generation of electricity (net) [GWh], including:	2 963	3 351	388	13.1%
Net production from conventional sources [GWh], including:	2 692	3 198	506	18.8%
Enea Wytwarzanie – segment of System Power Plants (excluding biomass co-combustion)	2 584	3 045	461	17.8%
Enea Wytwarzanie - segment of Heat (Białystok Heat and Power Plant excluding biomass co-combustion)	93	136	43	46.2%
MEC Piła	15	17	2	13.3%
Production from renewable energy sources [GWh], including:	271	153	-118	-43.5%
Co-combustion of biomass	103	-	-103	-100.0%
Combustion of biomass	82	73	-9	-11.0%
Enea Wytwarzanie - segment of RES (hydroelectric plants)	37	32	-5	-13.5%
Enea Wytwarzanie - segment of RES (wind farms)	45	45	-	-
Enea Wytwarzanie - segment of RES (biogas plants)	4	3	-1	-25.0%
Heat production [TJ]	2 214	2 280	66	3.0%

Purchase of energy by Enea Wytwarzanie on the wholesale market

In Q1 2016 the volume-related electricity purchases in the segment of System Power Plants amounted to 654 GWh. The purchases were made for the needs of energy trading activities. Additionally, 271 GWh of energy was purchased within the Balancing Market.

In the segment of Heat the purchase volume in Q1 2016 amounted to 2.2 GWh - acquisition on the Balancing Market is 1.5 GWh, purchase in the trade of 0.7 GWh.

Energy trading (sales=purchases), as a rule, is performed within market possibilities guaranteeing achievement of the anticipated financial result and in order to limit the failure consequences.

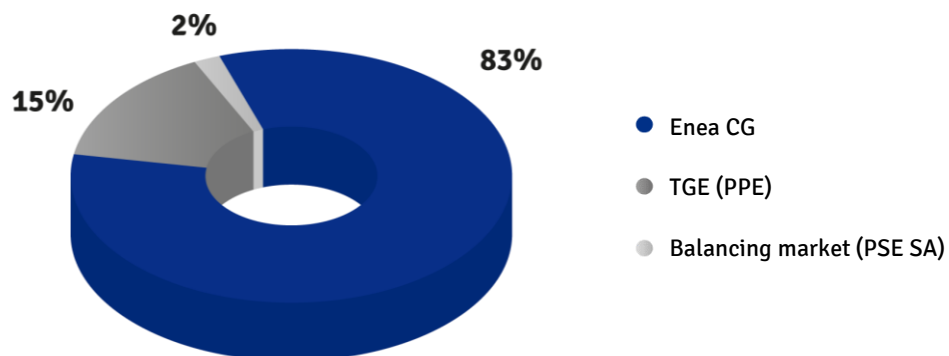
Purchase of electricity as part of Q1 2016 trade related mainly to the segment of System Power Plants and constituted 70% of the whole energy purchases. Purchase of electricity within the Balancing Market accounted for 30%. Purchases within the trade in the segment of Heat stemmed from activities reducing the costs of generating units' failures and lack of available power vs. concluded contracts.

Generation

Sales volumes of electricity in Enea Wytwarzanie in Q1 2016 amounted to 4,239.2 GWh. Sales were performed by particular segments depending on the statutory obligations and concluded agreements.

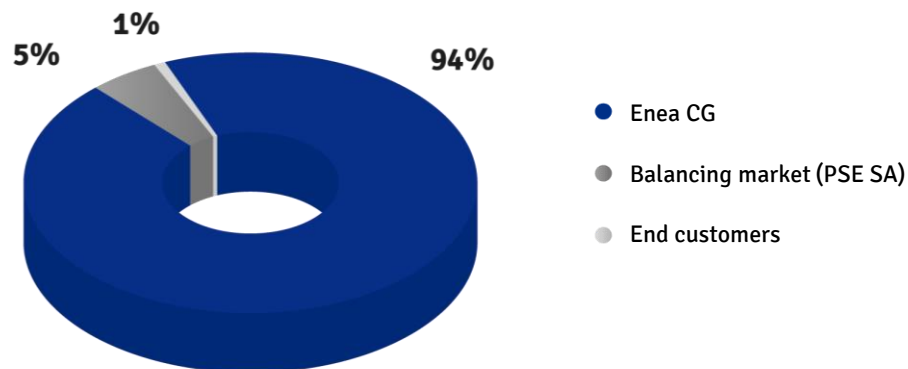
Sales of electricity as a part of the segment of System Power Plants in Q1 2016

Sales of electricity within the segment of System Power Plants in Q1 2016 amounted to 3,948.4 GWh. In that period, Enea Wytwarzanie had a statutory duty to sell 15% of generated electricity on the commodity exchange.



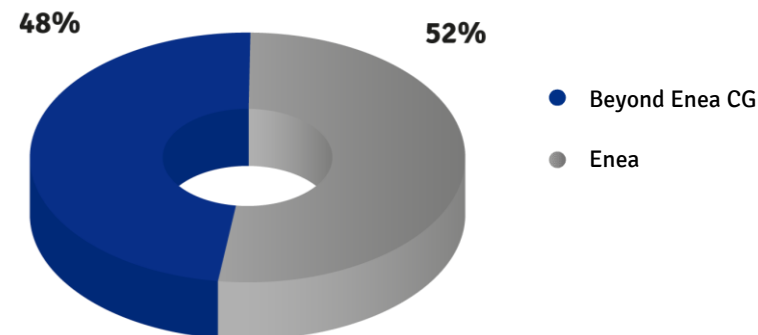
Sales of electricity as part of the segment of Heat in Q1 2016

In the segment of Heat sales of electricity in Q1 2016 amounted to 211.4 GWh.



Sales of electricity as part of the segment of RES in Q1 2016

In the segment of RES sales of electricity in Q1 2016 amounted to 79.4 GWh (beyond Enea CG - 38.2 GWh, and to Enea - 41.2 GWh).



Supply of coal

Fuel type	Q1 2015		Q1 2016		Change	
	Volume ['000 tonnes]	Costs ¹⁾ [PLN mln]	Volume ['000 tonnes]	Costs ¹⁾ [PLN mln]	Volume	Costs ¹⁾
Bituminous coal	1 636	361	1 376	290	-15.9%	-19.7%
Biomass	193	55	122	23	-36.8%	-58.2%
Fuel oil (heavy) ²⁾	2	2	2	1	0.0%	-50.0%
Gas ['000 m ³] ³⁾	4 543	7	4 743	6	4.4%	-14.3%
TOTAL		425		320		

1) Including transport
 2) Light-up fuel in Koziencie Power Plant
 3) Used for the production of electricity and heat energy in MEC Piła and heat energy in PEC Oborniki

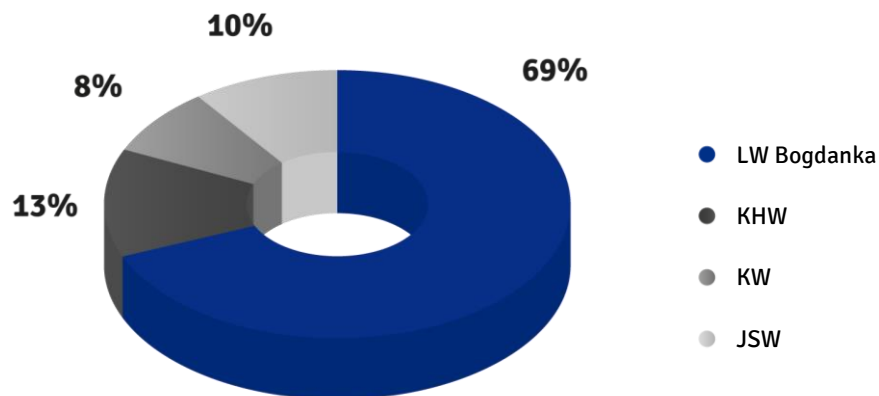
Generation

Enea Wytwarzanie – segment of System Power Plants:

The basic fuel used to produce electricity is bituminous coal (fuel dust). In Q1 2016, the main supplier of coal to Enea Wytwarzanie was LW Bogdanka SA (ca. 69% of coal supplies). Additionally, supplies were performed by Katowicki Holding Węglowy SA (ca. 13% of supplies), Jastrzębska Spółka Węglowa SA (ca. 10%) and Kompania Węglowa SA (ca. 8%).

Enea Wytwarzanie - segment of System Power Plants did not perform biomass co-firing in Q1 2016.

Coal suppliers to Enea Wytwarzanie in Q1 2016



Enea Wytwarzanie - segment of Heat:

The basic fuel used in Enea Wytwarzanie - segment of Heat (Białystok Heat and Power Plant) is biomass, mainly as wood chips, energetic willow chips and sunflower husk pellets.

In Q1 2016, the volume of supplied biomass amounted to over 122,471.32 tonnes, and the deliveries were performed by 12 entities. Around 37% of biomass was delivered to the area of Enea Wytwarzanie - segment of Heat, using a rail transport.

In Q1 2016, supplies of coal to Enea Wytwarzanie - segment of Heat were performed by: Kompania Węglowa SA (ca. 10%), Katowicki Holding Węglowy SA (ca. 38% dostaw), Jastrzębska Spółka Węglowa SA (ca. 52%).

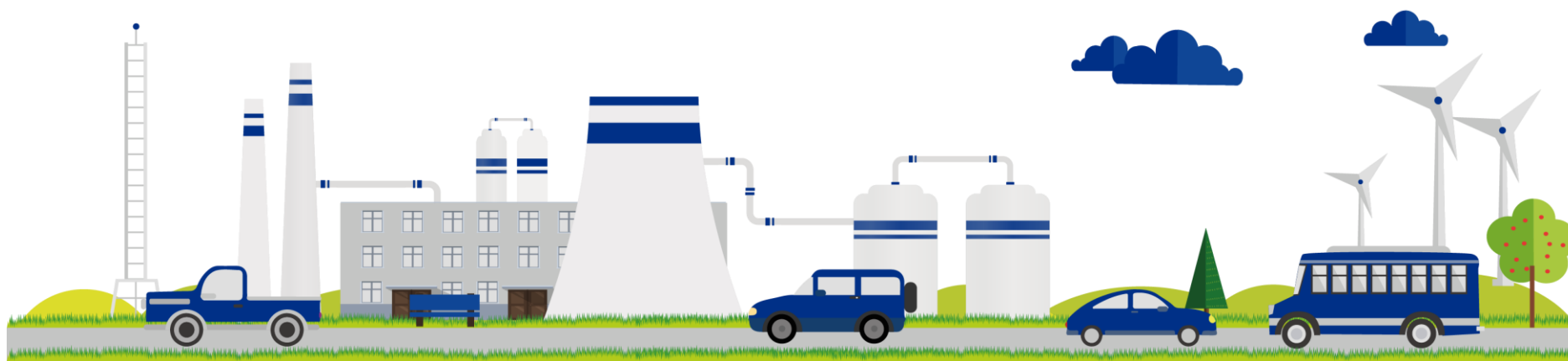
Coal Transport

Enea Wytwarzanie – segment of System Power Plants:

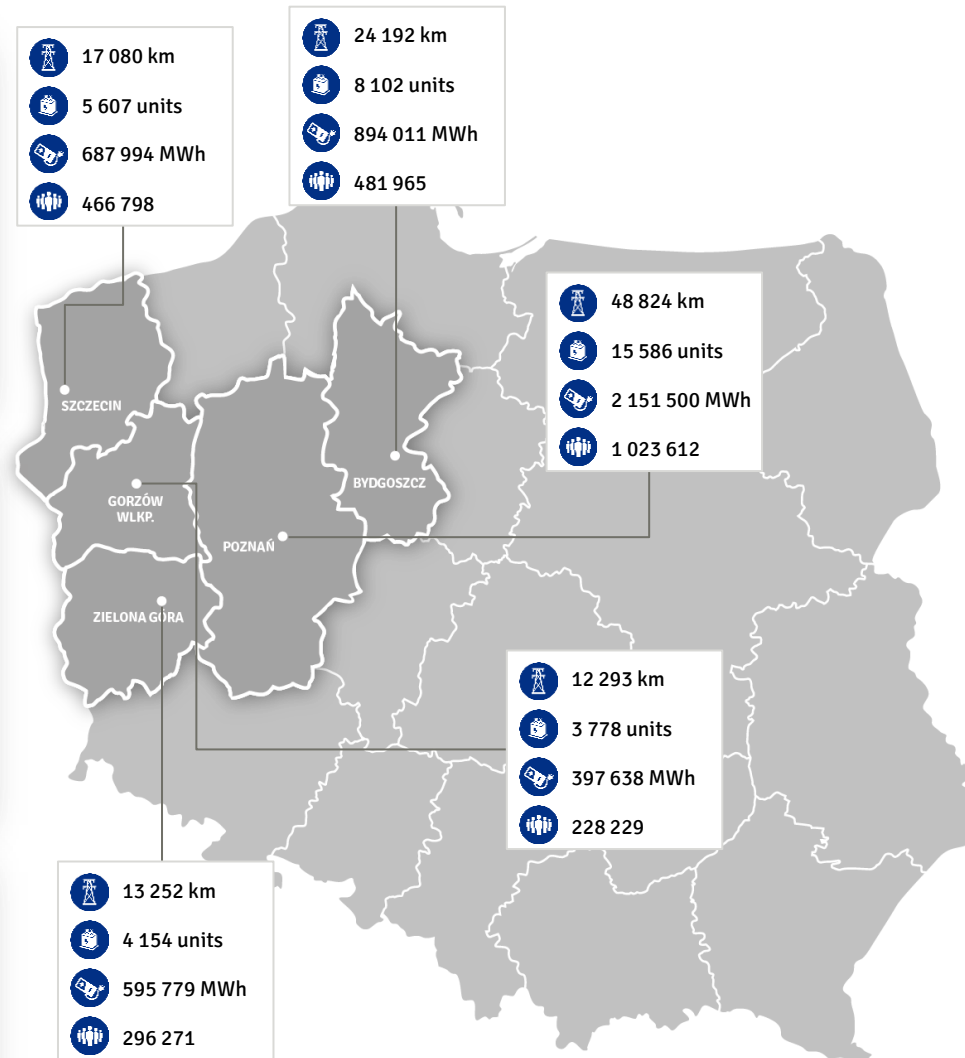
The only means of transport used to deliver bituminous coal to the segment of System Power Plants in Q1 2016 was a rail transport. PKP Cargo forwarder realised 100% of supplies.

Enea Wytwarzanie - segment of Heat:

Supplies of coal to Enea Wytwarzanie - segment of Heat in Q1 2016 were realised by rail transport by PKP Cargo SA (ca. 66%) and Freightliner PL sp. z o.o. (ca. 34%).



Distribution



- Distribution area of Enea Operator
- Length of power lines
- Transformer stations
- Quantity of supplied energy ¹⁾
- Number of Customers

¹⁾ The data relate to Q1 2016

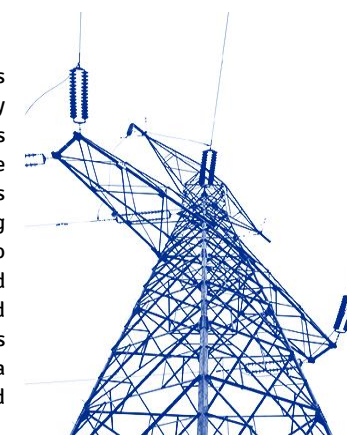
Distribution

Item	Q1 2015	Q1 2016	Change	Change %
<i>Pursuant to the Regulation of the Minister of Economy dated 4 May 2007 regarding detailed conditions of power system operation (HV, MV, LV)</i>				
SAIDI planned interruptions	22.28	16.77	-5.51	-24.7%
SAIDI unplanned interruptions including catastrophic ones	101.47	30.47	-71.00	-70.0%
SAIFI planned interruptions	0.11	0.08	-0.03	-27.3%
SAIFI unplanned interruptions including catastrophic ones	1.41	0.70	-0.71	-50.4%
<i>Pursuant to the methodology adopted by the President of ERO for the needs of the quality tariff (HV, MV)</i>				
SAIDI planned interruptions	17.90	13.25	-4.65	-26.0%
SAIDI unplanned interruptions including catastrophic ones	89.52	25.77	-63.75	-71.2%
SAIFI planned interruptions	0.09	0.07	-0.02	-22.2%
SAIFI unplanned interruptions including catastrophic ones	1.35	0.67	-0.68	-50.4%
RAB [PLN '000]	6 910 924	7 252 486	341 562	4.9%
Grid losses index	7.09%	7.20%	0.11 p.p.	-
Length of lines [thou. km]	114.64	115.64	1.00	0.9%
Number of power stations [thou. of pieces]	36.88	37,28	0.40	1.1%
Number of connections [thou. of pieces]	837.24	850.33	13.09	1.6%
Length of connections [thou. km]	18.97	19.21	0.24	1.3%

Performing the duties of an operator of the distribution system:

- we are extending and modernising our power grid, increasing the energy security in north-western Poland
- we are maintaining the capacity of our equipment, installations and grids to guarantee uninterrupted and reliable supplies of energy, satisfying the quality requirements in force
- we guarantee energy distribution services to all the customers based on an equal treatment
- we apply objective and transparent principles guaranteeing equal treatment of distribution system users
- developing and maintaining our power grid we observe the environmental protection requirements
- we introduce IT and organisational solutions improving our power grid management
- we pursue improvement of ratios which depict the level of our Customer service: SAIDI and SAIFI describing the duration and frequency of interruptions in energy supply and time of performing connections to the power grid

In 2016 a significant improvement is being observed of ratios depicting the length and frequency of interruptions in energy supplies (SAIDI and SAIFI). They relate both to interruptions resulting from failures (unplanned SAIDI and SAIFI) and those resulting from operations of an enterprise within planned works (planned SAIDI and SAIFI). Planned interruptions are being shortened mainly as a result of improving the solutions relating to the work organisation. The improvement within unplanned interruptions stems mainly from the performed investment and exploitation operations, and also good atmospheric conditions (in the same period of 2015 two catastrophic weather phenomena occurred - Felix and Nicholas hurricanes which resulted in a significant deterioration of reliability indices).



Trade



31 modern Customer Service Centres

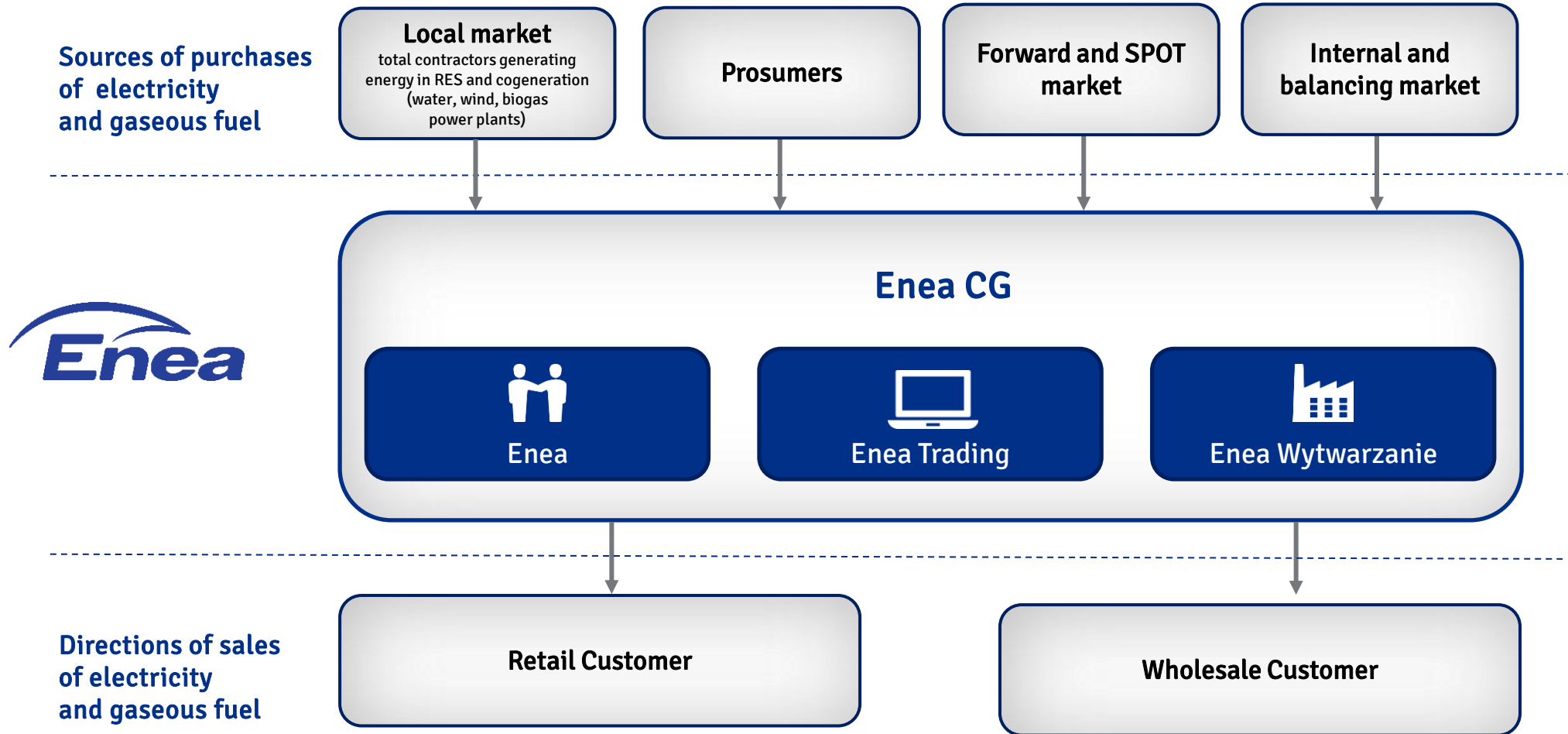


- Customer Service Centre
- Distribution network of Enea Operator



Trade

The diagram below presents the operating dependencies between Enea Group companies and business partners and Customers in the segment of Trade:

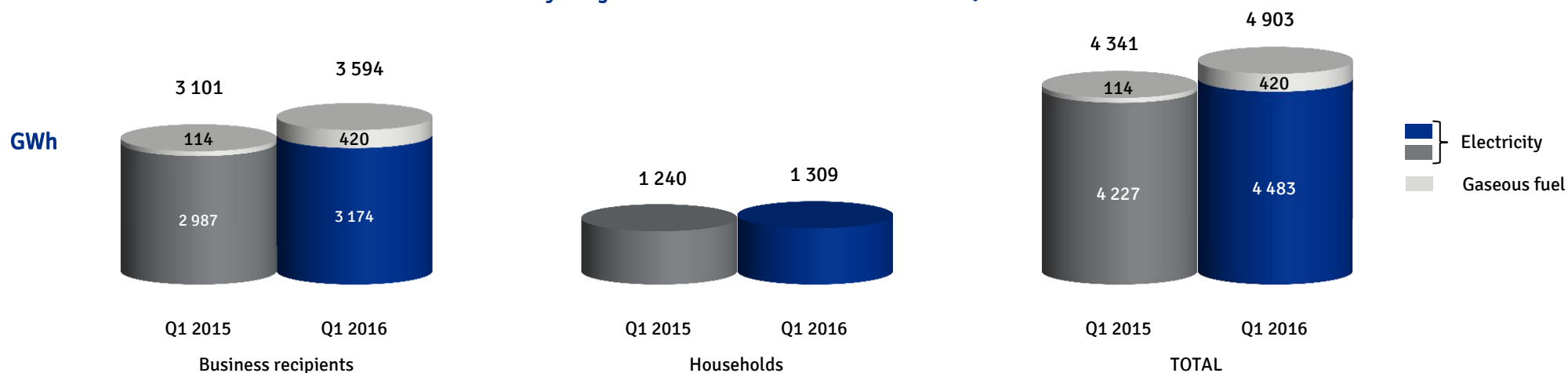


Trade

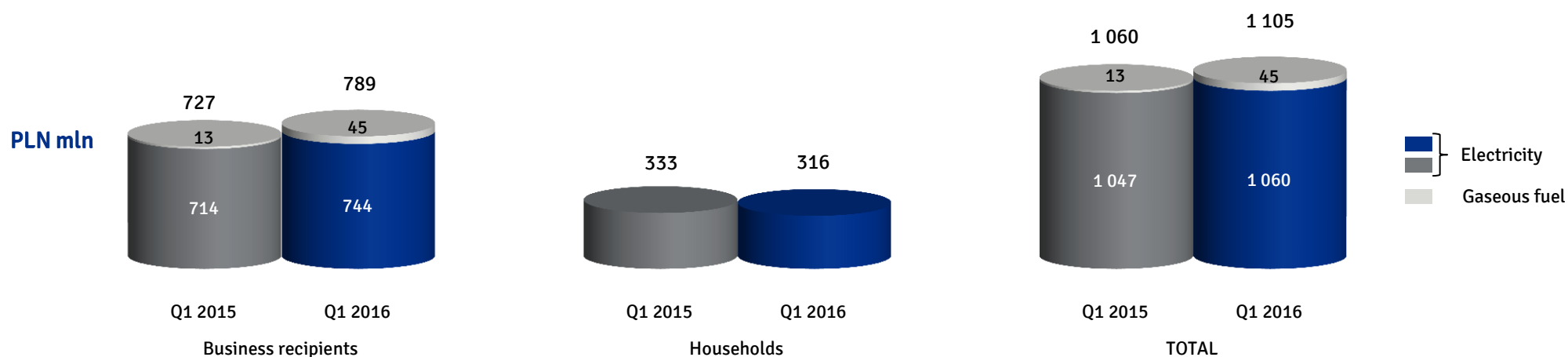
Sales of electricity and gaseous fuel to retail users are performed mainly by Enea SA. In Q1 2016, as compared to Q1 2015, there was a growth in the volumes of electricity and gaseous fuel sold to retail users by 562 GWh, i.e. by ca. 13%. The growth occurred both in the segment of business recipients (by ca. 16%) and in the segment of households (by ca. 6%). A growth in the volume of sales in the business segment stemmed in particular from a significant increase in sales of gaseous fuel (by 306 GWh) and translated into a growth in revenue from sales in this segment by PLN 62 mln, i.e. ca. 9%, including revenue from sale of gaseous fuel by PLN 32 mln. In the segment of households a growth in the volumes of sales did not translate into a growth in sales revenue - revenue lower by PLN 17 mln is the consequence of reducing electricity prices in the Tariff for households for 2016 approved by the President of ERO.

Total revenue from sales of electricity and gaseous fuel to retail users of Enea SA in Q1 2016 grew in relation to the same period of the previous year by PLN 45 mln, i.e. by ca. 4%.

Sales of electricity and gaseous fuel to retail users of Enea SA in Q1 2015 and 2016



Revenue from sales of electricity and gaseous fuel to retail users of Enea SA in Q1 2015 and 2016



Corporate Strategy of Enea Group for 2014-2020

Mission	Enhancing the Group's value through building Customer confidence
Vision	Fully integrated energy group building its competitive advantage through flexible responding to market needs and efficient resources management

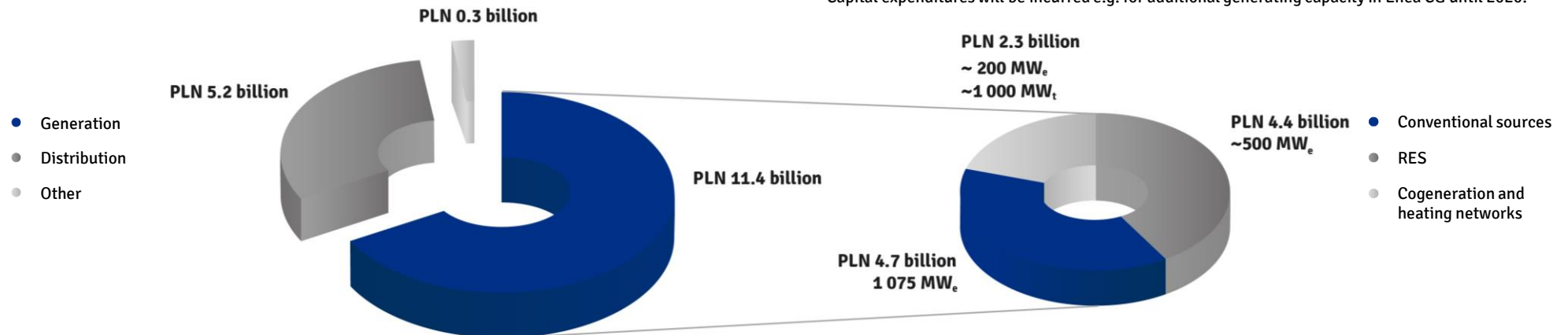


Taking into account the key results of the strategic analyses the final scenario of Enea CG's development was defined. Enea CG's superior idea of operations is building value for shareholders and guaranteeing the reliability of energy supplies to customers:

- Concentration of operations on the power market
- Growth in all the links of the energy chain of value in order to build a strong long-term position of Enea CG on the market
- Group's development supported by acquisitions within the emerging market opportunities
- Guaranteeing the Group's full operating integration and continuous undertaking of activities for the enhancement of the efficiency of its functioning and ensuring an optimum level of competence
- Group's further development in particular links of the chain of value supported by implementing new solutions

In 2015-2020 the Group plans to implement investments in the total amount of ca. PLN 17 billion, which will be covered from own funds and obtained debt financing. Taking into account the capital expenditures incurred in 2014 totalling to ca. PLN 2.8 billion, the total CAPEX for 2014-2020 perspective practically remains on the same level: ca. PLN 20 billion.

Capital expenditures will be incurred e.g. for additional generating capacity in Enea CG until 2020.

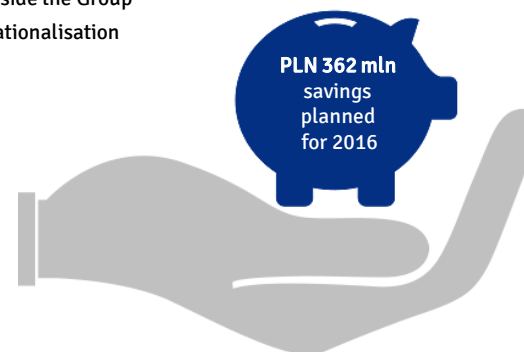


Efficiency improvement programme

Segment savings [PLN mln]	Q1 2016	2016
Generation	32	154
Distribution	47	175
Mining	6	29
Other	1	4
TOTAL	86	362

Initiatives implemented in Q1 2016:

- Business process optimisation
- Using the resources inside the Group
- Outsourced services rationalisation



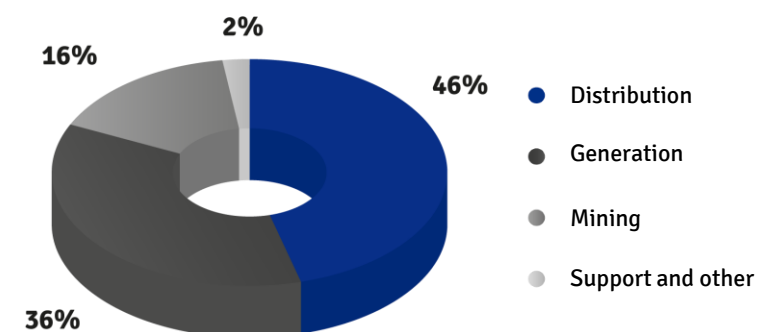
Initiatives planned for 2016:

- Better efficiency
- Greater use of resources within the Group for cost optimisation
- Non-core liquidation
- Competence synergy

Capital expenditures in Q1 2016

Capital expenditures [PLN mln]	Q1 2015	Q1 2016	Change %	2016 Plan
Generation	507.0	135.4	-73.3%	1 969.5
<i>Unit 11</i>	454.0	47.1	-89.6%	1 211.8
<i>RES</i>	2.4	4.2	75.0%	312.9
Distribution	82.8	174.9	111.2%	847.7
Mining	-	60.8	100%	437.9
Support and other	6.7	9.7	44.8%	155.1
TOTAL	596.5	380.8	-36.2%	3 410.2

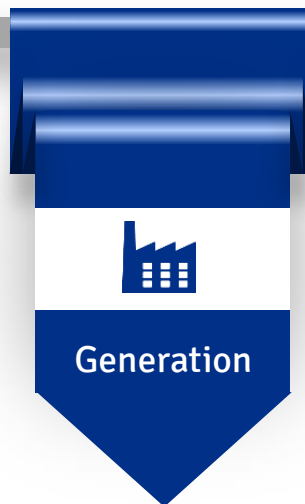
Capital expenditures in Q1 2016



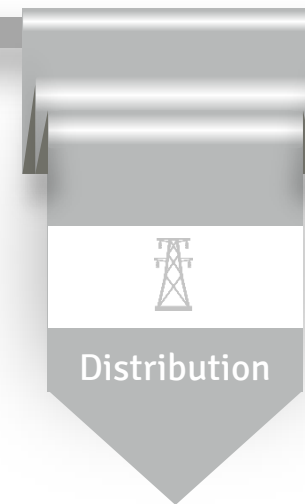
Investments implemented in Q1 2016



- Obtaining new licences:
 - preparation of a complete environmental report for “Ostrów” area
 - signing of an annex to the agreement for mining use and agreement for the execution of exploratory drilling in “Ostrów” deposit
 - commencement of the drilling works for OS-4 hole
- maintenance of the machine park - purchase and assembly of machinery and equipment
- Other development and replacement investments:
 - execution of 6.4 km of new excavations
 - central conditioning of Bogdanka field - continuation of works (equipping the underground part, it is planned to fill the system with ammonia)
 - extension of the plant for mining waste neutralisation in Bogdanka
 - continuation of the power grids extension and modernisation of elements of the switching station and 110/6 kV station



- Successive stages of the construction of a supercritical bituminous coal fired 1,075 MW_e power unit
- Commissioning of 14.1 MW Baczyna wind farm and continuation of the project of max. 10 MW extension of Bardy wind farm
- Unit No. 1 - obtaining the operating permit and commissioning of the installation of the catalytic denitrogenation of flue gases (SCR)
- Continuation of the SCR installation for units No. 4-8 and 1-2
- Construction of flue gas desulphurisation plant on K7 and K8 boilers
- Commencement of the modernisation of cooling water intake - stabilising checkdam on the Vistula River
- Commencement of the SCR installation and modernisation of electrostatic precipitators for units No. 9 and 10 as part of the 2 x 500 MW units modernisation programme



- Completion of the realisation of a range of investments on medium and high voltage related to the extension, automation and modernisation of the unit and power grids, including:
 - Pakość-Żnin 110 kV line modernisation
 - construction of Chocicza switching station
 - Stęszew-Kościan 110 kV line modernisation
- Continuation of improving the connections of Customers to the power grid
- Continuation of the development of information tools supporting the grid management

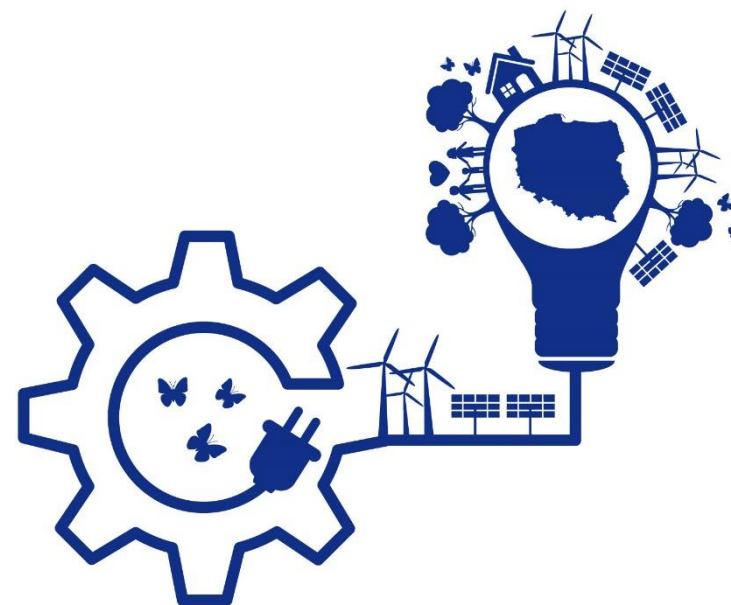
Investments planned until the end of 2016 within the currently held assets

Mining

Development investments	Obtaining new licences: <ul style="list-style-type: none"> • continuation of the process of applying for a licence as regards K-6, K-7 and “Ostrów” and “Orzechów” areas • commencement of exploratory works in “Orzechów” Maintaining the machine park: <ul style="list-style-type: none"> • purchase and assembly of new machines and equipment • modernisation and renovations of machinery and equipment
Operating investments	New excavations and modernisation of the existing ones: <ul style="list-style-type: none"> • performance of excavations, mainly wall roadways, face lines and other technological and access excavations, enabling exploitation of walls in 385/2, 391 and 389 deposits • reconstruction of mining excavations
Other investments	Other development and replacement investments: <ul style="list-style-type: none"> • central air-conditioning of Bogdanka field - continuation of underground works • extension of the plant for mining waste neutralisation in Bogdanka • continuation of the power grids expansion

Generation

Segment of System Power Plants	New	<ul style="list-style-type: none"> • Modernisation of units No. 4 and 5
Segment of Heat	Continuation	<ul style="list-style-type: none"> • Construction of power unit No. 11 (completion in 2017) • IOS IV Flue Gas Desulphurisation Plant - within flue gas channels • Installation of flue gases denitrification - SCR for units No. 4-8 and 1-2 (completion in 2017) • Installation of flue gases denitrification - SCR for units No. 9-10 (completion in 2018) • Construction of industrial waste and rainwater treatment • Modernisation of cooling water intake - stabilising checkdam on the Vistula River (completion in 2017) • Modernisation of the slag and ash depot - modernisation of field 5
Segment of RES		<ul style="list-style-type: none"> • Construction of flue gas desulphurisation plant on K7 and K8 boilers (completion in 2017) • Completion of 14.1 MW Baczyna wind farm construction Extension of Enea Wytwarzanie’s licence with a new source • Acquisition of 100% of shares in the special purpose vehicle Eco – Power sp. z o.o. (36 MW Skoczyny wind farm) – negotiations with the Seller are in progress • Bardy II wind farm project (max. 10 MW) - on 16 February 2016 the Environmental Decision issued on 12 January 2016 was contested. The decision on the project implementation will depend on the final shape of the RES act amendment and the proceeded draft act origin on investments in wind farms • Searching for new investment and acquisition projects within the realisation of the strategy of increasing the capacity installed in RES



Distribution

New	<ul style="list-style-type: none"> • Construction of GPZ Choszczno II • Construction of GPZ Śmitowo • Reconstruction of GPZ Pniewy • Reconstruction of GPZ Niemierzyn • Reconstruction of GPZ Tanowska • Reconstruction of GPZ Załom • Reconstruction of GPZ Stargard Wschód
Continuation	<ul style="list-style-type: none"> • continuation of the programme of smart grid solutions development (AMI) within the application test of smart meters and installation of balancing meters • Continuation of a programme enhancing grid reliability • Continuation of the Network Information System project • Construction and modernisation of a range of grid infrastructure elements, such as HV, MV and LV lines and transformer stations

Status of works on the key investment projects

Investment	Project status	CAPEX Q1 2016 [PLN mln]	Total CAPEX [PLN mln]	Work progress (%)	Anticipated date of completion
Construction of a 1,075 MW power unit No. 11	<p>In Q1 2016 the following works were completed on the construction site:</p> <ul style="list-style-type: none"> Construction works within the construction of walls and roof of the electrostatic precipitator switching station Mounting of raw water pumps in pumping station Assembly of the coal sifting and separation facility's steel structure Assembly of feeding water pipelines in the boiler room <ul style="list-style-type: none"> Assembly of boiler hopper with bands Mechanical assembly of heating, ventilation and air-conditioning installation (HVAC) in Electrical Devices Building Assembly of FDs Assembly of 110kV/400kV power evacuation lines Boiler pressure test was performed 	47.0	5 922.0	82%	2017
IOS IV flue gas desulphurisation plant	On 23 March 2016 the General Executor reported the completion of the 2nd stage of the realisation - the acceptance procedure is being in progress. On 22 March 2016 the Acceptance Committee signed the final acceptance certificate pursuant to which the takeover was performed and flue gas channels and auxiliary ventilators were commissioned as at the date of execution by the Client of the Takeover Certificate which is planned for May 2016.	1.6	288.3	99%	2016
Modernisation of unit No. 4	Organisation and preparation of particular tender procedures relating to the works connected with the modernisation of unit No. 4 are in progress.	1.1	31.8	15%	2017
Modernisation of unit No. 5	Modernisation works of unit No. 5 are in progress Continuation of assembly works and completing of deliveries. On 23 April 2016 "The boiler's internal run" was performed which was positive.	30.2	87.9	60%	2016
Construction of industrial waste and rainwater treatment	Ground levelling, disassembly works and construction and finishing works are in progress. The installation is in adjustment operation.	5.1	29.4	90%	2016
Installation of flue gases denitrification - SCR for units No. 1 and 2	SCR installation on unit No. 2 was commissioned. A successful completion of the adjustment operation and test run of SCR installation on unit No. 1. A decision on operating permit was obtained for SCR installation on unit No. 1 and the installation was commissioned.	5.8	97.9	98%	2016
Modernisation of unit No. 9 as a part of 2 x 500 MW modernisation programme	In 2017 the modernisation of unit No. 9 is planned. Currently, the material scopes and tender documents are being prepared relating to the works connected with the modernisation.	0	90.0	1%	2017
Modernisation of cooling water intake - stabilising checkdam on the Vistula River	The project is at the stage of preparation for realisation. The environmental decision is pending.	0.1	32.0	2%	2017
Installation of the catalytic denitrogenation of flue gases and modernisation of electrostatic precipitators for AP - 1650 boilers of units No. 9 and 10 as a part of the 2 x 500 MW modernisation programme	The tender was announced for the selection of a General Contractor who will realise the SCR installation on units No. 9 and 10 and replacement of the electrostatic precipitator on unit No. 9 and modernisation of the electrostatic precipitator on Unit No. 10.	0.7	321.9	12%	2018
Installation of flue gases denitrification - SCR for units No. 4-8	Completion of the SCR installation of flue gases denitrification on units No. 6 and 7 and the common part for SCR installation for units No. 4-8. Some works were also performed relating to the SCR installation on unit No. 8. Currently, SCR installation on units No. 4 and 5 is being performed.	17.0	203.7	76%	2017
Installation of flue gases denitrification - SNCR for unit No. 3	A study is being prepared titled "Adaptation of Enea Wytwarzanie to BAT conclusions requirements" based on which e.g. the decision on the necessity to install the SNCR flue gases denitrification plant on unit No. 3 will be made.	0	42.6	1%	2017
Construction of flue gas desulphurisation plant on K7 and K8 boilers	An agreement was concluded with the National Fund of Environmental Protection and Water Management for the co-financing of the investment as a loan. On 2 February 2016 the Contract Engineer was appointed. On 28 April 2016 the permit for the construction of IOS K7 and K8 became final.	8.1	105.5	16%	2017
Modernisation of unit No. 10 as a part of 2 x 500 MW modernisation programme	In 2018 the modernisation of unit No. 10 is planned. Currently, the material scopes and tender documents are being prepared relating to the works connected with the modernisation of unit No. 10.	0	88.1	1%	2018

In 2017 Enea Group will commission the most modern power unit in Poland and Europe

Works completed in Q1 2016

- Assembly of the boiler house's main structure
- Assembly of the machine room's housing
- Assembly of a stator and rotor of the generator
- Assembly of cooling water pumps
- Assembly of start-up boilers
- Assembly of unit, tap and reserve transformers
- Assembly of electrostatic precipitator's supporting structure
- Reinforced concrete structures of ash tanks
- Reinforced concrete structure of gypsum store



Works planned until the end of 2016

- Connecting the voltage of 110 kV and 400 kV
- Assembly of the pressure system - water test of the boiler
- Rinsing - etching of the boiler
- Start-up of the starting boiler house
- Start-up of a boiler on oil
- Assembly of stacker-reclaimers
- Assembly of coal pulverizers
- Electrostatic precipitator assembly
- Assembly of the gypsum warehouse equipment
- Assembly of the evaporating tower equipment

A new 1075 MW_e unit in Kozenice Power Plant

- The largest in Europe power unit fired with bituminous coal
- Completely independent unit, possessing its own infrastructure
- New unit means a 1/3 increase in the Kozenice Power Plant's capacity
- Unit No. 11 will allow to eliminate deficits of energy on the market
- High efficiency of energy generation
- High availability and low failure rate of the new unit
- The unit satisfies the conditions of the environmental protection



82%



of the progress of the new unit's construction

Activities implemented in Q1 2016

Activities to be realised until the end of 2016

Area of Retail Sales

- Launching a promotional campaign for mass Customers
- Activities promoting the offer on sponsored events
- Extending the product portfolio for households with a new offer titled ENERGY+ Expert
- Growth in gaseous fuel sales

- Optimisation of sales channels, including the start-up of e-commerce platform
- Development and optimisation of the product range
- Continuation of marketing campaigns for mass Customers
- Activation of promotional activities on sponsored events
- Development of analytical and operating systems supporting sales

Area of Customer Service

- Extension of new www.enea.pl website with new functions and inclusion of Enea Trading subservice into the main service
- Completion of a migration process of Customer data to the central billing system - CCSS-T, CCSS-D
- Launching an Electronic Customer Service Centre for all Customers
- Termination of the proceeding for the selection of a mass printout provider (reducing print costs)
- Opening a modernised monumental office building with a Customer Service Centre in the centre of Szczecin
- Establishment of mini competence centres in the Support Department on the whole area

- Launching new services for all Enea CG Companies on Enea Group's on-line service
- Optimisation of CSC, visualisation of selected CSCs
- Further development of Contact Centre, commencing a cooperation with an external partner
- Acquisition and implementation of a new contact centre platform
- Large competence centres - development of a concept of functioning of Customer service and settlement support areas and preparation of the implementation plan

Area of Wholesale Trade

- Signing of a cooperation agreement with Polish Trading Point
- Development and approval of "Model of managing the portfolio of proprietary interest resulting from certificates of origin for energy from RES in Enea Group" depicting the strategy of management and trade in proprietary interest resulting from the certificates of origin for electricity generated in renewable energy sources for the needs of Enea Group companies.
- Development of the methodology of assessing and estimating the risk of electricity price increases and decreases during the offer-making period and securing the offer on the wholesale market assigning the estimated likelihood of price changes

- Improvement of competences and development of trading strategies on the German wholesale market (EPEX, EEX)
- Integration of TT trade supporting systems (LuxTrade, MidOSS and MidOSS-RISK applications)
- Development and implementation of a model of long-term price paths for products listed on wholesale markets
- Improvement of tools and methods of portfolio management and securing the position within the full chain of added value in the field of trading in electricity, derivative products and natural gas
- Development of trading systems and their integration with systems used in Enea CG
- Development of a comprehensive strategy of securing the portfolio of RES proprietary interests for Enea CG

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- PROGRAM RABATOWY: Pakiet zniżek, upolnoważenie na usługi i towary oferowane przez Partnerów Programu
- USŁUGI CONCIERGE: Specjalny serwis informacyjno-organizacyjny

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1. Wejdź na energiaplus.pl

2. Wybierz pakiet ENERGIJA+

3. Zamów i gotowe!

Financing sources of the investment programme

Enea SA finances the investment programme using financial surpluses from the conducted business operations and external debt. Enea Group realises the investment financing model in which Enea SA obtains external funding and distributes it to its subsidiaries. Enea SA's further actions will concentrate on guaranteeing the appropriate level of diversification of external financing sources for investments planned in Enea Group Strategy in order to optimise the amount of costs and dates of debt repayment.



Programme Agreement on the bond issue programme up to the amount of PLN 3 billion

Enea SA holds the programme agreement relating to the bond issue programme up to the amount of PLN 3 billion with banks operating as Underwriters, i.e.: PKO BP SA, Bank Pekao SA, BZ WBK SA and Bank Handlowy w Warszawie SA. The financing is not hedged on Enea Group's assets. The funds obtained from the programme are allocated to the realisation of investment projects in Enea Group, including e.g. for the construction of the 1,075 MW_e gross supercritical bituminous coal fired power unit, which is being constructed as a part of Enea Wytwarzanie's operations. As at 31 March 2016 the value of the bonds issued within the aforementioned Programme totalled to PLN 1,201 mln.



Rate of utilisation of the financing source



Programme Agreement on the bond issue programme up to the amount of PLN 5 billion

On 30 June 2014, Enea SA concluded a programme agreement relating to the bond issue programme up to the amount of PLN 5 billion with five banks acting as dealers: ING Bank Śląski SA, PKO BP SA, Bank Pekao SA and mBank SA. As a part of the Programme Enea may issue bonds with the maturity of up to 10 years, and Bank dealers have the duty of care when offering the sale of bonds to market investors. As at 31 March 2016 the value of the bonds issued within the aforementioned Programme totalled to PLN 1,500 mln.



Rate of utilisation of the financing source



The Programme Agreements on the bond issue programme guaranteed by BGK

On 15 May 2014, Enea SA concluded a programme agreement relating to the bond issue programme up to the amount of PLN 1 billion guaranteed by Bank Gospodarstwa Krajowego. The financing is not hedged on Enea Group's assets. The funds from that programme are allocated e.g. to the realisation of the investments by Enea SA and its subsidiaries.

Enea SA issued bonds in the said Programme of the total value of the Programme being PLN 1 billion. The bond redemption period is maximally 12.5 years from the date of their issue. The interest is based on floating WIBOR rate increased with the margin.

On 3 December 2015, Enea SA concluded another programme agreement relating to the bond issue programme up to the amount of PLN 700 million guaranteed by Bank Gospodarstwa Krajowego. The funds from that programme are allocated e.g. to the realisation of the investments and financing the current operations of Enea SA and its subsidiaries. As at 31 March 2016 Enea SA did not issue bonds within the aforementioned Programme.



Rate of utilisation of the financing source



Investment loans granted by the European Investment Bank

On 18 October 2012, Enea SA concluded a financial agreement with the European Investment Bank (EIB) based on which the Company was granted a loan in the amount of PLN 950 mln or its equivalent in EUR (tranche "A"). On 19 June 2013, another loan agreement (tranche "B") was concluded with EIB for the amount of PLN 475 mln. The funds in the total amount of PLN 1,425 mln obtained from the loan are designated for the financing of a multiannual investment plan regarding the modernisation and extension of the power grids of Enea Operator. The loan repayment period is up to 15 years from the planned disbursement of the facility.

Within "A" and "B" tranches, Enea SA drew funds from the loan in full, i.e. in the amount of PLN 1,425 mln in 4 separate amounts paid out from September 2013 to July 2015. The currency of the disbursed loan is Polish zloty, floating rate, based on WIBOR rate for 6-month deposits, increased with the Bank's margin. In the case of one disbursement the interest was based on the flat interest rate.

On 29 May 2015 another loan agreement was concluded based on which EIB provided the Company with new financing in the amount of PLN 946 mln or its equivalent in EUR (tranche "C"). The funds obtained from the loan will be designated for the financing of a multiannual investment plan in order to modernise and extend the power infrastructure of Enea Operator. The financing is not hedged on Enea Group's assets. The interest rate is floating based on WIBOR rate for 6-month deposits increased with the Bank's margin. The tranches will be paid in instalments, and the final repayment will be made in June 2030. In January 2016 the loan tranche was disbursed in the amount of PLN 100 mln. As at 31 March 2016, the amount of the used loan within tranche "C" was PLN 200 mln.



Rate of utilisation of the financing source



LW Bogdanka investment programme financing sources - programme agreements relating to the issue of LW Bogdanka SA's bonds

LW Bogdanka SA holds two bond issue programmes up to the total amount of PLN 900 mln. Within the first Programme Agreement concluded with Bank Pekao SA LW Bogdanka SA issued bonds of the total value of PLN 300 mln. The redemption date is in 2018. The interest rate of the bonds is based on WIBOR 3M rate increased with the fixed margin. The other Programme Agreement was concluded on 30 June 2014 with Bank Pekao SA and Bank Gospodarstwa Krajowego up to the total amount of PLN 600 mln, which is divided into 2 tranches, PLN 300 mln each. As at 31 March 2016 the bonds were issued of the total amount of PLN 400 mln with the redemption date on 30 June 2016. The issue programme foresees that LW Bogdanka SA has the right to issue subsequent bond series within a given tranche to refinance the previous issue of a given tranche (roll-out), which justifies the long-term nature of the Bond Issue Programme. The term of the Programme Agreement expires on: for Tranche 1 - 31 December 2019, for Tranche 2 - 31 December 2020. The interest rate of bonds is based on WIBOR 3M rate increased with the fixed margin.



Rate of utilisation of the financing source

Enea SA's further actions will concentrate on guaranteeing the appropriate level of diversification of external financing sources for investments planned in Enea Group Strategy in order to optimise the amount of costs and dates of debt repayment.

Issue of Enea SA's securities in 2016

Enea SA has not issued any securities in 2016. The nominal debt for the bonds issued by Enea SA as at 31 March 2016 totalled to PLN 3,701 mln.

Granted sureties and guarantees

During Q1 2016, Enea Group companies did not issue any guarantees or sureties, the total value of which would constitute at least 10% of Enea SA's equity.

As at 31 March 2016 the total value of corporate sureties and guarantees granted by Enea SA for hedging the liabilities of Enea Group companies amounted to PLN 213,954.6 thou., and the total value of bank guarantees issued on request of Enea SA and being the security for the liabilities of Enea Group companies for the account of external entities amounted to PLN 26,086.8 thou.

Transactions hedging the interest rate risk in Q1 2016

Implementing the Interest Rate Risk Management Policy Enea SA concluded transactions in the period of three months of 2016 which hedge the interest rate risk (Interest Rate Swap) for the total equivalence of the debt in the amount of PLN 440 mln. The concluded transactions hedge the level of settlements and payments resulting from the debt through the change of floating interest streams into fixed ones.

Agreements of significance to Enea Group operations

During Q1 2016, and until the preparation of this report, Enea Group companies did not conclude any significant agreements, i.e. agreements exceeding 10% of Enea's equity.

Transactions with related parties

During January - March 2016 Enea and its subsidiaries did not conclude any significant transactions with related entities on non-market conditions.

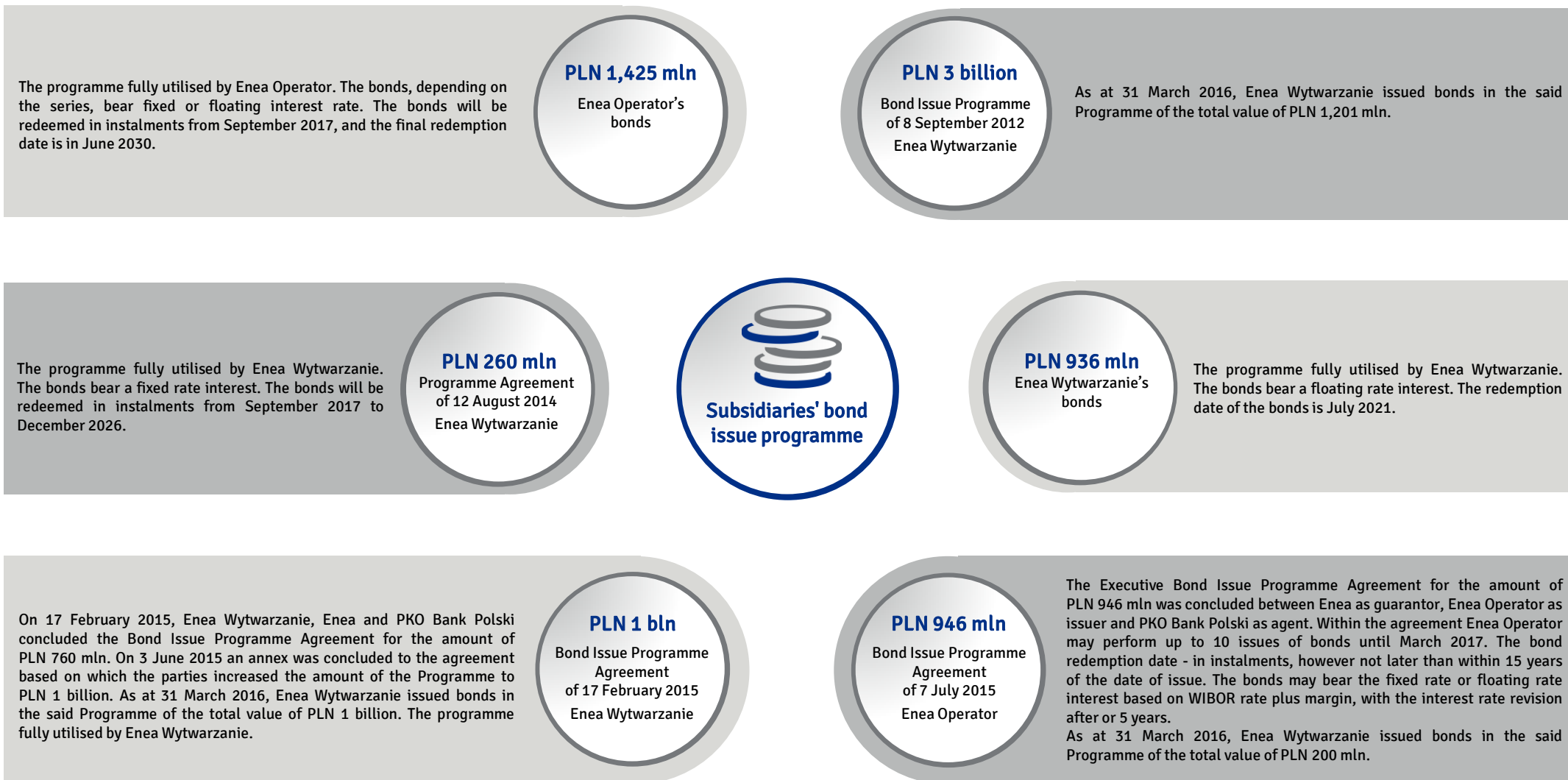
Information on significant transactions with related entities concluded by Enea or its related entity are described in note 20 to the condensed interim consolidated financial statements of Enea Group for the period from 1 January to 31 March 2016.

Subsidiaries' equity contributions

On 21 March 2016, Enea SA made additional redistributable capital payments of Enea Wytwarzanie sp z o.o. in the amount of PLN 199,899,036.15. The funds will be allocated to the funding of Enea Wytwarzanie's investment expenditures. The repayment date was not determined.



Distribution of cash - subsidiaries' bond issue programme



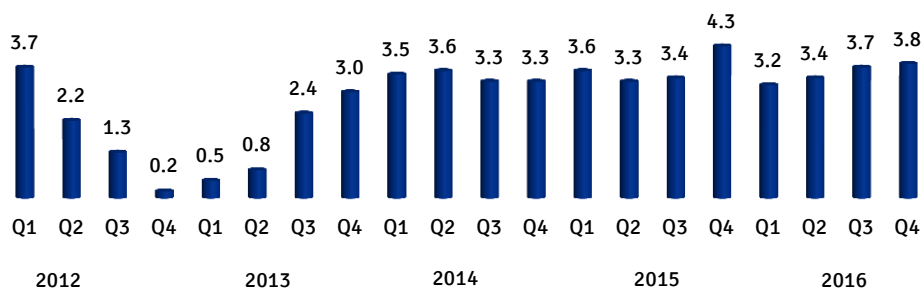
In previous years, Enea SA concluded also intergroup bond issue programme agreements via subsidiary companies which are to finance the investments in the segment of RES and Heat. These programmes are fully used and redeemed in instalments. The total amount of the bonds for redemption within these programmes was PLN 126 mln as at 31 March 2016.

Macroeconomic situation

Enea Group’s operations are focused basically on the territory of Poland. The same macroeconomic factor affecting both the achieved results and the financial situation is the development pace and the general condition of the Polish economy.

According to the preliminary data of the Gdańsk Institute for Market Economics (IBnGR, Institute) in Q1 2016 the economic growth rate was 3.2%. After two successive quarters of accelerating economic growth dynamics, there was a slowdown. Taking into account also seasonal factors, the GDP growth rate in the first three months of the year was lower than as at the end of the previous year.

2012-2016 GDP dynamics [%]



The key factor of the economic growth in Q1 2016 was the domestic demand. From among the elements of the domestic demand the greatest dynamics were reported for gross expenditures on fixed assets, i.e. capital expenditures. The pace of growth in the total consumption was reported on a level lower than in the last quarter of 2015. Yet, the personal consumption grew slightly in relation to the state as at the end of 2015. On a sectoral level, the fastest growing part of the economy in Q1 2016 was the industry.

Pursuant to the forecast of IBnGR the rate of growth of the gross domestic product in 2016 will amount to 3.6%, which means it will be the same as in the previous year. According to the Institute’s forecast, the quarterly growth rate will be quite stable, however in H2 2016 it may be slightly higher than in the first one. GDP growth will total to from 3.4% in Q2 to 3.8% in Q4. In 2017, the Institute expects a slightly worse macroeconomic situation in Poland, although GDP will grow slightly slower than in the current year. According to IBnGR’s forecast the economic growth in 2017 will be 3.4%.

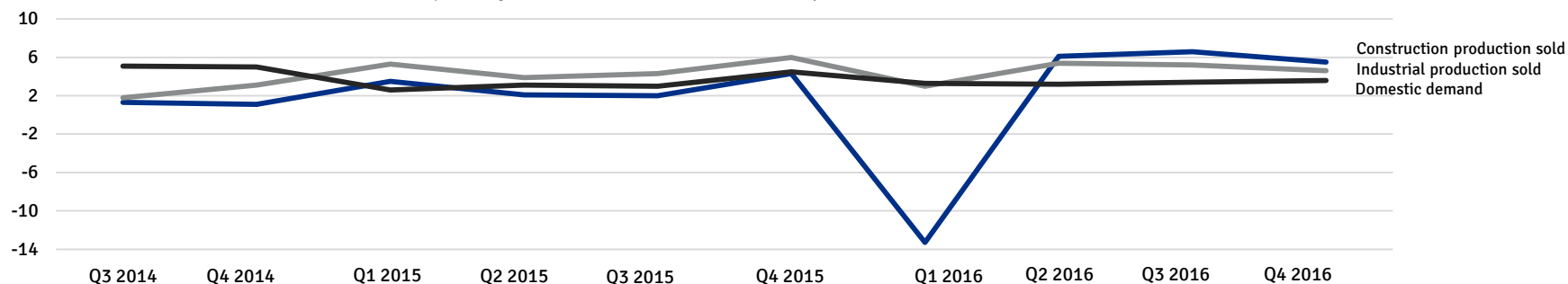
In 2016, the added value in the industry will grow by 5.2%. At the same time, a similar result will be reported in the construction sector, where the added value will amount to 5.6%. In the sector of market services, having the greatest share in GDP creation, a growth in the added value will be 3.3% in 2016.

Pursuant to the forecast by IBnGR, almost until the end of Q3 2016 deflation will be still reported in Poland. In Q2 consumer prices will decrease by 0.6% on average, and in Q3 their level will be the same as in Q3 of the preceding year. Inflation will be observed as late as in Q4 when the average level of prices will grow by 0.7%. According to the Institute’s forecast, in the whole 2016 prices will decrease by 0.2% on average in relation to the previous year. On the other hand, in 2017 the average annual inflation level will be 1.5%.

The summary of the key macroeconomic ratios characteristic for the Polish economy in 2015-2017 is presented below.

Description	unit	2015	2016	2017
GDP	% growth	3.6	3.6	3.3
Value added in industry	% growth	5.6	5.2	4.5
Value added in construction sector	% growth	4.6	5.6	5.4
Domestic demand	% growth	3.4	3.4	3.1
Gross expenditures on fixed assets	% growth	5.8	5.5	5.4
Industrial production sold	% growth	4.9	4.6	4.1
Construction production sold	% growth	2.8	5.0	4.8
Inflation	in %	(-) 0.9	(-) 0.2	1.5

Projected dynamics of domestic demand and sold production [%]



Source: Developments by IBnGR and economic situation forecast No. 90 (April 2016)

Legal frames of energy market functioning

Regulatory surrounding

The legal basis for energy market functioning in Poland is the act of 10 April 1997 Energy Law and related secondary legislation (regulations).

At the same time, along with Poland accessing the European Union, the Polish legal regulations relating to the energy market were adjusted to the European laws, including in particular EU Directives regarding the principles of the common electricity market.

The central public administration body nominated pursuant to the Energy Law to realise the duties relating to the fuel and energy management and promote the competition is the President of the Energy Regulatory Office. The objective of the President of the Energy Regulatory Office is regulation of the operations of generators, distributors and companies trading in energy compliant with the Energy Law and Polish energy policy strategies with a concurrent pursuing of balancing the interests of particular participants of the energy market.

Enea SA's operations are conducted in the environment subject to detailed legal regulations, both in Poland and in the European Union. Legal regulations relating to the energy sector are often derivatives of political decisions, therefore there is a risk of frequent changes within this area which the Company is not able to foresee, and which may, as a consequence, result in a lack of unity and uniformity of regulations, based on which Enea SA performs its operations.

Amendments within regulatory surrounding

Act of 20 February 2015 on renewable energy sources

In H1 2015, the President of the Republic of Poland signed an act on renewable energy sources. The goal of the act is increasing the energy security and environment protection, e.g. as a result of an efficient use of renewable energy sources. The act provides for, e.g., achievement of at least 15% share of energy from renewable sources in the final gross consumption of energy in 2020. Enea SA will be the so called obliged vendor, i.e. an entity obliged to purchase electricity generated in RES installations connected to the network of Enea Operator sp. z o.o.

On 29 December 2015 the Sejm adopted, after consideration of the Senate's amendments, the content of the act amending the act on renewable energy sources and the Energy Law (J. L. of 2015 No. 2365),

The goal of the amendment which came into force on 31 December 2015 is adjournment by 6 months of entry into force of the provisions of chapter 4 of the Act of 20 February on renewable energy sources (J. L. of 2015, item 478; further on as: RES act), and in particular the issues relating to the launching of the auction system for the purchase of electricity from renewable energy sources installations and mechanism supporting the generation of electricity in microinstallations of the total installed electrical capacity not greater than 10 kW. Changes were proposed to be made to the provisions of the RES act, enabling the application of the existing provisions until 30 June 2016, and new regulations - from 1 July 2016.

The act amendment finally settles two issues:

- certificates of origin do not apply to energy generated from 1 January 2016 in installations with the capacity greater than 5 MW using hydropower to generate this energy
- certificates of origin adjusted with 0.5 coefficient apply to electricity generated from 1 January 2016 in multi-fuel combustion plants excluding electricity generated in the dedicated multi-fuel combustion plant

REMIT

Since 7 October 2015 there has been a duty to report basic transactions and data (for standard contracts for electricity and gas supplies) to the European Agency for the Cooperation of Energy Regulators (Agency or ACER). Pursuant to the REMIT regulation, i.e. the regulation of the European Parliament and the Council (EU) No. 1227/2011 dated 25 October 2011 on wholesale energy market integrity and transparency (REMIT), until the above mentioned date the participants of the wholesale energy and natural gas market mentioned in Article 9 item 1 of REMIT are obliged to register with the national regulatory authority.

With the Act of 11 September 2015 on amendment of the Energy Law and some other acts (J. L. of 2015, item 1618), which entered into force on 30 October 2015, the principles were introduced guaranteeing REMIT application, including the penal provisions (Chapter 7A) for breaching the duties resulting from REMIT.

Introduction of the quality tariff

From 2016 the President of the Energy Regulatory Office introduced elements of the quality regulation to the process of determining tariffs for ODSs - operators of the distribution systems (in Enea CG the function of ODS is held by Enea Operator). They were described in detail in "QUALITY REGULATION IN 2016-2020 for Operators of the Distribution Systems (who separated their operations on 1 July 2007)".

Annual settlements of each of the ratios of the quality regulation, starting from 2016, will affect the tariff calculation, and thus ODSs' income. However, due to the dates on which they will be settled, the actual impact on the ODSs' regulated income will be observed as late as in 2018.

The President of ERO indicated that the ratios which have a direct impact on the regulated income of ODSs will be the following efficiency ratios:

- SAIDI - system average interruption duration index
- SAIFI - system average interruption frequency index
- Connection Realisation Time (CRT) - a ratio of the promptness of connecting customers to the power grid, who come from IV and V connection group (mostly individual customers)



Directive of the European Parliament and of the Council No 2015/2193 of 25 November 2015 on the limitation of emissions of certain pollutants into the air from medium combustion plants

On 28 November 2015 the Directive of the European Parliament and of the Council No. 2015/2193 of 25 November 2015 on the limitation of emissions of certain pollutants into the air from medium combustion plants (MCP Directive) was published in the Official Journal of the European Union.

MCP Directive applies to combustion plants with the nominal heating capacity not lower than 1 MW and lower than 50 MW (the so-called “medium combustion plants”), notwithstanding the type of fuel they use (Article 2 item 1). Additionally, MCP Directive applies to the connections of new medium energy combustion plants, specified in Article 4, including connections for which the total nominal heating power amounts to not less than 50 MW, unless the connection is the object of energy combustion plant included in the application scope of chapter III of directive 2010/75/EU. Article 4 of MCP Directive provides that the connection of at least two new medium combustion plants is deemed one medium combustion plant, and their nominal heating power is summed in order to calculate the total nominal heating power of the plant, if vent gases of such medium combustion plants are removed via a common chimney, or in the assessment of the relevant authority, taking into account technical and economic factors, vent gases of such medium combustion plants could be removed via a common chimney.

The key scope of the MCP Directive regulation is specification of: the emission norms for three types of air pollutants - sulphur dioxide (SO₂), nitric oxides (NO_x) and dusts for medium combustion plants, and also dates until which it is necessary to satisfy the duty of observing relevant volumes of air pollution in the existing and new medium combustion plants.

As per Article 17(1) sentence 1 of the MCP Directive, member states are obliged to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 19 December 2017.

The provisions of the MCP Directive are significant as regards the companies in which Enea Wytwarzanie sp. z o.o. holds shares and in which the so-called medium combustion plants directly defined in the MCP directive are located. These companies include: Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. in Oborniki (PEC Oborniki), Miejska Energetyka Ciepła Piła sp. z o.o. in Piła (MEC Piła) and Miejskie Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. in Białystok (MPEC Białystok).

Allowances for emissions of CO₂

Poland, until the start-up of the national trading platform, is performing sales of its allowances for emissions of CO₂ via EEX exchange seated in Germany. Last year, the whole lot of the planned volumes was sold on Polish auctions totalling to 17.13 mln allowances for emissions of CO₂. The schedule of the Polish auctions in 2016 foresees a significant growth in the volumes offered for sale, to almost 40.55 mln allowances for emissions of CO₂. So far, sales of 35% of the whole volume for 2016 and 100% of sales according to the planned schedule were performed in 4 offers. In next auctions, taking place once a month, 3.53 mln allowances for emissions of CO₂ will be offered. An exception is August in which, according to the principle of reducing the auction volume, 1.76 mln allowances for emissions of CO₂ will be offered for sale. The act on greenhouse gas emission allowance trading scheme foresees two exceptions from the auction system - derogations for energy sector and national execution measures. At least 50% of inflows from the auctions is to be allocated to purposes strictly defined in the act and related to the climate policy. As of the end of February the installations covered with National Implementation Measures received a free volume of allowances for emissions of CO₂, and installations generating electricity are still pending the free allocation within the derogation.

Auction date	Volume	Auction price [EUR]	Volume, cumulatively	% volume, cumulatively
3 February 2016	3 526 000	5.70	3 526 000	9%
2 March 2016	3 526 000	4.80	7 052 000	17%
30 March 2016	3 526 000	4.77	10 578 000	26%
27 April 2016	3 526 000	6.94	14 104 000	35%



Reduction of emission of pollutants

Pursuant to the EU regulations, in particular the Directive of the European Parliament and the Council No. 2010/75/EU dated 24 November 2010 on industrial emissions - IED (integrated pollution prevention and control), new, stricter standards of environmental protection have been in force since 1 January 2016. In relation to the above, all producers of electricity in Poland who use mainly high-emission coal technologies, are obliged to adjust the units to new environment requirements. The law, meeting the problems of entrepreneurs, provides for a possibility of using derogatory mechanisms. Mitigation of the requirements of the IED directive in the form of derogations, allows to achieve additional time for adaptation of generating units to stricter standards of pollutant emissions into the air.

Due to the IOS IV flue gas desulphurisation plant commissioned in 2015, Koziencice Power Plant reduced emissions of SO₂ for Q1 2016 by 74.7% as compared to Q1 2015 despite a growth in the gross production of electricity in that period by 13.4%.

2016/2015	SO ₂			NO _x			Dust			Gross generation of electricity [MWh]
	SO ₂ emission [Mg]	SO ₂ emission ratio [kg/MWh]	SO ₂ emission fee [PLN '000]	NO _x emission [Mg]	NO _x emission ratio [kg/MWh]	NO _x emission fee [PLN '000]	Dust emissions [Mg]	Dust emission ratio [kg/MWh]	Dust emission fee [PLN '000]	
January 2016	678.7	0.584	359.69	1 249.3	1.075	662.15	48.4	0.042	16.95	1 162 652.0
January 2015	2 509.0	2.643	1 329.76	1 204.5	1.269	638.38	66.6	0.070	23.31	949 120.8
Change %	-73.0	-77.9	-73.0	3.7	-15.3	3.7	-27.3	-40.6	-27.3	22.5
February 2016	563.1	0.570	298.42	1 104.1	1.118	585.16	38.9	0.039	13.61	987 662.9
February 2015	2 610.4	2.713	1 383.50	1,100.4	1.144	583.20	61.6	0.064	21.55	962 049.4
Change %	-78.4	-79.0	-78.4	0.3	-2.3	0.3	-36.8	-38.5	-36.8	2.7
March 2016	598.0	0.522	316.96	1 267.7	1.107	671.88	29.6	0.026	10.37	1 144 752.5
March 2015	2 162.3	2.173	1 146.02	1 207.1	1.213	639.75	76.7	0.077	26.85	994 959.8
Change %	-72.3	-76.0	-72.3	5.0	-8.7	5.0	-61.4	-66.4	-61.4	15.1
Q1 2016	1 839.8	0.558	975.10	3 621.1	1.099	1 919.19	116.9	0.035	40.93	3 295 067.4
Q1 2015	7 281.7	2.506	3 859.28	3 511.9	1.208	1 861.33	204.9	0.071	71.71	2 906 130.1
Change %	-74.7	-77.7	-74.7	3.1	-9.1	3.1	-42.9	-49.7	-42.9	13.4

Observing regulatory and formal requirements

Enea Wytwarzanie sp. z o.o. uses the derogation resulting from IED directive, which is the Transitional National Plan (TNP):

- within sulphur dioxide and dust emissions: Kozenice Power Plant together with Białystok Heat and Power Plant
- within NO_x emission: Białystok Heat and Power Plant individually

In the period of TNP validity, i.e. from 1 January 2016 to 30 June 2020, annual emission thresholds are in force. Pollutant emission within TNP for Q1 2016 and the level of using annual emission thresholds was listed in the table below.

Installation		SO ₂		Dust		NO _x	
		[Mg]	% used	[Mg]	% used	[Mg]	% used
Elektrownia Kozenice	emission	1 668.834		94.476		n/a	n/a
	annual threshold	15 026.60	11.10	1 878.400	5.03		
EC Białystok	emission	722.967		46.606		228.034	
	annual threshold	3 644.770	19.84	288.02	16.18	1 728.5	13.19
Total	emission	2 391.801		141.082		228.034	
	annual threshold	18 671.370	12.81	2 166.42	6.51	1 728.5	13.19

In Q1 2016:

- CO₂ emissions annual report of 2015 was verified with a positive result
- emission standards specified in the integrated permit were not exceeded

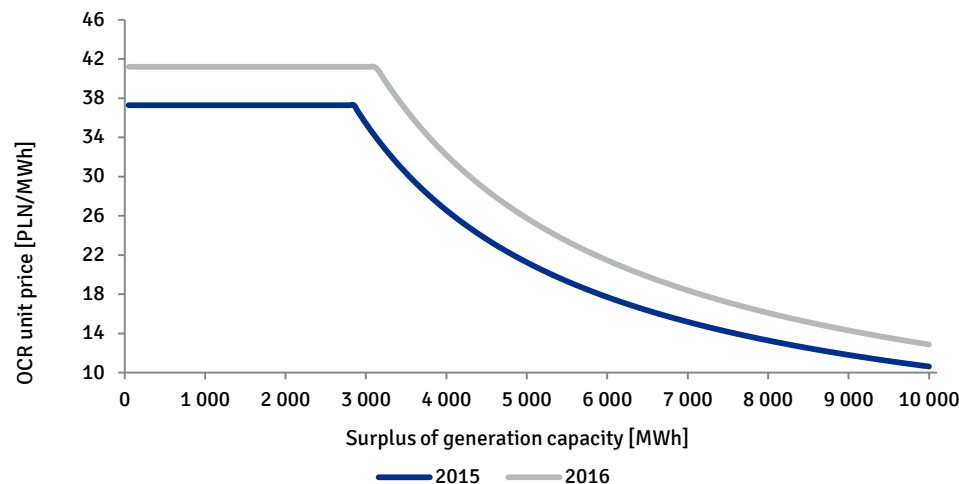
Kozenice Power Plant continued endeavours to obtain the following administrative decisions:

- integrated permit for rainwater and industrial waste treatment plant for 500 MW units
- integrated permit for unit No 11
- integrated permit for unit No 11's run up boiler house

Operating Capacity Reserve (OCR)

- OCR mechanism is conducted by Polskie Sieci Elektroenergetyczne - Operator of the Transmission System (OTS) within the system services catalogue.
- For producers of energy it is an economic incentive to offer generating capacities to OTSs in the peak hours of demand for power.
- OCR includes the available generating capacity, being the surplus of the power available to OTSs over the demand for electricity
- A unit price for OCR depends on the volume of generating capacity available to OTSs over the demand for electricity covered:
 - within energy sale agreements
 - on the Balancing Market
- A unit price for OCR depends on the volume of generating capacity available to OTSs over the demand and may not be higher than the reference price which for 2015 was PLN 37.28, and for 2016 amounts to PLN 41.20.

The diagram below presents the unit price for OCR depending on the volume of generation capacity available to OTSs:



Parameters of the OCR settlement model for 2015-2016:

Parameter	2015	2016
Hourly budget [PLN]	106 246.72	128 758.72
Reference price [PLN/MWh]	37.28	41.20
Hourly volume of required OCR [MWh]	4 155.37	3 451.09
Number of demand peak hours	3 810	3 780
OCR annual budget [PLN mln]	404.8	486.7

OCR settlement rules in force in 2015 resulted in the fact that in the hours during which the OCR unit price reached the maximum level OTS did not fully use the budget designated for that service. In relation to this fact, in 2015, with an active participation of Enea Wytwarzanie, there were consultations and works which aimed at the modification of the OCR mechanism with the complementary settlement of the OCR budget unused by OTS.

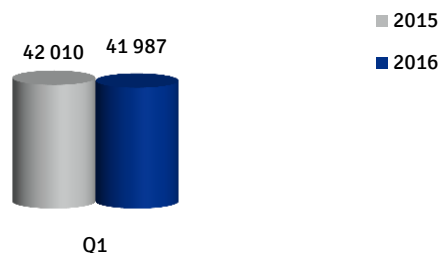
The result of these works is updating, as of 1 January 2016, of the Transmission Network Traffic and Exploitation Guidance, introducing e.g. monthly and annual settlements complementing the unused, hourly OCR budget of OTSs.

Situation on the electricity market

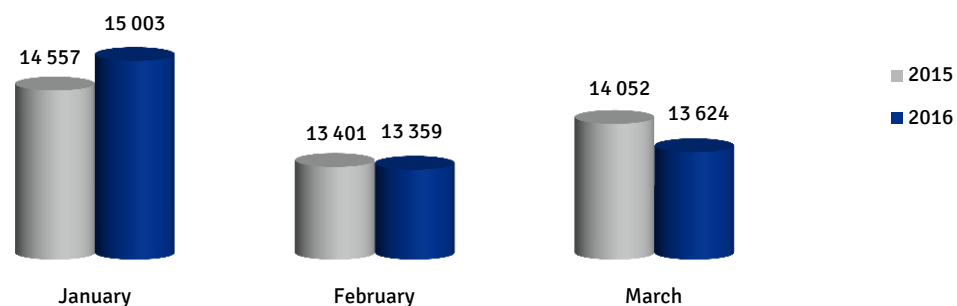
Production of electricity

Pursuant to the data published by Polskie Sieci Energetyczne the domestic production of electricity in Q1 2016 amounted to 41,987 GWh.

Domestic production of electricity in Q1 2015 and Q1 2016 [GWh]



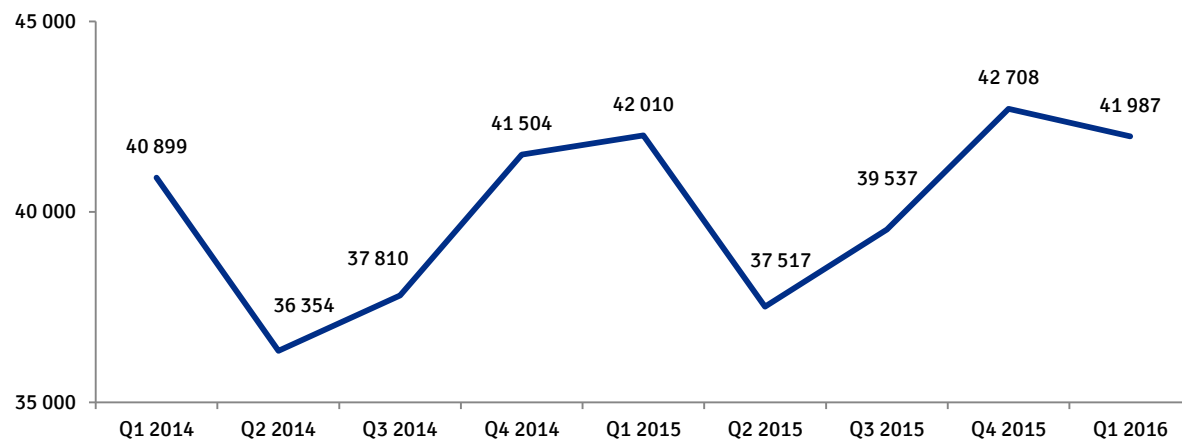
Domestic production of electricity in Q1 2015 and Q1 2016 - monthly [GWh]



Electricity generation structure in Polish power plants [GWh]

Types of power plants	Q1 2015	Q1 2016
Commercial on bituminous coal	20 843	21 646
Commercial on brown coal	13 656	12 085
Industrial	2 700	2 719
Gaseous	1 341	1 450
Commercial hydroelectric	736	715
Wind	2 715	3 336
Other renewable	18	36

Domestic production of electricity in 2014 - Q1 2016 [GWh]



Source: http://www.pse.pl/index.php?modul=86id_rap=212

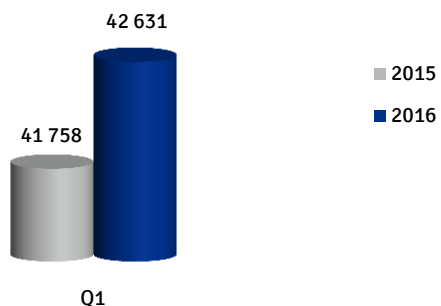
Situation on the electricity market

Domestic consumption of electricity

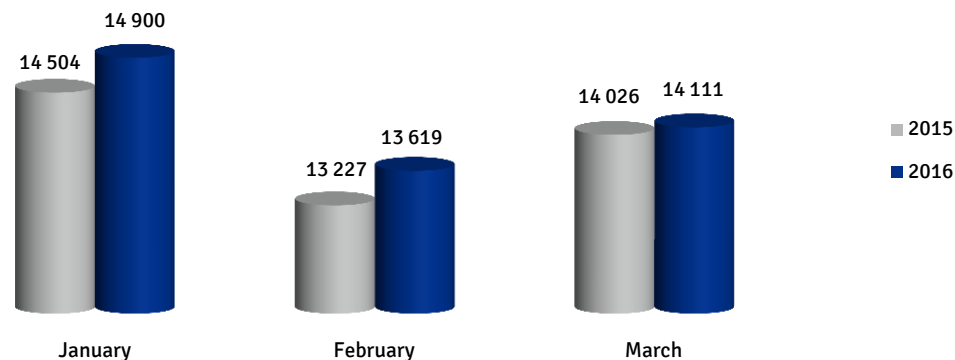
Pursuant to the data published by Polskie Sieci Energetyczne, in Q1 2016 the domestic consumption of electricity was greater by 2.1% as compared to the energy consumption in the same period of 2015.

In Q1 2016 a growth in the yoy domestic consumption of electric energy consumption was reported each month.

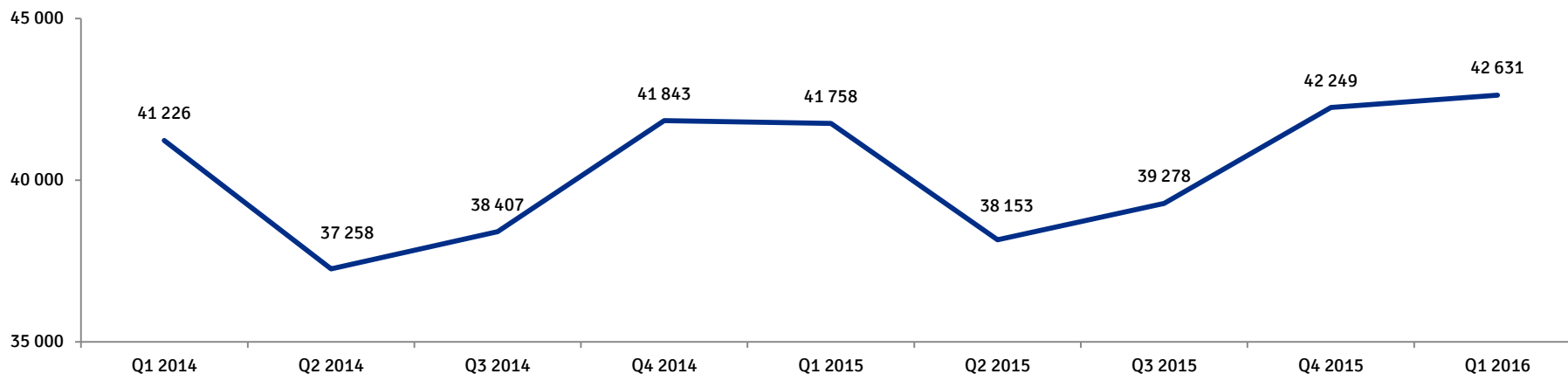
Domestic consumption of electricity in Q1 2015 and Q1 2016 [GWh]



Domestic consumption of electricity in Q1 2015 and Q1 2016 - monthly [GWh]



Domestic consumption of electricity in 2014 - Q1 2016 [GWh]



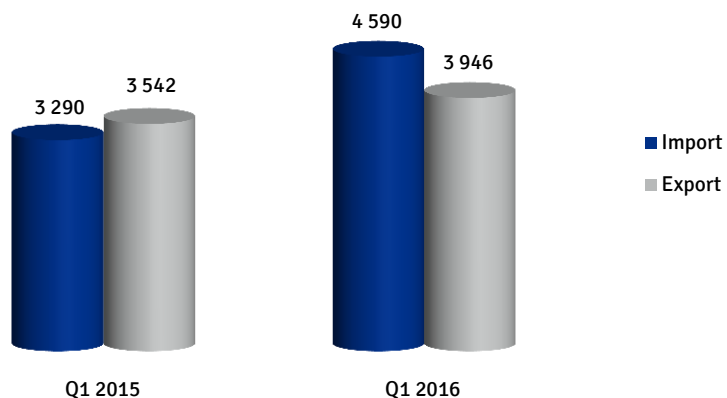
Source: http://www.pse.pl/index.php?modul=8&id_rap=212

Intersystemic exchange

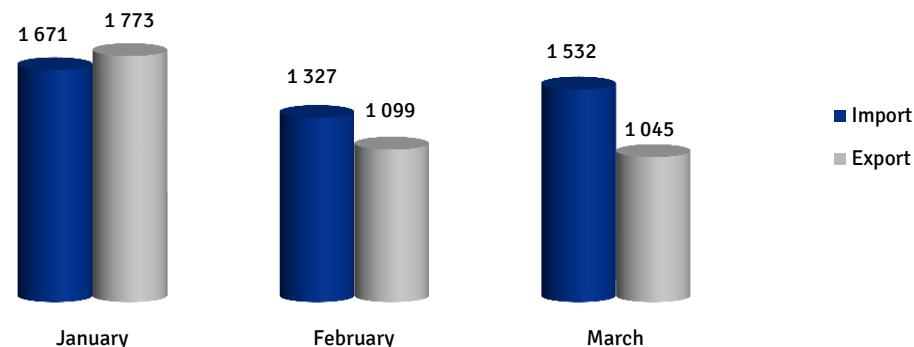
In Q1 2016 a negative balance of intersystemic exchange was generated as a result of a surplus of energy imported from abroad over the energy exported in the amount of (-) 644 GWh. For comparison, in Q1 2015 the balance of intersystemic exchange of electricity amounted to (+) 252 GWh.

In January-March 2016 the balance of electricity exchange with abroad was negative each month, which indicated prevalence of energy imports.

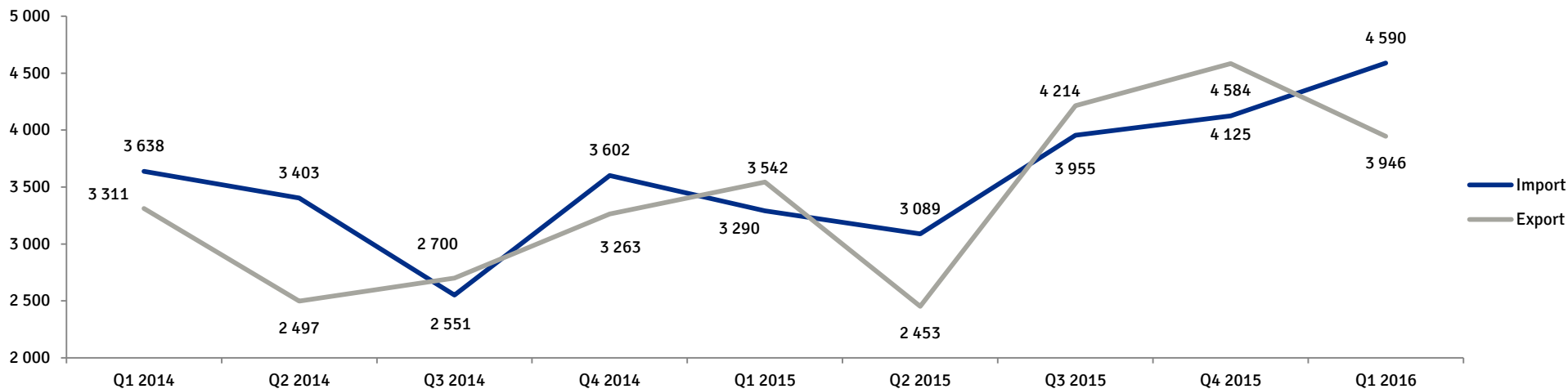
Energy exchange with abroad in Q1 2015 and Q1 2016 [GWh]



Energy exchange with abroad in Q1 2015 and Q1 2016 - monthly [GWh]



Energy exchange with abroad in 2014 -Q1 2016 [GWh]



Source: http://www.pse.pl/index.php?modul=8&id_rap=222

Market coal prices

Q1 2016 on the global coal market was reported to maintain its prices on low levels. For ARA ports group it amounted to from 43 to 48 USD/t, for Richards Bay from 49 - 55 USD/t, and for Newcastle port from 47 to 53 USD/t.

In Europe, the reason for this state is a moderate economic growth rate, weak seasonal demand (due to mild winter and spring), growing supply of energy from renewable sources and greater energy efficiency. A downward trend in prices in ARA ports group was however stopped in February and March 2016 due to the risk of reducing coal imports from Colombia in consequence of a strike threat.

Information on a possible lower supply of the Colombian coal affected also the prices on the African market. These ones, due to a lower supply of 6,000 kcal/kg coal on this market and smaller volumes of coal in deposits in Richards Bay port, in Q1 2016 reported a growth.

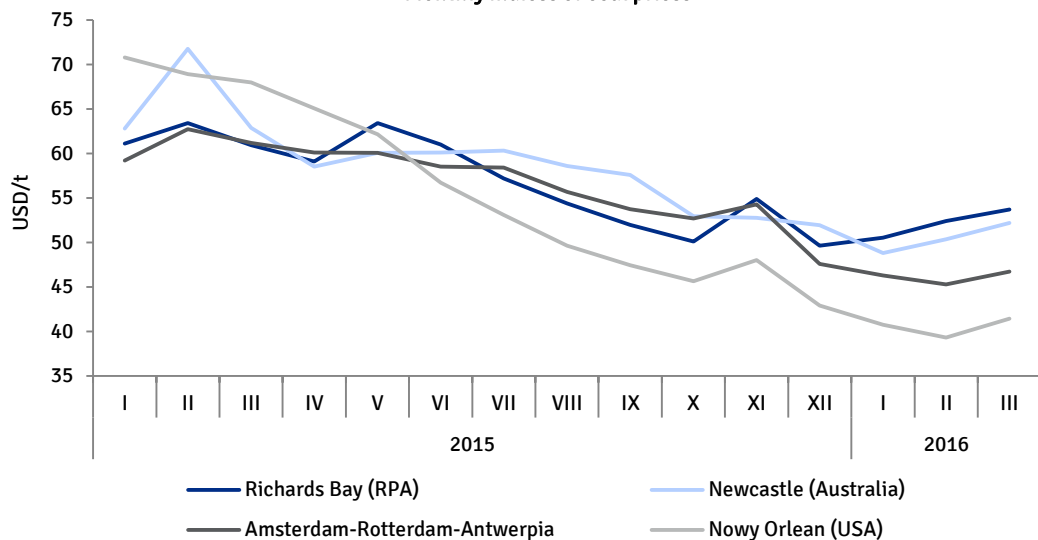
In February and March 2016 a growth was also reported for coal prices on the Australian market. It was affected by heavy rains in Queensland province reducing coal supply and upcoming negotiation of annual contracts between suppliers of the Australian coal and Japanese power plants.

The coal prices reported in Q1 2016 in USA did not guarantee profitability to producers. In this situation several large mining companies went bankrupt. This kind of reduction of coal supplies on the market resulted in the growth in its price in March in relation to February 2016 by 5%. However, the price achieved in March 2016 (amounting to 41.43 USD/t) is further connected with a risk of closing subsequent mines.

The value of the Polish Steam Coal Market Index PSCMI1, dedicated to commercial and industrial power industry dropped from month to month - by 11% in January and by 4% in February 2016. In March, however, it grew by 4%. Recalculated to USD/t its value for March 2016 was 50.25 USD/t.

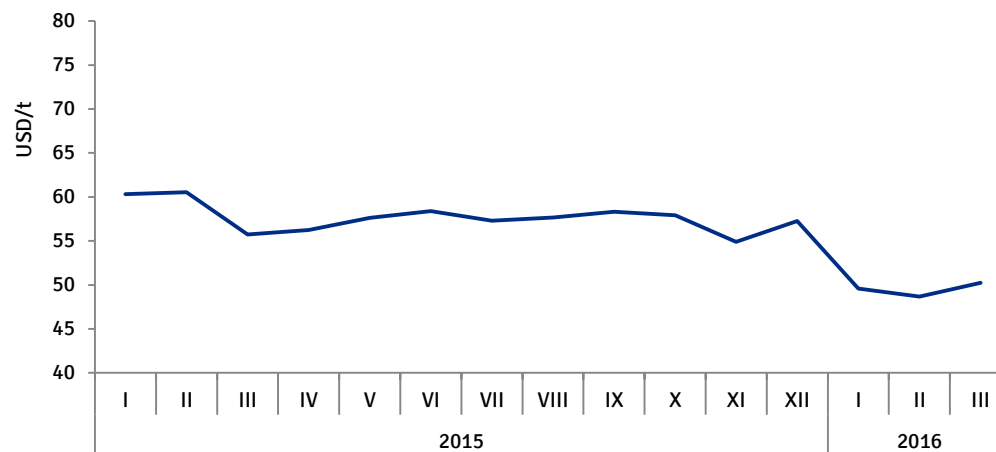
Despite a higher value of the index as at the end of Q1 2016 its value reported for the whole said period is the lowest in the whole history of its calculation. PSCMI1 index value for Q1 2016 is by 10% lower yoy.

Monthly indices of coal prices



Source: own development based on data from www.globalcoal.com and the paper of the Mineral and Energy Economy Research Institute of the Polish Academy of Sciences

Polish Steam Coal Market Index - PSCMI1



Source: own development based on data from www.gpi.tge.pl

Wholesale electricity prices

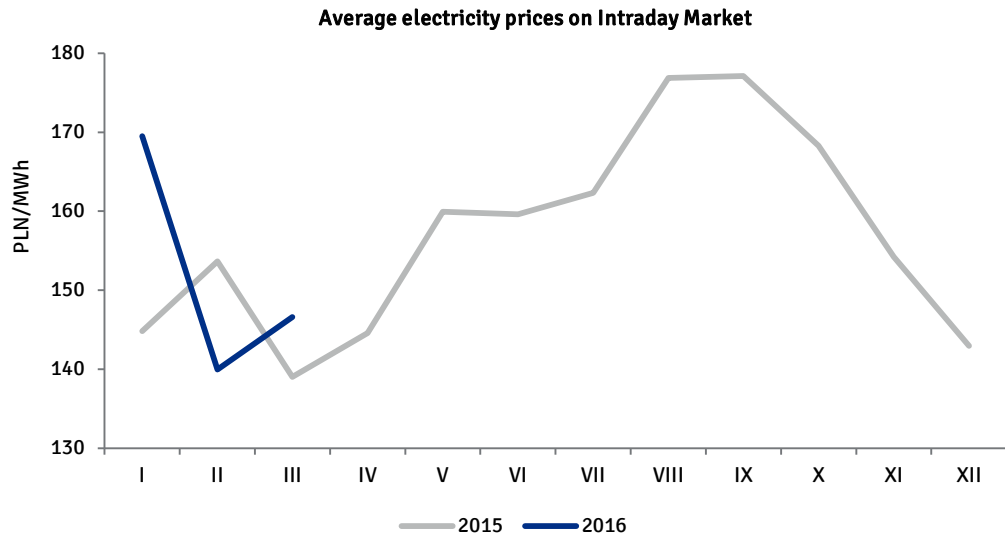
The average price on SPOT market in Q1 2016 was higher by 4.6% in comparison with the same period of 2015. It was a result of e.g. high prices in January 2016 which stemmed from the following factors:

- significant power losses in PPS
- low wind generation in the first two decades of the month
- Failure to launch NordBalt intersystemic connection (Sweden-Lithuania) which completes LitPol connection (Poland-Lithuania)
- low temperatures in the first two decades of the month

Table 1. Average prices on SPOT market (PPE Day Ahead Market)

Period	Average price [PLN/MWh]	Change [%]
Q1 2015	145.57	↓ 9.7
Q1 2016	152.30	↑ 4.6

Source: Own paper based on data from PPE.



Source: Own paper based on data from PPE.

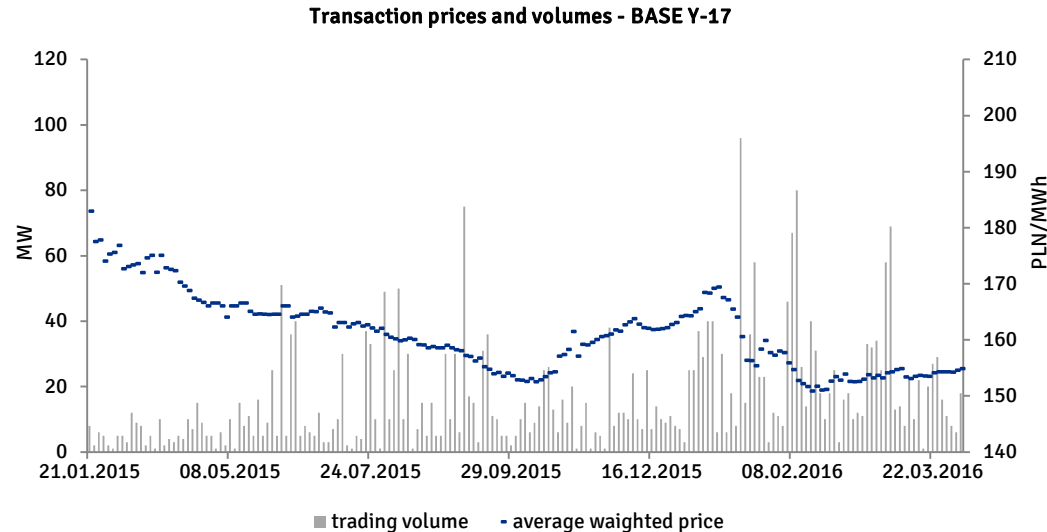
We observed drops in electricity prices on the forward market. In Q1 2016, the price of the most liquid product, BASE Y-17, dropped from 165.00 PLN/MWh at the beginning of January to 154.75 PLN/MWh at the end of March.

Table 2. Prices on the forward market

Product	Price at the end of quotations [PLN/MWh]	Change yoy [%]	Average price from quotations [PLN/MWh]	Change yoy [%]
BASE Y-14	151.00	-	160.27	-
BASE Y-15	177.00	↑ 17.2	168.13	↑ 4.9
BASE Y-16	167.50	↓ 5.4	166.49	↓ 1.0
BASE Y-17	154.75 ¹⁾	↓ 7.6	160.63	↓ 3.5

1) at the end of March 2016

Source: own development based on data from PPE, TFS and WSEInfoEngine.



Source: own development based on data from PPE, TFS and WSEInfoEngine.

The prices of BASE Y-17 changed similarly to PEAK Y-17 prices. At the beginning of January the market valuation for this product amounted to 225.00-227.00 PLN/MWh, and at the end of March 2016 to 206.00 PLN/MWh.

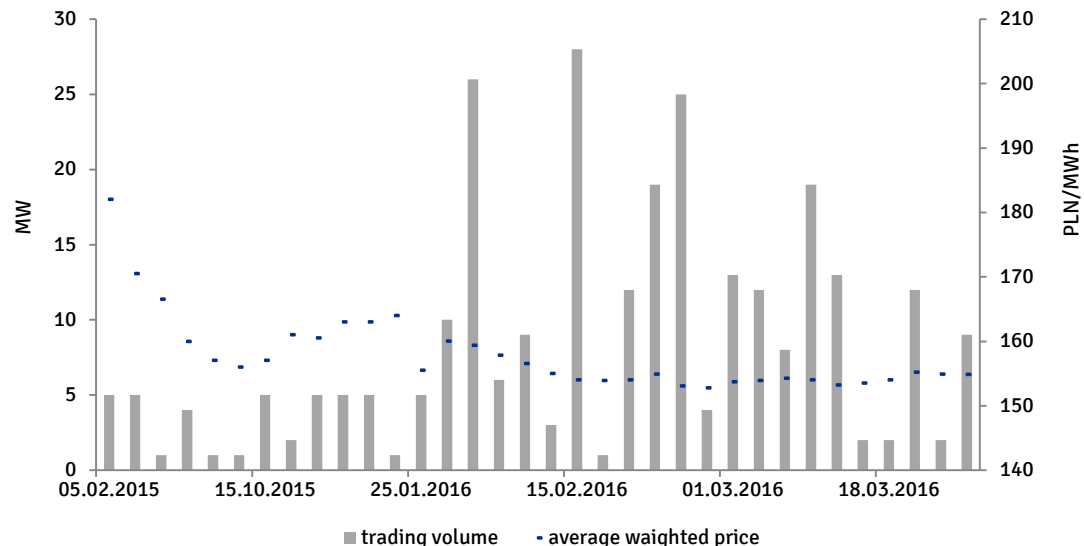
In Q1 2016, the forward market reported drops in electricity prices. They were connected with SPOT price decreases supported with a sudden price reduction of allowances for emissions of CO₂, which in the period from the beginning of that year until the end of March dropped by almost 36%. What had a great importance for the shaping of the market situation was also a decreased, as compared to the volume of trade in BASE Y-16 in the same period of the previous year, volume of trade in BASE Y-17 on PPE.

Some factors of uncertainty are still:

- the question of introducing potential changes in the Community Emission Trading Scheme and fluctuations of prices of allowances for emissions of CO₂ (EUA)
- direction of changes and possibly introduction of new solutions within guaranteeing relevant levels of power in PPS

Hence, potential moderate growths in prices cannot be ruled out.

Transaction prices and volumes - BASE Y-18



Source: own development based on data from PPE, TFS and WSEInfoEngine.

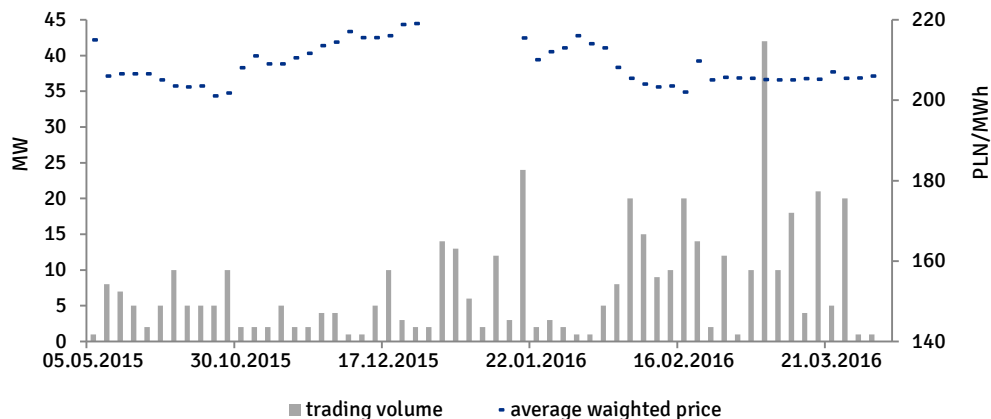
Obligations with respect to obtaining energy certificates of origin

In accordance with the regulations being in force energy companies selling electricity to end users in 2016 are obliged to obtain and redeem the following types of certificates of origin:

- for energy generated in renewable sources, the so called "green" certificates - the obligation on the level of 15.0% of sales to end users
- for energy generated in methane-fired cogeneration, the so called "violet" certificates - the obligation on the level of 1.5% of sales to end users
- for energy generated in gaseous cogeneration units or units with the total installed capacity up to 1 MW, the so called "yellow" certificates - the obligation on the level of 6.0%
- for energy generated in other cogeneration sources, the so called "red" certificates - the obligation on the level of 23.2%
- energy efficiency certificates, the so-called "white" certificates - the obligation on the level of 1.5%

The contracting price structure on the PPE's session market for particular proprietary interests in Q1 2016 is presented on the next page. The analysis excludes PMOZE "green" Pls due to lack of trading volumes and their entire replacement with PMOZE_A.

Transaction prices and volumes - PEAK Y-17



Source: own development based on data from PPE, TFS and WSEInfoEngine.

In Q1 2016, transactions were also concluded for BASE Y-18, however due to a distant delivery horizon, the trading volumes were significantly lower than for BASE Y-17.

Table 3. Prices on the certificates of origin market (PPE's session market)

		Average price in Q1 2016	Change in relation to Q4 2015		Maximum price PLN/MWh	Minimum price PLN/MWh
			%	PLN/MWh		
OZEX_A ("green" proprietary interests)		114.49	↓ -2.7%	↓ -3.20	118.98	109.75
KGMX ("yellow" proprietary interests)	2015	118.53	↑ 0.7%	↑ 0.77	119.60	118.00
	2016	116.25	-	-	117.10	114.00
KECX ("red" proprietary interests)	2015	10.79	↑ 0.5%	↑ 0.06	10.90	10.70
	2016	-	-	-	-	-
KMETX ("violet" proprietary interests)	2015	62.23	↑ 0.4%	↑ 0.22	62.40	62.01
	2016	-	-	-	-	-
EFX ("white" proprietary interests)		979.80	↑ 1.8%	↑ 16.85	999.99	963.05

Source: Own paper based on data from PPE.

Limits of CO₂ emission allowances and their market prices

In Q1 2016, the prices of allowances for emissions of CO₂ (EUA), apart from fundamental factors, were affected e.g. by the macroeconomic situation in the world, issue of free allowances for the industry and progress of works within the reform of EU ETS system. However, the events from December 2015 must be remembered, i.e. the result of COP21 climate conference and a complaint lodged by Poland relating to MSR.

MSR is a mechanism of steering the supply of emission allowances, which as a rule is to translate into the growth in EUA prices via a gradual liquidation of surplus of the units on the market. The system was, as planned, to commence operation in 2021, however in July 2015 the European Parliament approved launching of MSR as of 1 January 2019, and additionally transferring the units withdrawn from the market as a result of backloading (900 mln) to MSR. In relation to the change in the date of launching, the Polish government approved lodging a complaint for declaring invalidity of the decision determining operation of MSR before 2021, referring to the breach of e.g. the principles of: a loyal cooperation, legal certainty, protection of legitimate expectations and proportionality.

COP21 climate conference ended with the conclusion of an agreement as regards the shape of the climate policy by 195 states and signing individual national commitments by 188 states. Despite a theoretical success of the conference there was a collapse on the market of emission allowances. Individual commitments of the largest emitters (China, USA, India) were not satisfactory, since there are slight chances that they will translate into the real emission reduction during the coming years.

The macroeconomic situation of the leading economies is not optimistic either. The estimated economic growth rate in China was lower than projected (6.9% against the anticipated 7%), which in the case of the Middle Kingdom is equivalent to an economic weakening. It translates e.g. into the development of surpluses of bituminous coal and drop in emissions (as estimated by Greenpeace) by almost 3% yoy.



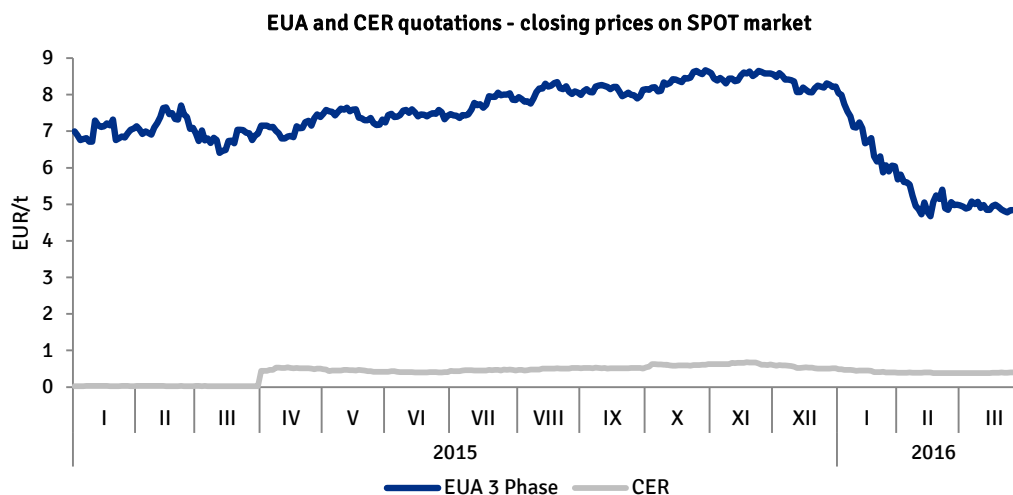
Table 4. EUA and CER price change

Product	Price [EUR/t]		Change %
	Beginning of January 2016	End of March 2016	
EUA Spot	8.04	5.20	↓ 35
CER SPOT	0.49	0.39	↓ 20
EUA Dec-16	8.11	5.22	↓ 36
CER Dec-16	0.47	0.39	↓ 17

Source: Own development based on data from ICE.

Until 31 March 2016 76% of free allowances was issued for the industry (there are still ca. 180 mln allowances mainly for Spain, Italy and Finland). The allowances were issued with a delay. Italy issued the allowances for 2015 as late as in March.

According to the European Commission's publication dated 18 May 2015 the surplus of EUA in the system amounted to 2.07 billion after the realisation of the duty for 2014. It is estimated that the level of 2015 emission was similar to that of 2014.



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



3. Financial position

Consolidated Profit and Loss Statement - Q1 2016

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Revenue from sale of electricity	1 507 352	1 701 119	193 767	12.9%
Revenue from sale of heat energy	103 056	111 317	8 261	8.0%
Revenue from sale of natural gas	16 040	54 838	38 798	241.9%
Revenue from sale of distribution services	761 896	773 440	11 544	1.5%
Revenue from certificates of origin	487	4 899	4 412	906.0%
Revenue from sales of CO ₂ emission allowances	3	851	848	28 266.7%
Revenue from sale of goods and materials	25 859	24 414	-1 445	-5.6%
Revenue from sale of other services	31 721	41 301	9 580	30.2%
Sale of coal	-	224 572	224 572	100.0%
Net sales revenue	2 446 414	2 936 751	490 337	20.0%
Amortisation/depreciation	181 736	279 708	97 972	53.9%
Employee benefit costs	238 556	362 731	124 175	52.1%
Consumption of materials and raw materials and value of goods sold	453 358	366 990	-86 368	-19.1%
Costs of energy purchases for resale	893 623	1 123 042	229 419	25.7%
Transmission services	187 328	190 389	3 061	1.6%
Other outsourced services	59 871	131 005	71 134	118.8%
Taxes and charges	79 264	93 571	14 307	18.0%
Cost of sales	2 093 736	2 547 436	453 700	21.7%
Other operating revenue	22 342	30 164	7 822	35.0%
Other operating expenses	37 235	30 423	-6 812	-18.3%
Profit / (loss) on sales and liquidation of tangible fixed assets	-10 465	-419	10 046	96.0%
Operating profit (loss)	327 320	388 637	61 317	18.7%
Financial expenses	16 642	35 736	19 094	114.7%
Financial revenue	18 574	14 064	-4 510	-24.3%
Profit (loss) before tax	329 252	366 965	37 713	11.5%
Income tax	63 917	76 560	12 643	19.8%
Net profit (loss) for the reporting period	265 335	290 405	25 070	9.4%
EBITDA	509 056	668 345	159 289	31.3%

Q1 2016:

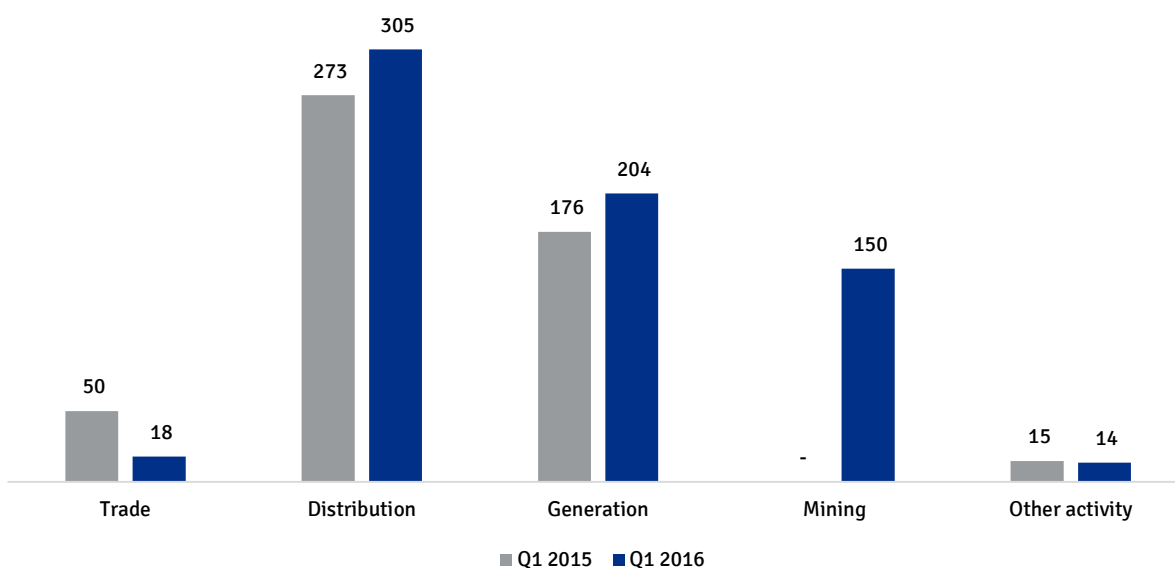
Change factors of EBITDA of Enea CG:

- (+) higher revenue from sales of electricity by PLN 194 mln:
- (+) higher volumes of sales in wholesale trading (1,358 GWh) despite a drop in the average selling price (3.4%) affects a growth in revenue by PLN 212 mln
- (+) higher volumes of sales in retail trading by 206 GWh despite a drop in the average selling price (4.5%) affects a growth in revenue by PLN 4 mln
- (+) growth in sales of heat energy by PLN 8 mln stems mainly from a growth in the volumes by 113 GJ
- (+) higher revenue from sales of natural gas by PLN 39 mln as a result of volumes higher by 410 GWh and lower price by 12.7%
- (+) higher revenue from sales of distribution services by PLN 12 mln stems from:
 - (+) higher volumes of sales of distribution services (1.7%) to end users
 - (+) higher revenue from grid connection fees (PLN 4 mln)
- (+) higher revenue from sales of certificates of origin stemming from higher volumes of sales 48.9 GWh with a concurrent drop in prices of RES Proprietary Interests by 28.3%
- (+) higher sales of other services stem mainly from the acquisition of LW Bogdanka
- (+) sales of coal as a result of LW Bogdanka's takeover
- (-) higher costs of employee benefits by PLN 124 mln resulting from the acquisition of LW Bogdanka
- (+) lower use of materials and value of goods sold stems from the takeover of the key coal supplier
- (+) higher costs of purchases of electricity and gas by 230 mln - greater volumes of electricity (1,120 GWh) with a concurrent drop in the average purchase price of electricity by 3.4% and greater purchases of natural gas in relation to a dynamic growth in sales
- (-) higher costs of outsourced services by PLN 71 mln resulting from the acquisition of LW Bogdanka
- (-) higher taxes and fees stem largely from completed and commissioned grid investments
- (+) higher result on the other operating activity by PLN 28 mln:
 - (+) received subsidies PLN 9 mln
 - (+) lower provisions related to grid assets PLN 4 mln
 - (+) loss on sales (PLN 10 mln) and liquidation of tangible fixed assets in Q1 2015 stemmed from the discontinuation of investments within the area of Wind

Results on particular segments of operations of Enea Group

EBITDA [PLN '000]	Q1 2015	Q1 2016	Change	Change %
Trade	49 868	17 809	-32 059	-64.3%
Distribution	272 777	305 130	32 353	11.9%
Generation	176 374	203 556	27 182	15.4%
Mining	-	150 317	150 317	100.0%
Other activity	14 611	13 582	-1 029	-7.0%
Undistributed items and exclusions	-4 574	-22 049	-17 475	-382.1%
Total EBITDA	509 056	668 345	159 289	31.3%

PLN mln



Enea CG Q1 2016:

The highest EBITDA in the segment of Distribution

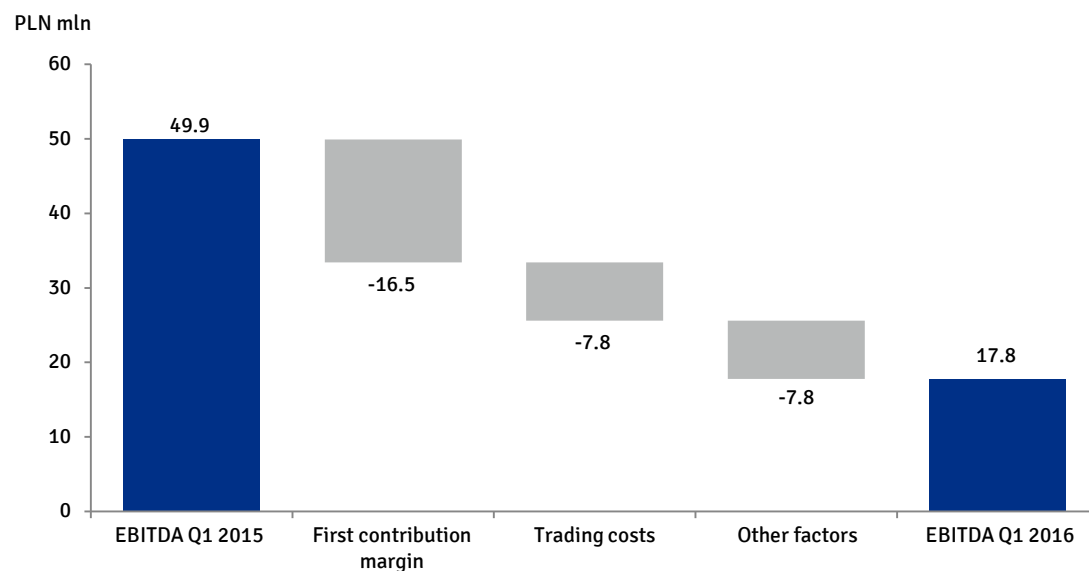
The highest growth in EBITDA in the segment of Distribution (PLN 32 mln)

Segment of Trade

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Sales revenue	1 507 574	1 796 706	289 132	19.2%
EBIT	49 679	17 644	-32 035	-64.5%
Amortisation/depreciation	189	165	-24	-12.7%
EBITDA	49 868	17 809	-32 059	-64.3%
CAPEX	46	143	97	210.9%
Share of sales revenue of the segment in the Group's net sales revenue	47%	45%	-2 p.p.	-

Enea SA deals with retail sales of electricity

Wholesale is realised by Enea Trading sp. z o.o.



Q1 2016 Change factors of EBITDA:

- (-) lower average selling price by 4.5%
- (-) higher costs of ecological obligations by 10.2%
- (-) lower average purchase price of energy by 2.4%
- (+) growth in sale volumes by 6.0%
- (-) written-off debts PLN 2 mln
- (-) provisions for litigation and potential claims PLN 3 mln
- (-) court fees PLN 1 mln

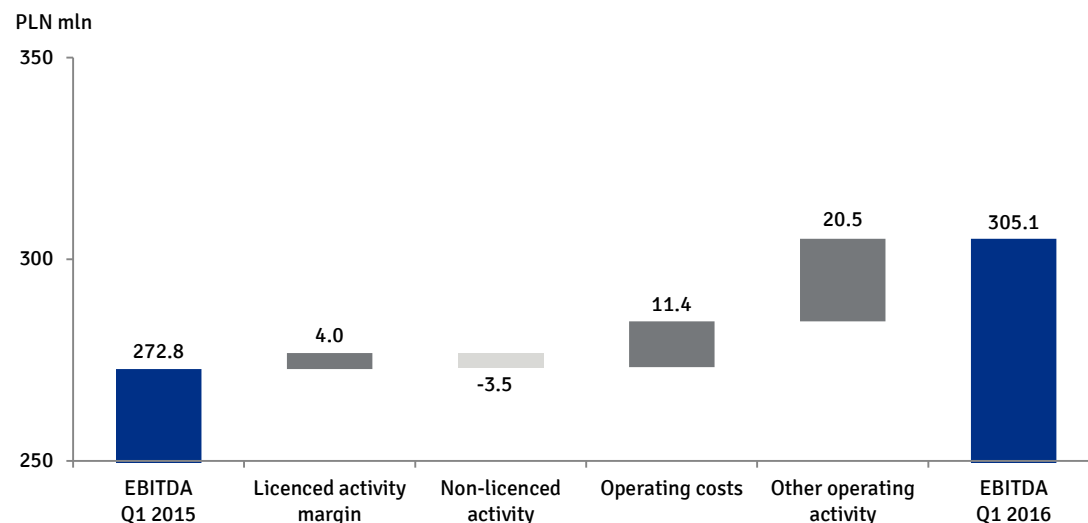
Segment of Distribution

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Sales revenue	778 046	788 349	10 303	1.3%
<i>distribution services to end users</i>	742 012	747 898	5 886	0.8%
<i>fees for grid connection</i>	11 481	15 699	4 218	36.7%
<i>other</i>	24 553	24 752	199	0.8%
EBIT	166 189	172 999	6 810	4.1%
Amortisation/depreciation	106 588	132 131	25 543	24.0%
EBITDA	272 777	305 130	32 353	11.9%
CAPEX	82 832	174 867	92 035	111.1%
Share of sales revenue of the segment in the Group's net sales revenue	24%	20%	-4 p.p.	-

Enea Operator sp. z o.o. is responsible for electricity distribution to 2.5 mln Customers in the western and north-western Poland on the area of 58,192 km². The basic task of Enea Operator is a continuous and reliable supply of energy maintaining appropriate quality parameters.

In the segment of Distribution the financial data of the following companies is presented:

- Enea Operator sp. z o.o.
- Enea Serwis sp. z o.o.
- Enea Pomiary sp. z o.o.
- Annacond Enterprises sp. z o. o.



Q1 2016 Change factors of EBITDA:

Margin on the licenced operations:

- (+) higher revenue from the sale of distribution services to end users by PLN 6 mln
- (-) higher costs of purchase of transmission services by PLN 6 mln
- (-) higher costs of purchasing energy for coverage of book-tax difference by PLN 1 mln
- (+) higher revenue from grid connection fees by PLN 4 mln

Non-licenced operations:

- (-) lower revenue in relation to the resignation from rendering the street lighting maintenance services by PLN 3 mln

Operating expenses:

- (+) optimisation of costs of outsourced services and costs of employee benefits PLN 17 mln
- (-) higher costs of taxes and charges by PLN 5 mln (greater value of grid assets as a result of performed investments)

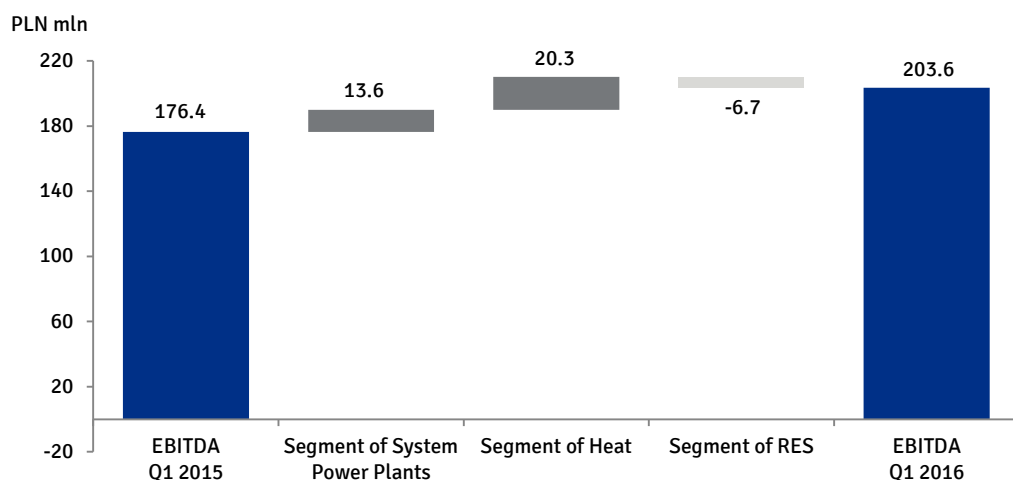
Other operating activity:

- (+) higher revenue from agreements on removal of collisions and shifting energy equipment to assets PLN 14 mln
- (+) lower costs of provisions relating to grid assets PLN 4 mln
- (+) lower costs of removing fortuitous events PLN 4 mln

Segment of Generation

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Sales revenue	826 945	876 828	49 883	6.0%
<i>electricity</i>	674 928	736 604	61 676	9.1%
<i>certificates of origin</i>	43 618	22 093	-21 525	-49.3%
<i>sale of allowance for emissions of CO₂</i>	-	1 621	1 621	100.0%
<i>heat</i>	103 056	111 335	8 279	8.0%
<i>other</i>	5 343	5 175	-168	-3.1%
EBIT	104 883	142 876	37 993	36.2%
Amortisation/depreciation	71 491	60 680	-10 811	-15.1%
EBITDA	176 374	203 556	27 182	15.4%
CAPEX	507 009	135 439	-371 570	-73.3%
Share of sales revenue of the segment in the Group's net sales revenue	26%	22%	-4 p.p.	-

The segment of Generation presents financial data of Enea Wytwarzanie sp. z o.o. and its subsidiaries. Enea Wytwarzanie holds e.g. 10 highly-efficient and modernised power units in the segment of System Power Plants. Annual generation capacity amounts to ca. 16 TWh electricity in this segment.



Q1 2016 Change factors of EBITDA:

Segment of System Power Plants:

- (+) higher margin on generation by PLN 29 mln
- (+) higher result on the other operating activity by PLN 4 mln
- (-) lower revenue from Regulatory System Services by PLN 5 mln
- (-) higher fixed costs by PLN 5 mln
- (-) lower margin on trade and the Balancing Market by PLN 9 mln

Segment of Heat:

- (+) higher revenue from sales of heat by PLN 9 mln
- (+) higher revenue from electricity by PLN 8 mln
- (+) lower costs of materials by PLN 5 mln

Segment of RES:

- (-) Area of Water (PLN -5 mln): lower revenue from certificates of origin and revenue from electricity by PLN 5 mln
- (-) Area of Wind (PLN -2 mln): lower revenue from certificates of origin by PLN 2 mln
- (-) Area of Biogas (PLN -0.2 mln)

Segment of Mining

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Sales revenue	-	420 286	420 286	100.0%
coal	-	405 020	405 020	100.0%
The other products and services	-	12 456	12 456	100.0%
Goods and materials	-	3 093	3 093	100.0%
EBIT	-	67 433	67 433	100.0%
Amortisation/depreciation	-	82 884	82 884	100.0%
EBITDA	-	150 317	150 317	100.0%
CAPEX	-	60 779	60 779	100.0%
Share of sales revenue of the segment in the Group's net sales revenue	-	10%	10 p.p.	-

LW Bogdanka

Financial data of LW Bogdanka CG for the period of January - March 2016

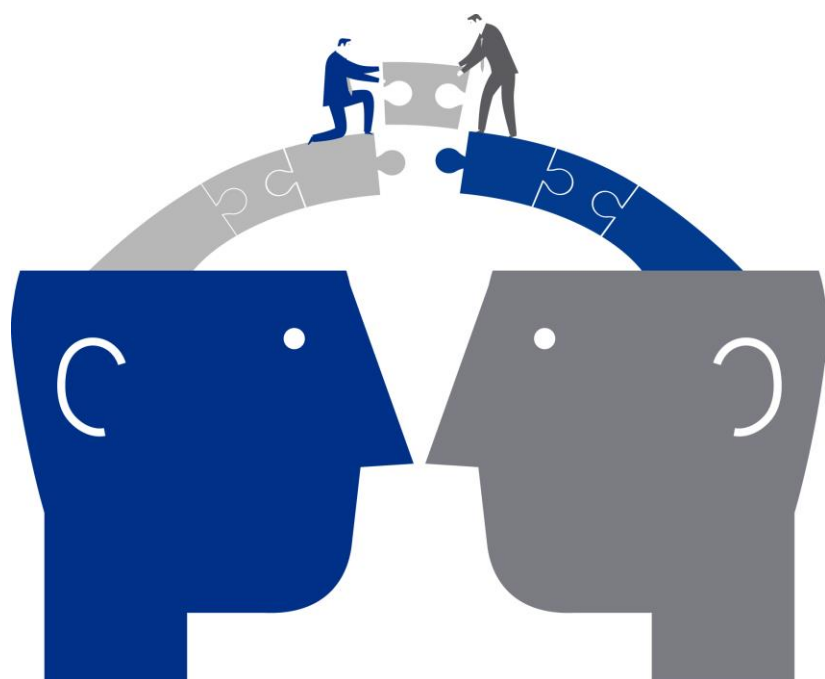
Mining realised on three fields: Bogdanka, Nadrybie, Stefanów

Production assortment: fine coal (ca. 99%), pea coal, nut coal

Key recipients: commercial and industrial power industry

Q1 2016 Factors of generated EBITDA:

- (+) 35.8% EBITDA profitability at 16.0% EBIT profitability
- (+) greater revenue from sales of goods and materials stems from greater scrap metal sales
- (+) growth in mining volumes - production in Q1 2016 on all Saturdays
- (-) coal sales revenue dropped yoy by 0.4%, i.e. PLN 1,593 thou. - growth in quantitative sales of coal (by over 12%) with price drop by over 10%
- (-) lower revenue from sales of other products and services stems from smaller volume of deliveries performed including transport to end user



Segment of Other activity

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Sales revenue	128 895	138 974	10 079	7.8%
EBIT	9 940	7 558	-2 382	-24.0%
Amortisation/depreciation	4 671	6 024	1 353	29.0%
EBITDA	14 611	13 582	-1,029	-7.0%
CAPEX	6 623	9 581	2 958	44.7%
Share of sales revenue of the segment in the Group's net sales revenue	3%	4%	1 p.p.	-

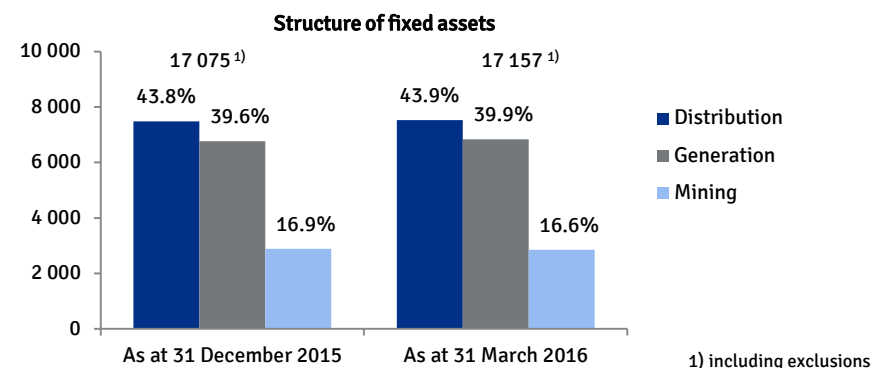


In the segment of Other Activity companies from three areas are presented:

- support for the other Group companies:**
 Enea Centrum sp. z o.o. - being the Shared Service Centre in the Group within accounting, staff, teleinformation, customer service
 Enea Logistyka sp. z o.o. - the company specialising in the logistics, warehousing, supply operations
- supplementary operations:**
 Enea Oświetlenie sp. z o.o. - the company specialising in lighting the interior and exterior of buildings; designs, constructs street lighting, illumination of urban areas, lighting monumental buildings and public utility objects, and also rendering construction services and comprehensive servicing of photovoltaic power plants
- other operations:**
 The Group conducts restructuring activities whose objective is keeping in the structure only those companies from the basic value chain and companies supporting and supplementing them.
 This group includes Szpital Uzdrawiskowy ENERGETYK

Assets - structure of assets and liabilities of Enea Group

Assets [PLN '000]	As at:		Change	Change %
	31 December 2015	31 March 2016		
Fixed assets	18 203 442	18 101 265	-102 177	-0.6%
Tangible fixed assets	17 074 978	17 156 821	81 843	0.5%
Perpetual usufruct	74 160	74 238	78	0.1%
Intangible assets	272 116	279 927	7 811	2.9%
Investment properties	20 624	20 432	- 192	-0.9%
Investments in subsidiaries	748	3 722	2 974	397.6%
Deferred tax assets	616 795	382 971	- 233 824	-37.9%
Financial assets available for sale	23 982	23 982	-	-
Derivatives	844	-	- 844	-100.0%
Trade and other receivables	28 323	58 802	30 479	107.6%
Funds gathered within Mine Liquidation Fund	90 72	100 370	9 498	10.5%
Current assets	4 785 554	4 676 726	- 108,828	-2.3%
Allowances for emissions of CO ₂	307 521	306 044	- 1,477	-0.5%
Inventories	649 509	639 389	- 10 120	-1.6%
Trade and other receivables	1 732 744	1 752 972	20 228	1.2%
Current income tax assets	31 956	27 623	- 4,333	-13.6%
Financial assets held to maturity	479	481	2	0.4%
Financial assets valued at fair value through profit or loss	222 011	226 078	4 067	1.8%
Cash and cash equivalents	1 822 094	1 704 900	- 117,194	-6.4%
Fixed assets for sale	19 240	19 239	- 1	0.0%
Total assets	22 988 996	22 777 991	- 211,005	-0.9%



Change factors of fixed assets (drop by PLN 102 mln):

- higher tangible assets stem from higher expenditures in relation to the realisation of Enea CG's investment strategy
- higher intangible assets by PLN 8 mln stem mainly from the development of software for the Group being the support in the companies' operations (e.g. ERP systems) and commissioning of the billing system
- lower deferred tax assets (by PLN 234 mln) relates mainly to the last year's impairment of fixed assets
- higher trade receivables stem from a positive valuation of forward contracts
- higher cash and cash equivalents stem from the funds gathered in LW Bogdanka within the Mine Liquidation Fund

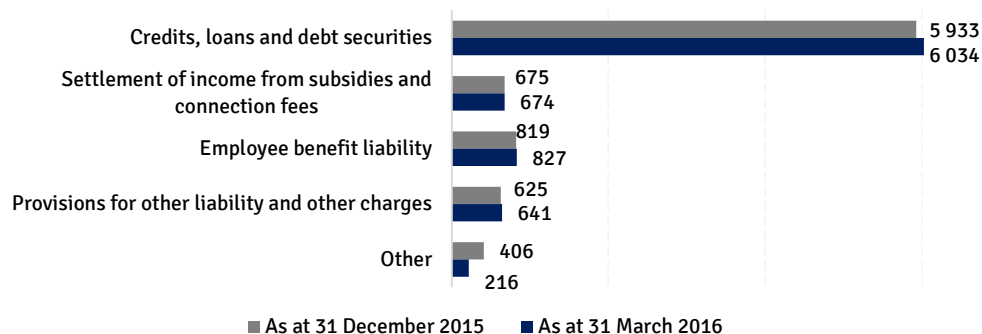
Change factors of current assets (drop by PLN 109 mln):

- lower cash and cash equivalents stems from financing of investments with own funds

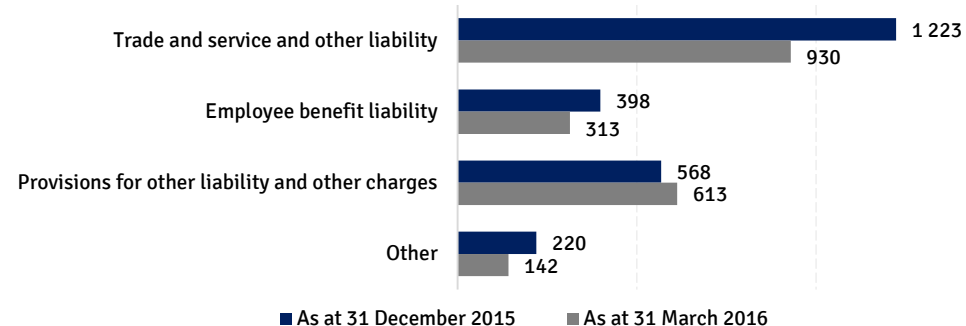
Assets - structure of assets and liabilities of Enea Group

Liabilities [PLN '000]	As at:		Change	Change %
	31 December 2015	31 March 2016		
Total equity	12 122 603	12 388 867	266 264	2.2%
Share capital	588 018	588 018	-	-
Share premium	3 632 464	3 632 464	-	-
Financial instruments revaluation reserve	814	-	- 814	-100.0%
Other reserves	-45 883	-45 883	-	-
Reserve capital from valuation of hedging instruments	3 980	-19 347	- 23 327	-586.1%
Retained earnings	7 158 352	7 431 293	272 941	3.8%
Non-controlling interests	784 858	802 322	17 464	2.2%
Total liabilities	10 866 393	10 389 124	-477 269	-4.4%
Non-current liabilities	8 457 838	8 392 154	-65 684	-0.8%
Current liabilities	2 408 555	1 996 970	-411 585	-17.1%
Total equity and liabilities	22 988 996	22 777 991	-211,005	-0.9%

Structure of non-current liabilities



Structure of current liabilities



Change factors of current liabilities (drop by PLN 412 mln)

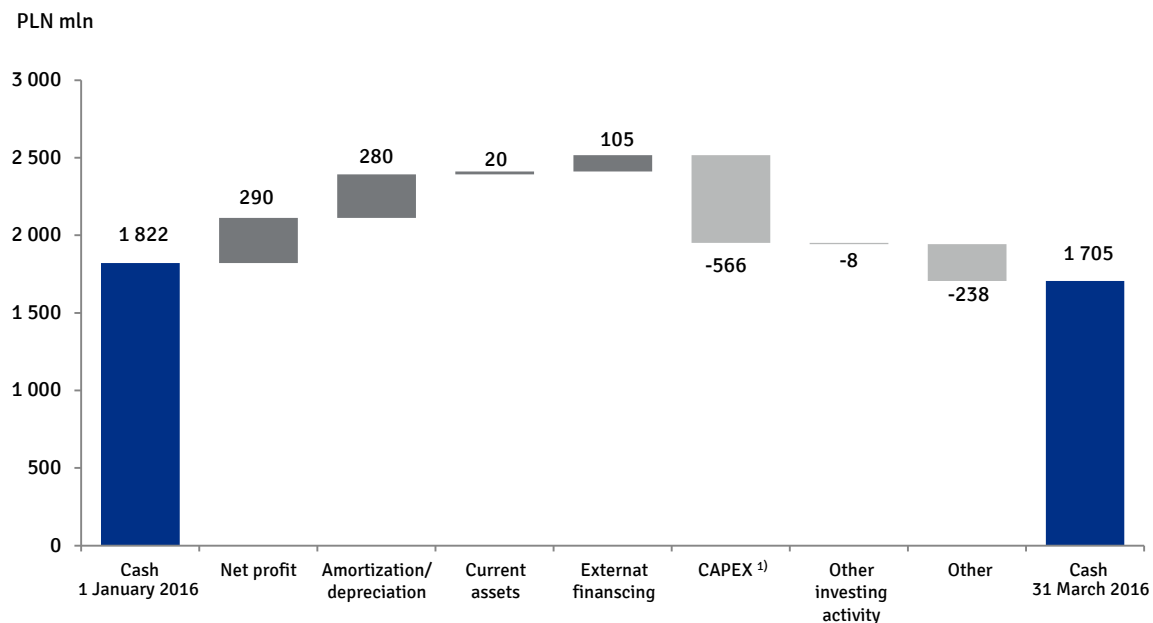
- PLN 293 mln drop in trade and other liabilities, mainly as a result of lower investment liabilities
- PLN 85 mln drop in employee benefit liabilities
- PLN 80 mln drop in current income tax liability
- PLN 45 mln higher provisions for other liabilities, mainly acquisition of CO₂ emission allowances

Cash situation of Enea Group

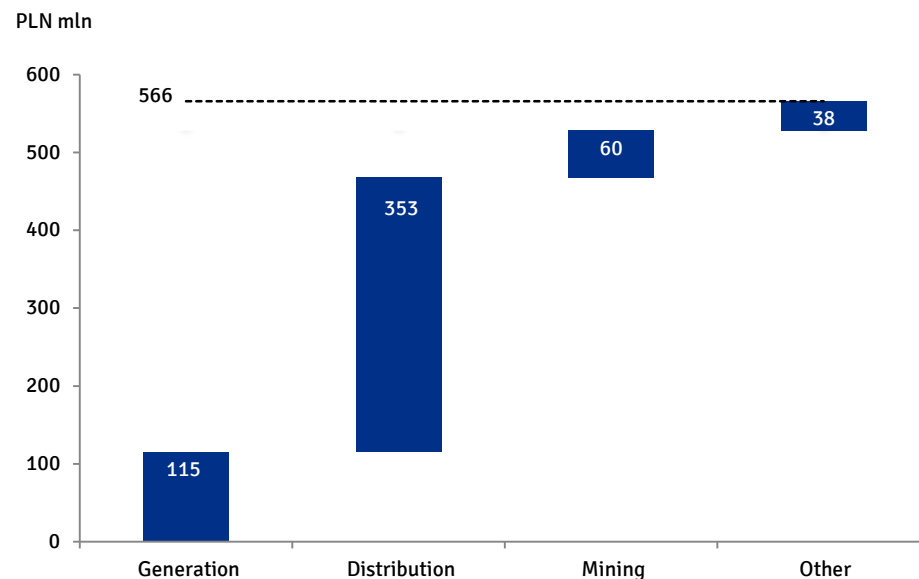
Cash flow statement [PLN '000]

	Q1 2015	Q1 2016	Change	Change %
Net cash flows from operating activities	188 724	395 232	206 508	109.4%
Net cash flows from investing activities	-446 580	-573 393	-126 813	-28.4%
Net cash flows from financing activities	980 963	60 967	-919 996	-93.8%
Net increase / (decrease) in cash and cash equivalents	723 107	-117 194	-840 301	-116.2%
Opening balance of cash and cash equivalents	687 316	1 822 094	1 134 778	165.1%
Closing balance of cash and cash equivalents	1 410 423	1 704 900	294 477	20.9%

Cash flows in Q1 2016



CAPEX¹⁾ Enea CG Q1 2016



1) Acquisition of tangible and intangible assets and acquisition of subsidiaries adjusted with obtained cash

Ratio analysis ¹⁾

	Q1 2015	Q1 2016
Profitability ratios		
ROE - return on equity	8.6%	9.4%
ROA - return on assets	5.5%	5.1%
Net profitability	10.8%	9.9%
Operating profitability	13.4%	13.2%
EBITDA profitability	20.8%	22.8%
Liquidity and financial structure ratios		
Current ratio	2.6	2.3
Equity-to-fixed assets ratio	0.8	0.7
Total debt ratio	0.4	0.5
Net debt / EBITDA	0.7	1.8
Economic activity ratios		
Current receivables turnover in days	59	55
Turnover of trade and other payables in days	55	48
Inventory turnover in days	30	26

Principles of preparation of financial statements

Condensed financial statements of Enea SA and Enea Group, respectively, included in the extended consolidated report of Enea SA for Q1 2016 were prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) approved by the European Union. Condensed financial statements were prepared with an assumption of going concern in the foreseeable future. The Company's Management Board states, as at the signature of the condensed financial statements, no facts or circumstances that could indicate any threats to the possibility of continuing the activity during the period of 12 months after the balance sheet date as a result of a wilful or mandatory negligence or substantial limitation of the so far activities. Financial data presented in the statements, if not stated otherwise, was presented in thousands of PLN.

1) Ratio definitions are to be found on page 74

Anticipated financial position

A large share of the regulated segment of Distribution in Enea CG's EBITDA (in Q1 2016 Distribution accounted for 46% of Enea CG's EBITDA) affects the predictability of cash flows and stabilises them over time. However, two facts are of some importance for this segment: a drop in the average weighted average cost of capital adopted by the Energy Regulatory Office (ERO) for tariff calculation (WACC) by 1.522 p.p. (from 7.197% in 2015 to 5.675% in 2016) and introduction of the so called "quality tariff" as of 2016 by ERO. The introduced mechanism of clearing accounts with distributors of electricity based on SAIDI and SAIFI indices realised in a given year, may significantly affect reduction of EBITDA in the segment of Distribution. Reduction of WACC will decrease EBITDA in the segment by ca. PLN 58 mln in 2016.

Segment of Generation which in Q1 2016 accounted for 30% EBITDA of Enea CG, is still under the influence of the demanding situation on the energy market. The production concentrated on bituminous coal involves the exposure to risk related to carbon dioxide emission costs.

In Q4 2015, as a result of LW Bogdanka's acquisition Enea CG's chain of values was supplemented with the segment of Mining. In Q1 2016 LW Bogdanka CG generated the best financial results in the sector, however its operations are still under the pressure of an unstable coal market situation. In 2016 the full compensation of the forecast drop in coal prices with a higher volume of its sales will not be probably achieved. Therefore, keeping the unit costs on a relevant level and optimisation of investment expenditures will be a priority.

In the area of Trade the operations focus on increasing energy sales - due to an attractive product range new Customers are obtained, and the volume of sold energy increases. An increasing competition on the market putting pressure on the realised prices, higher costs of ecological duties and a significant reduction in market prices of proprietary interests have a negative impact on the segment's financial results.

Despite difficult market and regulatory conditions, due to the consistently realised operating costs optimisation, Enea CG generates financial results on an anticipated level. In the face of a more and more demanding situation on the energy market the Management Board will undertake subsequent activities in order to maintain a positive result of operations.

The Group's financial standing is safe, supported with a significant volume of cash, which as at the end of March 2016, including current financial assets kept to maturity and financial assets evaluated at fair value through result, amounted to over PLN 1.9 billion. The amount included the cash on the Companies' accounts, bank deposits, and also cash and cash equivalents managed by an external company. Due to the consistently maintained cost discipline and optimum allocation of held resources the Group is guaranteed a favourable financing of the investments described in the corporate strategy thanks to:

- Agreement relating to the bond issue programme up to the amount of PLN 3 billion concluded with PKO BP, Bank Pekao, BZ WBK and Bank Handlowy w Warszawie
- Agreement relating to the bond issue programme up to the maximum amount of PLN 5 billion concluded with PKO BP, ING Bank Śląski, Pekao and mBank
- Two Programme Agreements relating to the issue of long-term bonds totalling to PLN 1.7 billion concluded with Bank Gospodarstwa Krajowego
- Three Loan agreements with the European Investment Bank for the total amount of PLN 2.371 billion

Enea Group implements a vast CAPEX programme (capital expenditures) covering mainly the segment of generation and the distribution network, and also acquisitions constituting market opportunities (as the recent acquisition of LW Bogdanka).

The implementation of the investment programme and efficiency improvement programme will positively affect the financial results of Enea CG. Due to the planned optimisation activities in 2016 Enea Group plans reduction in operating costs by PLN 362 mln (in relation to the base year).

Financial results forecasts

The Management Board of Enea SA did not publish any financial forecasts for 2016.



4. Shares and shareholding

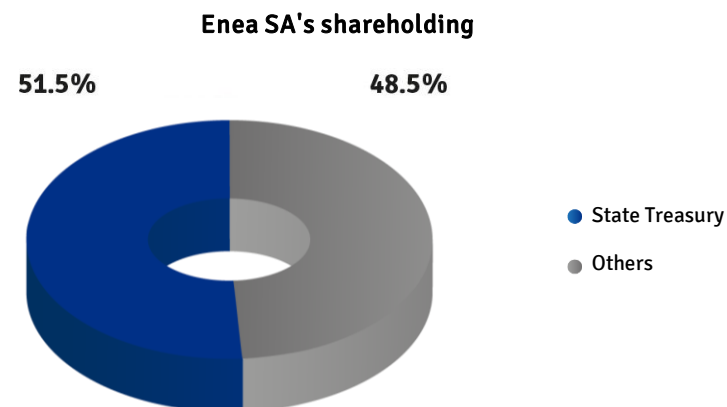
Share capital structure

Enea SA's share capital as at the publication date of this report for Q1 2016 amounts to PLN 441,442,578 and is divided into 441,442,578 ordinary bearer shares of the nominal value of PLN 1 each. The total number of votes resulting from all the issued shares of the Issuer corresponds to the number of shares and amounts to 441,442,578 votes. All the Company's shares are dematerialised bearer shares registered with the National Depository for Securities.

Shareholding structure

The table and diagram below present Enea SA's shareholding structure as at the publication date of the periodic report for Q1 2016, i.e. 16 May 2016.

Shareholder	Number of shares/number of votes during GM	Share in the share capital/share in the total number of votes
State Treasury	227 364 428	51.5%
Others	214 078 150	48.5%
TOTAL	441 442 578	100.0%



Changes in the shareholding structure from the date of publication of the previous quarterly report

The Company holds no information on any changes in the structure of the Company's significant shareholders occurring from the date of publication of the extended consolidated report for Q3 2015.



Quotations of Enea SA's shares on the Warsaw Stock Exchange

Enea SA's shares have been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008.

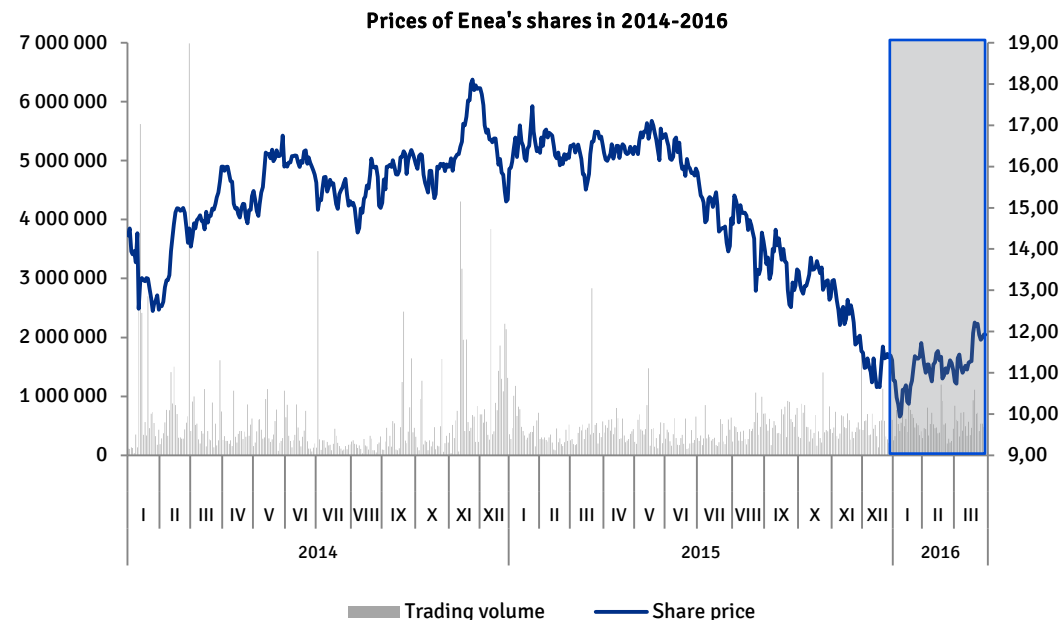
Percentage of the Company's shares in the indices as at 31 March 2016

WIG 20 1.45%	WIG 30 1.39%	WIG energia 12.09%	WIG Poland 0.99%	WIG div 3.89%	MSCI 1.39%
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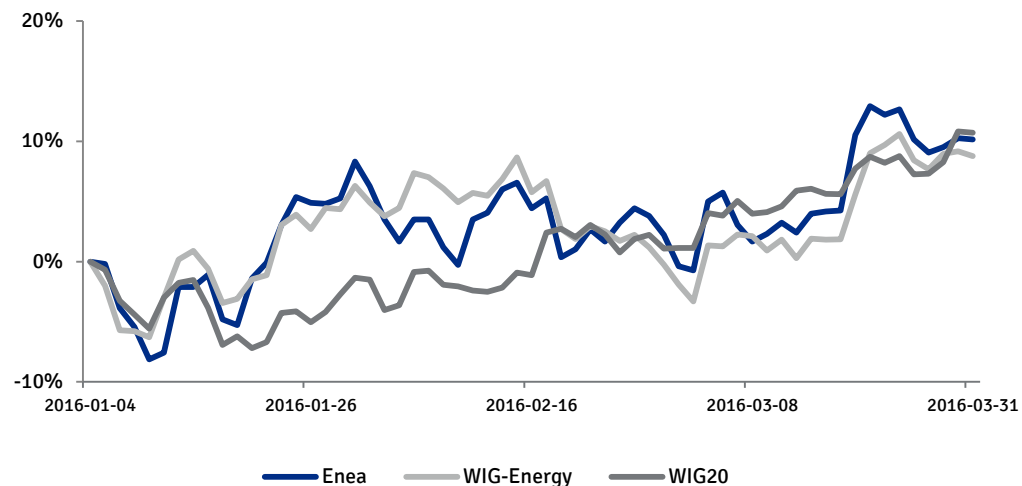
The table below demonstrates data relating to the Company's shares in Q1 2016.

Data	Q1 2016
Number of shares [pcs]	441 442 578
Minimum [PLN]	9.94
Maximum [PLN]	12.22
Closing price [PLN]	11.92
Opening price [PLN]	10.82
Average volume [pcs]	553 625

In the period from 1 January to 31 March 2016 the price of Enea's shares grew from PLN 10.82 to PLN 11.92, i.e. by PLN 1,1 or 10.2%. The highest price in the period was achieved for Enea's shares on 18 March, and the lowest - on 11 January 2016.



Change in the price of Enea SA's shares in relation to the changes of WIG20 and WIG-Energia indices





5. Authorities

Personal composition of Enea SA's Management Board

As at the date of this report, i.e. 16 May 2016, the Company's Management Board operates in the following composition:



Mirosław Kowalik

President of the Board

Mirosław Kowalik has been connected with the power industry for over 20 years, holding managerial positions on an operating and strategic level. In 2015 he managed SNC Lavalin sp. z o.o. Polska as the Vice-President of the Board and Business Development Director. During 1999-2015 he worked on various managerial positions for ALSTOM Power, recently as the Marketing and Sales Director. Connected with ABB concern during 1995-1998.

Mirosław Kowalik is a graduate of the Faculty of Energy Engineering of the Gdynia Maritime University. He graduated from MBA (Rotterdam School of Management programme in cooperation with the University of Gdańsk and Gdańsk Foundation for Management Development) achieving the degree of Executive Master of Business Administration. He is also a graduate of postgraduate studies of Corporate Finance Management at the Warsaw School of Economics. Currently, he is undergoing a PhD study - Executive Doctor of Business Administration in the Polish Academy of Sciences, Institute of Economics.

Scope of competence: Coordination of tasks related to the overall operations of the Company and Enea Group.

Wiesław Piosik

Vice-President of the Management Board for Corporate Affairs

Wiesław Piosik has been connected with the commercial power industry for over 30 years. Recently, he has managed private enterprises in the field of energy distribution, designing and execution of grid works and RES. During 1998-2005 he was the member of the board and president of Energetyka Poznańska SA (currently: Enea SA), during 2007-2009 he managed the works of the board of Polenergia Dystrybucja sp. z o.o. He holds a vast experience in supervising joint-stock companies in the sectors of fuel and energy, bank and IT - he was the member of the supervisory board of e.g. Kompania Węglowa, CIECH SA, Exatel SA and LG Petro Bank.

Wiesław Piosik is a graduate of Poznań University of Technology, completed studies at the Faculty of Electrical Engineering, majoring in electrical engineering with the speciality in: power engineering. He also graduated from the Postgraduate Study at Poznań University of Technology within power systems and grids under the conditions of changing into the market economy and Postgraduate Study of Marketing at Akademia Ekonomiczna in Poznań. He developed his competences at numerous trainings and courses within management.

Scope of competence: Supervision and coordination of all the notions related to the Corporate Governance, ownership supervision and services in Enea Group.



Piotr Adamczak

Vice-President of the Management Board for Commercial Affairs

Piotr Adamczak has been connected with the power industry for over 20 years. He commenced his professional career in Zakład Energetyczny Poznań. He managed the Market Organisation Department in EnergoPartner Wielkopolska. During 2002-2011 he worked in Energetyka Poznańska, and after the consolidation in Grupa Energetyczna Enea SA, on the positions of the Office Manager, Division Manager and Department Director, he dealt with the centralisation and realisation of tasks within the wholesale trade in electricity, duties of a commercial and technical coordinator, commercial coordinator, and commercial cooperation with RES as well. From 2011 he worked on the position of the Office Manager and from 2013 Trading Department Director in Enea Trading where he dealt with commercial activities on electricity markets, proprietary interests to certificates of origin, emission allowances and commercial cooperation with RES for the account of Enea Group companies.

Piotr Adamczak is a graduate of the Poznań University of Technology, majoring in Electrical Engineering at the Faculty of Electrical Engineering. He also graduated from Postgraduate Studies in Economic Problems of Power Sector Transformation at the Warsaw School of Economics, and the postgraduate study in "Electricity trade management" at the Poznań Trade and Commerce College.

Scope of competence: Supervision and coordination of the overall tasks related to the trading activity and Customer service.



Mikołaj Franzkowiak

Vice-President of the Management Board for Financial Affairs

Mikołaj Franzkowiak has been connected with financial management for over 13 years. From 2011 he was employed in Bank Zachodni WBK SA, where he originally managed the Corporate Clients' Management Accounting Department and from 2015 he was managing the Treasury Finance Department, being responsible for the team running the accounting for the area of ALM and Treasury of the bank. He was a Member of the Supervisory Board of BZ WBK Faktor from 2013. He was a Member of the Management Board for Economic and Financial Affairs of Fugo SA. Previously, he was connected with Bank BPH SA (Bank Pekao SA after the merger). He commenced his professional career in Ernst & Young.

Mikołaj Franzkowiak is a graduate of the Faculty of Law and Administration of the Adam Mickiewicz University in Poznań. He studied law and economics as well at Erasmus University Rotterdam. He completed postgraduate studies in accounting at the Poznań University of Economics and Business. Currently, he is a student of doctoral studies at the Faculty of Management of the Poznań University of Economics and Business. He holds a Chartered Financial Analyst international certificate. He attended numerous trainings on finance and management.

Scope of competence: Supervision and coordination of economic, financial and accounting affairs related to risk management in the Company and Enea Group, teleinformation and controlling.



Personal composition of Enea SA' Supervisory Board

As at the date of publication of this report, i.e. 16 May 2016, the Supervisory Board of the Company of the 9th term is composed of nine members and operates in the following composition:

Małgorzata Niezgoda
Chairman of the Supervisory Board
Date of appointment: 2 July 2015
 Małgorzata Niezgoda currently works as the Director of the Control and Supervision Department in the Ministry of Energy. She has held various positions since 2008 in the departments dealing with ownership supervision over the State Treasury owned enterprises in the Ministry of Treasury.
 In the period from November 2014 to February 2015 she was the Director of the Mining Department of the Ministry of Economy. In this period the bituminous coal mining restructuring process was prepared.
 Małgorzata Niezgoda holds a higher qualification, she graduated from the Warsaw University of Life Sciences – SGGW on the faculty of Environmental Engineering

Rafał Bargiel
Member of the Supervisory Board
Date of appointment: 15 January 2016
 Rafał Bargiel currently runs his own law office which renders comprehensive legal services for individual and corporate clients.
 Rafał Bargiel obtained his Master's degree at the University of Silesia in Katowice at the Faculty of Law and Administration. He completed a barrister training by the District Bar Council of Bielsko-Biała.

Stawomir Brzeziński
Member of the Supervisory Board
Date of appointment: 2 July 2015
 Stawomir Brzeziński has been connected with Enea SA since 2008. Currently, he is holding the position of the Compliance and Organisation Office's Manager. Previously he was related to the International Fair of Poznań.
 Stawomir Brzeziński is a graduate of the Faculty of Mechanical Engineering and Management at Poznań University of Technology. He also graduated from post-graduate studies at Poznań University of Economics within logistics and supply chain management and Poznań University of Technology majoring in quality management. He is currently studying Law at the Faculty of Law, Administration and Economics of the University of Wrocław.

Wojciech Klimowicz
Member of the Supervisory Board
Date of appointment: 2 July 2015
 Wojciech Klimowicz has been connected with Enea SA since 2003 and currently works in the Sales Department.
 Mr. Wojciech Klimowicz graduated from MA studies at Adam Mickiewicz University in Poznań, Faculty of Social Sciences, majoring in Politology (specialisation: local government administration). He also graduated from Postgraduate studies: Data statistical analysis in administration and business at the Faculty of Economics of the Poznań University of Economics and Business.

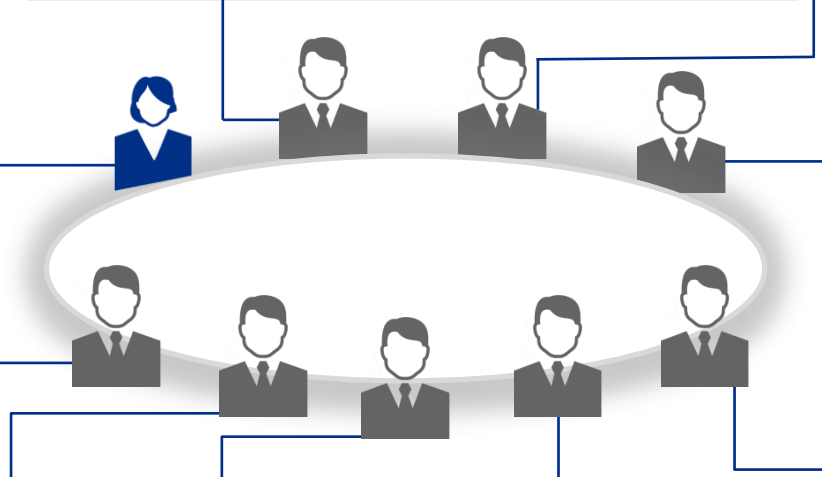
Tadeusz Miktosz
Member of the Supervisory Board
Date of appointment: 2 July 2015
 Tadeusz Miktosz holds long professional experience in the area of power engineering and ownership supervision. Since 1983 he has been connected with Enea SA and its predecessor entity, and currently he is an employee of the Operating Management Department. He has sat in various Supervisory Boards since 1997.
 Tadeusz Miktosz holds a higher qualification in team leadership and political science. He also graduated from Post-graduate Studies in commercial law at Poznań University of Economics.

Piotr Mirkowski
Member of the Supervisory Board
Date of appointment: 15 January 2016
 During 2009-2015, Piotr Mirkowski was a member of the Supervisory Board of the joint stock company Radpec S.A. In 2007-2015 he was connected with RTBS "Administrator" sp. z o.o. From 1998 to 1999 he was employed in Zakład Usług Technicznych Energetyki Ciepłej in Radom on the position of an Operations Director. During 1989-1998 he worked as the Heat Networks Department Manager in Wojewódzkie Przedsiębiorstwo Energetyki Ciepłej in Radom.
 Piotr Mirkowski is a graduate of the Radom School of Engineering, speciality: mechanical engineering. He also graduated from the postgraduate studies at the Warsaw University of Technology within heating and heating with energy auditing. He holds ISO auditor and ISO plenipotentiary certificates.

Piotr Kossak
Member of the Supervisory Board
Date of appointment: 15 January 2016
 Piotr Kossak runs a legal practice in his own Law Firm of the Legal Counsel in Sandomierz specialising in reprivatisation issues, foundation and association law and companies law. During 2010-2012 he was connected with the University of Human and Life Sciences in Sandomierz - as a research associate and dean on the Faculty of Law and Administration.
 Piotr Kossak is a PhD of legal sciences within law. He received this degree at the Faculty of Law, Canon Law and Administration of John Paul II Catholic University of Lublin (KUL) in Lublin. He completed the legal training by the District Chamber of Legal Advisers in Kraków and barrister's training by the District Bar Council in Kielce. In 2006 he was entered into the list of legal counsels in the District Chamber of Legal Advisers in Kraków, and in 2009 he was entered into the list of barristers of the District Bar Council in Kielce. Piotr Kossak satisfies the independence criteria for members of the Supervisory Board.

Rafał Szymański
Member of the Supervisory Board
Date of appointment: 2 July 2015
 Rafał Szymański is an employee of the Ministry of Energy in the Control and Supervision Department. His professional duties include e.g. ownership supervision of State Treasury companies. So far, he has been employed in the Ministry of Treasury, where he held e.g. the position of the Head of the Department supervising the power sector companies owned by the State Treasury.
 Rafał Szymański graduated from the University of Warmia and Mazury majoring in the Ecological Engineering and from Post-graduate Studies of Energy Market Operation at the Warsaw School of Economics.

Roman Stryjski
Member of the Supervisory Board
Date of appointment: 15 January 2016
 Roman Stryjski is a professor of the University of Zielona Góra, Director of the Institute of Computer Science and Production Management. Formerly, he was professionally connected with the Higher Engineering School in Zielona Góra and the Pedagogical University in Zielona Góra for many years. Member of international scientific societies and advisory committees, the Polish Association for Energy Certification and the Organisation and Management Sciences Committee of the Polish Academy of Sciences Branch in Poznań. Roman Stryjski is a habilitated doctor of technical sciences of Martin Luther University Halle-Wittenberg.



Changes in the composition of the Management Board of Enea SA

Date	Event
	The Supervisory Board of Enea SA adopted resolutions on recalling, as of 7 January 2016, the following people from the composition of the Management Board of Enea SA: <ul style="list-style-type: none"> • Dalida Gepfert - Vice-President of the Management Board for Financial Affairs • Grzegorz Kinelski - Vice-President of the Management Board for Commercial Affairs
	Enea SA's Supervisory Board adopted a resolution regarding cancellation of the delegation as of 7 January 2016 of the Member of the Supervisory Board, Wiesław Piosik, to temporarily act as the President of the Board of Enea SA
30 December 2015	Enea SA's Supervisory Board adopted a resolution regarding nomination as of 7 January 2016 Mirostaw Kowalik to the position of the President of the Management Board of Enea SA for the subsequent term which commenced on 7 January 2016
	Enea SA's Supervisory Board adopted a resolution regarding nomination as of 7 January 2016 Wiesław Piosik to the position of the Vice-President of the Management Board of Enea SA for Corporate Affairs for the subsequent term which commenced on 7 January 2016
	Enea SA's Supervisory Board adopted a resolution regarding delegation as of 7 January 2016 the Member of the Supervisory Board, Sławomir Brzeziński, to temporarily act as the Vice-President of the Management Board of Enea SA for Commercial Affairs until a new Vice-President for Commercial Affairs is nominated
21 January 2016	The Company's Supervisory Board adopted a resolution regarding the nomination as of 15 February 2016: <ul style="list-style-type: none"> • Piotr Adamczak to the position of the Vice-President of the Management Board for Commercial Affairs • Mikołaj Franzkowiak to the position of the Vice-President of the Management Board for Financial Affairs

Changes in the composition of the Supervisory Board of Enea SA

Information on changes in the composition of the Company's Management Board in 2016 is presented below:

Date	Event
30 December 2015	Enea SA's Supervisory Board adopted a resolution regarding cancellation of the delegation as of 7 January 2016 of the Member of the Supervisory Board, Wiesław Piosik, to temporarily act as the President of the Board of Enea SA.
30 December 2015	Enea SA's Supervisory Board adopted a resolution regarding delegation as of 7 January 2016 the Member of the Supervisory Board, Sławomir Brzeziński, to temporarily act as the Vice-President of the Management Board of Enea SA for Commercial Affairs until a new Vice-President for Commercial Affairs is nominated.
7 January 2016	The Company received the resignation of Wiesław Piosik from the position of a Member of Enea SA's Supervisory Board effective as of 7 January 2016 - the resignation was filed in connection with the nomination of the above mentioned person into the composition of the Company's Management Board as of 7 January 2016
15 January 2016	Enea SA's EGM recalled Sandra Malinowska, Radostaw Winiarski and Tomasz Gotebiowski - independent member - from the composition of Enea SA's Supervisory Board
15 January 2016	Enea SA's EGM nominated into the composition of the Supervisory Board 4 new members: Piotr Kossak as an independent member, Rafał Bargiel, Roman Stryjski and Piotr Mirkowski

In relation to the nomination of the Supervisory Board of the 9th term the Audit Committee and Nominations and Remuneration Committee were appointed. As at the date of publication of this report the composition of the above mentioned committees was as follows:

Audit Committee

Name	Position
Małgorzata Niezgoda	Chairman
Sławomir Brzeziński	Member
Piotr Kossak ¹⁾	Member
Roman Stryjski	Member
Wojciech Klimowicz	Member

Nominations and Remuneration Committee

Name	Position
Rafał Szymański	Chairman
Rafał Bargiel	Member
Piotr Kossak ¹⁾	Member
Tadeusz Mikłosz	Member
Piotr Mirkowski	Member

List of shares and allotment certificates to shares of Enea SA held by members of the Management and Supervisory Boards

Name	Position	Number of Enea SA's shares as at 16 November 2015	Number of Enea SA's shares as at 16 May 2016
Wiesław Piosik	Vice-President of the Management Board	n/a ²⁾	4 140
Tadeusz Mikłosz	Member of the Supervisory Board	4 140	4 140

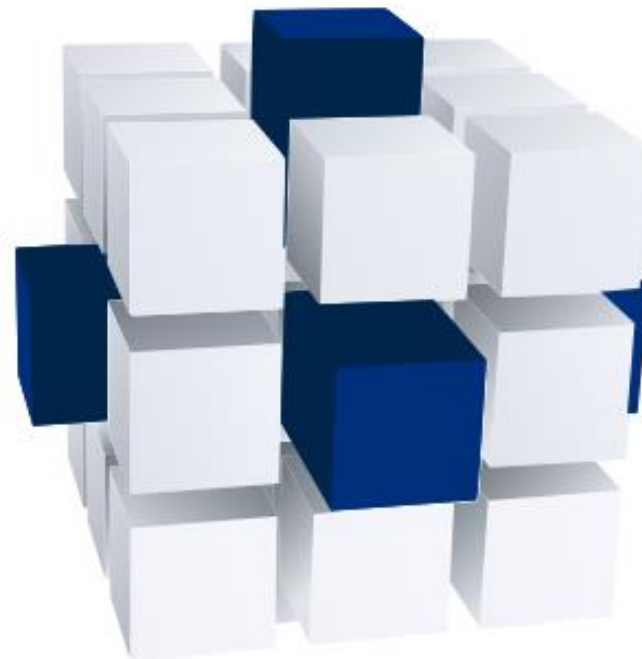
As at the date of publication of this periodic report the other people from the Management and Supervisory Board do not hold Enea SA's shares.

As at the date of publication of this periodic report the other persons from the Management and Supervisory Board do not hold any entitlement to Enea SA's shares.

In the period from the publication of the previous quarterly report, i.e. the extended consolidated periodic report for Q3 2015, members of the Management Board and members of the Supervisory Board did not acquire/sell shares or allotment certificates relating to Enea SA's shares.

¹⁾ Piotr Kossak satisfies the independence criteria for members of the Supervisory Board

²⁾ Managing person as of 7 January 2016.



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

Demand for energy

According to the Ministry of Economy the demand for electricity in the next years will grow in all the sectors of economy. Net production of electricity will increase until 2030 to 193.3 TWh - as results from forecasts by the Ministry of Economy included in "Update of the projection of demand for fuels and energy until 2030". At the same time, pursuant to the document titled "Conclusions from forecast analyses for the needs of the Energy Policy of Poland until 2050" until 2050 the production of electricity will increase by ca. 40% - from 158 TWh until 2010 to 223 TWh in 2050.¹⁾

Quality tariff

The new model of the quality regulation came into force on 1 January 2016, yet it will have impact on the finances of Enea Operator (and other ODSs) as late as in 2018. The President of the Energy Regulatory Office made some part of the regulated income dependant on the quality of services rendered by these entities. Service quality assessment will be performed by measuring numerous ratios, in particular of uninterrupted power supply and time of connecting to the power grid.

Exemption from the obligation to tariff households

Pursuant to Article 49 of the Energy law, the President of ERO may exempt an energy company from the obligation of submitting tariffs for approval, if he states that it operates competitively. A potential exemption from tariffing may positively affect the margin on sales of energy.

Growth in the number of energy sellers

The number of electricity sellers grows regularly. Appearing of a seller conducting an aggressive price policy may result in the pressure on the margin on sales of energy to retail consumers.

Additionally, it must be noted that more and more customers decide to change their energy seller. The number of TPA recipients (Third Party Access) among enterprises (tariff group sets A, B, C) as at the end of March 2016 amounted to 168,519, thus grew from the end of March 2016 by 9,923 (6.3%). And among households (tariff group set G) the TPA principle was used, as at the end of March 2016, by 410,732 entities, which means a growth by 19,381 (5%) in relation to the end of December 2015.²⁾

Continuation of the cooperation on the construction of the first atomic power plant in Poland

On 3 September 2014, PGE Polska Grupa Energetyczna, Tauron Polska Energia, Enea and KGHM Polska Miedź (Business Partners) concluded a Shareholder Agreement. On 15 April 2015, pursuant to the Shareholder Agreement, an agreement on sale of shares in PGE EJ 1 sp. z o.o. was concluded, as a result of which each of the Business Partners acquired 10% of shares in PGE EJ 1 sp. z o.o. As a consequence of selling shares in PGE EJ 1 by PGE to Business Partners, PGE holds 70% in the share capital of PGE EJ 1, and each of the Business Partners - 10%. In May 2015, the National Court Register registered the new wording of the Company's Articles of Association, resulting from the Shareholder Agreement, and in May and June 2015, the composition of the Company's Supervisory Board was extended with Business Partners' representatives.

Pursuant to the assumptions PGE Group will be the leader of the construction project and exploitation of the first Polish atomic power plant with the capacity of ca. 3,000 MW, and PGE EJ 1 is to be a future operator of the power plant. Pursuant to the Shareholder Agreement, the Parties jointly undertake, in the proportion to number of shares held, to finance the operations as part of the preliminary stage of the Project (Development Stage). The development stage is to specify such elements as potential partners, including the strategic partner, providers of technologies, EPC (Engineering, Procurement, Construction) contractors, suppliers of atomic fuel and obtaining the financing for the project, and also organisational and competence based preparation of PGE EJ 1 to the role of the future atomic power plant's operator, responsible for its safe and efficient exploitation (Integrated Proceedings). Enea's financial engagement at the Development stage will not exceed the amount of ca. PLN 107 mln.

On 29 July 2015 the Extraordinary General Meeting of Shareholders of PGE EJ 1 sp. z o.o. was held during which the Shareholders decided to raise the share capital of the Company by ca. PLN 70 mln, through the issue of 496,450 new shares of the nominal value of PLN 141 each, subscribe for the newly created shares and cover them with cash contribution. Pursuant to the decision of the EGM Enea took up 49,645 shares of the total nominal value of ca. PLN 7 mln and covered them with cash totalling to ca. PLN 7 mln.

The Parties to the Shareholder Agreement foresee that the decision relating to the declaration of further participation of particular Parties in the next stage of the project will be made after the completion of the development stage, directly before making the final decision within the Integrated proceedings.

Limits of allowances for emissions of CO₂

A material element within costs, conditioning the profitability of electricity generation is the allocation of free allowances for emissions of CO₂ and other gases and substances in a given settlement period. Obtaining a free allocation of CO₂ emission is conditional on the implementation of dedicated investments in Enea CG notified in the National Investment Plan (NIP). The value of actual outlays is the base for obtaining allowances.

Structure of generating portfolio

Within the realisation of the superlative goal of Enea CG, i.e. higher value for shareholders, the Group pursues the improvement in the core financial ratios. Building a competitive generating portfolio is one of the basic elements of realisation of the above strategic goal. The Group pursues the development of the generating capacities to the level of additional 1,075 MW_e in the segment of system power plants in 2017. In 2020 it is planned to additionally achieve ca. 500 MW_e power from RES and ca. 200 MW_e and 1,000 MW_t in cogeneration sources and heating networks.

Continuation of the construction of the power unit

In 2012 Enea Wytwarzanie and Hitachi Power Europe GmbH (presently Mitsubishi Hitachi Power Systems Europe GmbH) and Polimex-Mostostal SA consortium signed an agreement totalling to PLN 5.1 billion on the construction of 1,075 MW_e gross supercritical bituminous coal fired power unit of the efficiency of 45.6% net. The investment in the construction of the new power unit is one of the key undertakings in order to increase generating capacities of Enea Group for a long-term satisfaction of the demand for electricity of all the Group's customers. The new power unit in Koźienice Power Plant will be the most modern unit fired with bituminous coal in Poland and Europe. The completion of the investment will allow for increasing generating capacities of the power plant in Koźienice by ca. 30%.

1) bip.me.gov.pl/files/upload/21394/Wnioski%20z%20analiz%20prognostycznych_2014-08-11.pdf

2) ure.gov.pl/pl/wskazniki-dane-i-anali/zmiana-sprzedawcy-moni/4776,Zmianaspredawcymonitoring.html

Rating

Maintaining on 29 October 2015 by Fitch Ratings agency of a long-term rating of Enea SA in national and foreign currency on the level of "BBB" and a long-term national rating on the level of "A(pol)" in relation to LW Bogdanka's takeover is of a key importance as to the realisation of the investment intentions of the Group. The outlook of the ratings is stable. Fitch Ratings has performed Enea's credit rating since 2011.

On 26 April 2016 EuroRating affirmed the credit rating of Enea on the level of "BBB" a stable outlook. The rating mentioned above was awarded by EuroRating on its own initiative, in reply to the information needs of market participants, and the credit risk assessment process was based on the publicly available information.

Collective disputes

There are no collective labour disputes in any of the key companies comprising Enea CG. In order to eliminate the risk and occurrence of a potential collective dispute the boards of the companies have a regular dialogue with the society.

Court and administrative proceedings

As at the date of publication of this report, no proceedings is underway regarding liabilities or claims, the party to which would be Enea SA or its subsidiary, whose single or total value would amount to 10% or more of Enea SA's equity.

A detailed description of proceedings is presented in note 22 to the condensed interim consolidated financial statements of Enea CG for the period from 1 January to 31 March 2016.

Enhancing the efficiency of the support area

In Enea Group the support services are rendered by Enea Centrum. In Q1 2016, the development of an efficient Shared Service Centre was continued within the support functions, such as:

- Customer service
- IT
- finance and accounting
- personnel
- logistics
- debt recovery

Additionally, the following activities were centralised within SSC:

- coordination of legal services
- administration and development of Enea CG's Companies websites
- electronic flow of obligation and delegation documents

In 2015, changes were introduced in particular areas as regards the organisation of works, new IT systems were implemented, which in the further perspective will allow for the optimisation of processes and raising the efficiency of realised tasks. Enea Centrum implements a range of optimisation projects whose goal is the reduction in costs and raising the quality of services rendered for the other companies in Enea CG.

On 1 January 2016 the servicing of support services was taken over from the next three Enea CG's companies - Enea Serwis, Enea Pomiar and Enea Oświetlenie.

Long-term development of energy market

On 16 February 2016 the Government of Poland adopted "Plan for Responsible Development of Poland"¹⁾. The document specifies the key directions of the state functioning and new impulses which will ensure its stable development in the future. The plan foresees that the development of the Polish economy will be based on five pillars:

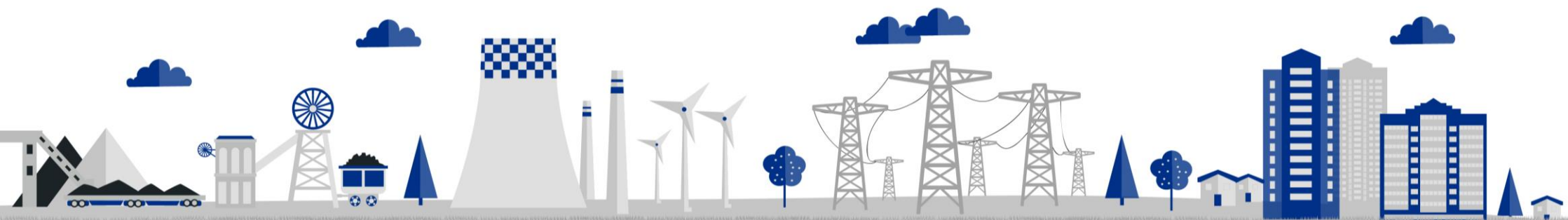
- reindustrialisation
- innovation
- capital
- foreign expansion
- social and regional development

Pursuant to the provisions of the document relating to the energy market, in order to increase energy efficiency and unlock the investment after 2020 (including avoidance of blackout and becoming independent from energy imports) the state intends to e.g. support the development of energy infrastructure (energy bridges, power storing technologies), liberalise market segments and introduce capacity market mechanism which would be an impulse for investments in the segment of conventional power engineering.

New projections for energy price paths

Long-term financial projections of Enea Group based on the forecast electricity price paths, expectations as regards the changes of market prices of certificates of origin for energy, allowances for emissions of CO₂ and coal prices demonstrate a more and more requiring situation of the segment of Generation. Due to the maintaining of energy prices on exceptionally low levels, resulting in the imbalance between generated revenue and costs of energy generation, the Group foresees the necessity of a quick entry into force of the announced support mechanisms for system power engineering. Difficulties in generating good financial results by generating sources will exclude a possibility of incurring expenditures for development investments which during the coming years seem inevitable.

1) www.mr.gov.pl/media/14840/Plan_na_rzecz_Odpowiedzialnego_Rozwoju_prezentacja.pdf



Enea Group's corporate social responsibility in Q1 2016 was concentrated on the implementation of the following actions:

Enea Sports Academy Programme

In Q1 2016 Enea Group developed the programme of Enea Sports Academy, dedicated to children and young people from four provinces operating on the distribution area of the Group.

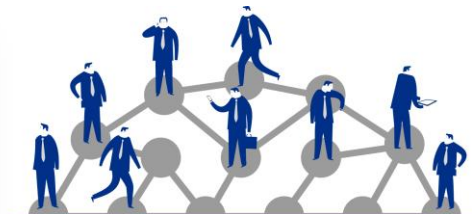
70 schools from the following provinces: Wielkopolskie, Lubuskie, Kujawsko-Pomorskie and Zachodniopomorskie were covered with the Academy's operations as part of the Programme. In Q1 2016 already several hundred children benefited from sport activities (out-of-school or realised on the area of partner sports clubs).

Enea Group's corporate volunteering operations in Q1 2016 focused e.g. on:

- engagement in the Easter campaign - "Great Power Package for Easter". Sweets were collected, stationery and toys for children from educational care facilities located on the area of our Group's operations. Gifts were given to children's homes, environmental day rooms, single mother's homes. Together with the corporate mascot, Enea's Firefly, we took the gathered gifts to 11 places. The gifts were given to a total of ca. 300 children. Employees from all the Group companies joined the action
- engagement in workshops for children which took place on 3 April during the recital of Artur Ruciński in the Great Theatre in Poznań. Children took part in a theatrical and energetic adventure under the supervision of Enea's volunteers. The attractions included electric cars racing, demonstration of "nervesmeter" and Van de Graaff generator was described.
- organisation of first-aid training for all employees of Enea SA. Rescuers - volunteers and concurrently qualified employees of Enea Centrum - demonstrated practical skills on cardiac pulmonary resuscitation and operation of a portable defibrillator. Thus they encouraged to undertake a voluntary service in rescue teams
- continuation of the competence volunteering via realisation of programmes: "Power-not so scary" and "First aid - pre-medical rescue"



Corporate volunteering



LW Bogdanka’s corporate social responsibility in Q1 2016 was concentrated on the implementation of the below actions:

Consistent implementation of the current strategy of social responsibility

The superior values of LW Bogdanka include: honesty, professionalism and responsibility. LW Bogdanka consistently and regularly implements initiatives described in “Corporate Social Responsibility Strategy for 2014-2017” which is based on the continuation of four priorities:

- pursuing the growth in the level of security of employees
- guaranteeing safety of the local natural environment
- guaranteeing safety and supporting the development of local communities
- transparent and responsible managerial practice

Ethics as a element of organisational culture

In February 2016 LW Bogdanka positively underwent an audit of the supplier's chain of deliveries performed by one of the recipients - Stora Enso. At the same time, continuously working on the improvement of knowledge propagating methods among employees, the following guidelines were enforced in LW Bogdanka:

- mode and method of organising trainings
- surveys and propagating knowledge on the observance and spreading of the rules of the code of conduct and preventing malpractice

Corporate volunteering

As corporate volunteering LW Bogdanka realised the following initiatives in Q1 2016:

- **“Positively stoked” campaign** – collection of caps for children and young people of Lublin Hospice under the name of Little Prince in Lublin.
- **Gold rush** - project consists in disposing of low-denomination coins from the wallet - 1 gr, 2 gr, and 5 gr.
- **Great Power of Helping campaign** - as inspired by Enea Group the employees of LW Bogdanka collected gifts before Easter (food, sweets, school articles), which were devoted for the needs of the Juvenile Shelter (SDN) in Dominowo near Lublin.

Relations with local community

Local community support

LW Bogdanka CG supports a range of local social initiatives with the goal of developing the areas of culture, science, education, health, developing the municipal infrastructure and securing other needs of the local community. The Company is also a sponsor of sports and cultural activities.

Intersectoral Agreement for life and health

In March 2016, LW Bogdanka, Fundacja Solidarni Górniczy and Regionalne Centrum Krwiodawstwa i Krwiolecznictwa w Lublinie agreed upon the scope of joint actions for the whole 2016, including blood donation campaigns and meetings propagating knowledge in this area among employees.

Other initiatives

Mine close to the nature

As the founder and co-organiser (with OTOP) of Nadrybie Educational Path, LW Bogdanka still works on the extension of the path’s infrastructure. In January 2016, a meeting was held with representatives of Parczew Forest District, during which they shared their knowledge and experience within preparation and use of educational paths on naturally valuable areas.

Education in C-Zone - the mine eagerly shares its history, traditions, achievements with children and youth for whom meetings are organised with our employees who, in specially designed multimedia rooms, bring the mining issues closer to them.



Attachments

Non-consolidated profit and loss statement - Q1 2016

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Sales of electricity to retail users	1 046 477	1 059 560	13 083	1.3%
Sales of gaseous fuel to retail users	13 040	44 922	31 882	244.5%
Sales of distribution services to users holding comprehensive agreements	402 193	403 926	1 733	0.4%
Sales of energy and gaseous fuel to other entities	65 137	36 544	-28 593	-43.9%
Sales of services	804	936	132	16.4%
Other revenue	7 901	518	-7 383	-93.4%
Excise tax	63 464	68 462	4 998	7.9%
Net sales revenue	1 472 088	1 477 944	5 856	0.4%
Amortisation/depreciation	1 590	924	-666	-41.9%
Employee benefit costs	9 069	14 650	5 581	61.5%
Consumption of materials and raw materials and value of goods sold	129	470	341	264.3%
Purchase of energy and gas for resale	986 497	1 007 020	20 523	2.1%
Distribution services	400 672	403 924	3 252	0.8%
Other outsourced services	30 498	37 681	7 183	23.6%
Taxes and charges	1 534	1 548	14	0.9%
Cost of sales	1 429 989	1 466 217	36 228	2.5%
Other operating revenue	5 374	2 591	-2 783	-51.8%
Other operating expenses	5 685	7 213	1 528	26.9%
Profit / (loss) on sales and liquidation of tangible fixed assets	-	-8	-8	-100.0%
Operating profit (loss)	41 788	7 097	-34 691	-83.0%
Financial expenses	20 531	35 301	14 770	71.9%
Financial revenue	42 908	48 666	5 758	13.4%
Profit (loss) before tax	64 165	20 462	-43 703	-68.1%
Income tax	13 926	5 312	-8 614	-61.9%
Net profit (loss) for the reporting period	50 239	15 150	-35 089	-69.8%
EBITDA	43 378	8 021	-35 357	-81.5%

Q1 2016:

Change factors of EBITDA of Enea SA (drop by PLN 35 mln):

- (-) lower first contribution margin by PLN 17 mln:
 - (-) lower average selling price by 4.5%
 - (-) higher costs of ecological obligations by 10.2%
 - (-) lower average purchase price of energy by 2.4%
 - (+) growth in sale volumes by 6.0%
- (-) higher costs of outsourced services by PLN 7 mln:
 - (-) higher costs of advertising and representation by PLN 3 mln
 - (-) higher costs of consulting and legal services by PLN 1 mln
- (-) higher employee benefits costs by PLN 5 mln
- (-) lower result on the other operating activity (by PLN 4 mln):
 - (-) written-off debts PLN 2 mln
 - (-) impairment of receivables by PLN 1 mln

Profit and loss statement of Enea Operator sp. z o.o. - Q1 2016

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Revenue from sales of distribution services to end users	723 907	726 727	2 820	0.4%
Revenue from additional fees	1 271	905	-366	-28.8%
Revenue from non-invoiced sales of distribution services	18 105	21 171	3 066	16.9%
Clearing of the Balancing Market	285	638	353	123.9%
Fees for customer grid connection	11 481	15 699	4 218	36.7%
Revenue from the illegal collection of electricity	1 642	1 548	-94	-5.7%
Revenue from services	11 105	7 234	-3 871	-34.9%
Sales of distribution services to other entities	5 133	6 752	1 619	31.5%
Sales of goods and services and other revenue	236	301	65	27.5%
Sales revenue	773 165	780 975	7 810	1.0%
Depreciation and amortisation of fixed and intangible assets	105 124	130 620	25 496	24.3%
Employee benefit costs	104 352	100 451	-3 901	-3.7%
Consumption of materials and raw materials and value of goods sold	6 922	7 625	703	10.2%
Purchase of energy for own needs and grid losses	67 309	68 787	1 478	2.2%
Costs of transmission services	195 211	201 362	6 151	3.2%
Other outsourced services	61 724	48 640	-13,084	-21.2%
Taxes and charges	47 787	52 707	4 920	10.3%
Cost of sales	588 429	610 192	21 763	3.7%
Other operating revenue	1 949	20 022	18 073	927.3%
Other operating expenses	23 237	19 903	-3 334	-14.3%
Profit / loss on sales and liquidation of tangible fixed assets	434	-512	-946	-218.0%
Operating profit/loss	163 882	170 390	6 508	4.0%
Financial revenue	1 636	322	-1 314	-80.3%
Financial expenses	7 683	9 741	2 058	26.8%
Profit/loss before tax	157 835	160 971	3 136	2.0%
Income tax	30 731	29 138	-1 593	-5.2%
Net profit/loss	127 104	131 833	4 729	3.7%
EBITDA	269 006	301 010	32 004	11.9%

Q1 2016:**Change factors of EBITDA of Enea Operator sp. z o.o. (growth by PLN 32 mln):**

- (+) higher revenue from sales of distribution services to end users by PLN 6 mln as a result of a growth in the volume of sales of distribution services to end users by 81 GWh and rates lower by 1.5 PLN/MWh
- (+) higher revenue from grid connection fees by PLN 4 mln - higher revenue resulting from the realisation of a greater scope of works settled in fees for grid connection and greater connected power
- (-) lower revenue from services in relation to the resignation from the street lighting maintenance services by PLN 3 mln
- (+) greater revenue from sales of distribution services to other entities by PLN 2 mln stemming from a higher volume of exported electricity by 20.9% (32 GWh)
- (+) lower costs of employee benefits due to the growth in the efficiency of realised works performed in proprietary system and reduction of costs as a result of employment optimisation PLN 4 mln
- (-) higher costs of purchase of energy for covering the book-tax difference by PLN 1 mln - lower average purchase price by 0.7 PLN/MWh and higher volumes by 8 GWh
- (-) higher costs of purchasing transmission services by PLN 6 mln mainly as a result of higher transitory charge and qualitative fee - higher rate of qualitative fee in PSE tariff by 14.2%
- (+) reduction in costs of the other outsourced services, including costs of administration, telecom services and lower costs of removing failures and repairs of the assets (favourable weather conditions) PLN 13 mln
- (-) higher costs of taxes and charges by PLN 5 mln (result of the realised investments)
- (+) higher other operating revenue from the performance of agreements on removal of collisions and shifting energy equipment to assets PLN 14 mln and higher revenue from insurer by PLN 4 mln
- (+) lower other operating costs as a result of a lower growth in provisions relating to grid assets PLN 4 mln

Profit and loss statement of Enea Wytwarzanie sp. z o.o. - Q1 2016

[PLN '000]	Q1 2015	Q1 2016	Change	Change %
Revenue from sale of electricity	672 295	733 811	61 516	9.2%
<i>generating licence</i>	560 136	624 757	64 621	11.5%
<i>trade licence</i>	112 159	109 054	-3 105	-2.8%
Revenue from certificates of origin	41 785	19 866	-21 919	-52.5%
Revenue from sales of CO ₂ emission allowances	-	1 621	1 621	100%
Revenue from sale of heat	57 904	64 781	6 877	11.9%
Revenue from services	3 646	3 068	-578	-15.9%
Sales of goods and services and other revenue	1 191	1 796	605	50.8%
Excise tax	63	54	-9	-14.3%
Net sales revenue	776 758	824 889	48 131	6.2%
Depreciation and amortisation of fixed and intangible assets	66 422	54 361	-12 061	-18.2%
Employee benefit costs	63 290	63 528	238	0.4%
Consumption of materials and raw materials and value of goods sold	386 339	416 966	30 627	7.9%
Costs of energy purchases for resale	117 123	116 627	-496	-0.4%
Transmission services	545	642	97	17.8%
Other outsourced services	29 657	31 438	1 781	6.0%
Taxes and charges	23 538	21 297	-2 241	-9.5%
Cost of sales	686 914	704 859	17 945	2.6%
Other operating revenue	12 871	3 699	-9 172	-71.3%
Other operating expenses	3 555	949	-2 606	-73.3%
Profit / loss on sales and liquidation of tangible fixed assets	-10 925	492	11 417	-104.5%
Operating profit/loss	88 235	123 272	35 037	39.7%
Financial revenue	3 061	14	-3 047	-99.5%
Financial expenses	5 730	5 934	204	3.6%
Profit/loss before tax	85 566	117 352	31 786	37.1%
Income tax	15 204	23 869	8,665	57.0%
Net profit/loss	70 362	93 483	23 121	32.9%
EBITDA	154 657	177 633	22 976	14.9%

Q1 2016:**Change factors of EBITDA of Enea Wytwarzanie sp. z o.o. (growth by PLN 23 mln):****Segment of System Power Plants - growth in EBITDA by PLN 14 mln:**

- (+) higher margin on generation by PLN 29 mln
- (+) higher result on the other operating activity by PLN 4 mln
- (-) lower revenue from Regulatory System Services by PLN 5 mln
- (-) higher fixed costs by PLN 5 mln
- (-) lower margin on trade and the Balancing Market by PLN 9 mln

Segment of Heat - growth in EBITDA by PLN 16 mln:

- (+) higher revenue from sales of electricity by PLN 8 mln
- (+) higher revenue from sales of heat by PLN 7 mln
- (+) lower costs of materials and energy consumption by PLN 2 mln
- (-) lower revenue from certificates of origin by PLN 1 mln

Segment of RES - EBITDA lower by PLN 7 mln:

- (-) Area of Water (PLN -5 mln): lower revenue from certificates of origin and revenue from electricity by PLN 5 mln
- (-) Area of Wind (PLN -2 mln): lower revenue from certificates of origin by PLN 2 mln
- (-) Area of Biogas (PLN -0.2 mln)

Profit and loss statement of LW Bogdanka SA - Q1 2016

[PLN '000]	Q1 2016
Net sales revenue	420 569
Depreciation and amortisation of fixed and intangible assets	-87 822
Employee benefit costs	-125 290
Consumption of materials and raw materials and value of goods sold	-71 388
Costs of energy purchases for resale	-
Transmission services	-
Other outsourced services	-62 423
Taxes and charges	-11 655
Cost of sales	-358 578
Other operating revenue	1 319
Other operating expenses	-1 321
Profit / loss on sales and liquidation of tangible fixed assets	-663
Tangible and intangible impairment write-off	-
Operating profit/loss	61 326
Financial revenue	1 896
Financial costs	-7 001
Dividend revenue	-
Profit/ loss before tax	56 221
Income tax	-15 228
Net profit/loss	40 993
EBITDA	149 148

Q1 2016:

Factors of generated EBITDA of LW Bogdanka CG:

- (+) 35% EBITDA profitability at 15% EBIT profitability
- (+) gross mining +26% yoy, with net production +17% yoy (positive scale effect on production costs)
- (+) coal sales +12% yoy
- (-) drop in the price of sold coal by -10% yoy



Financial ratios

Below please find a glossary of terms and a list of acronyms used in this report.

Ratio	Description
EBITDA	= Operating profit (loss) + amortisation and depreciation
Return on equity (ROE)	= $\frac{\text{Net profit (loss) for the reporting period}}{\text{Equity}}$
Return on assets (ROA)	= $\frac{\text{Net profit (loss) for the reporting period}}{\text{Total assets}}$
Net profitability	= $\frac{\text{Net profit (loss) for the reporting period}}{\text{Net sales revenue}}$
Operating profitability	= $\frac{\text{Operating profit (loss)}}{\text{Net sales revenue}}$
EBITDA profitability	= $\frac{\text{EBITDA}}{\text{Net sales revenue}}$
Current liquidity ratio	= $\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity-to-fixed assets ratio	= $\frac{\text{Equity}}{\text{Fixed assets}}$
Total debt ratio	= $\frac{\text{Total liabilities}}{\text{Total assets}}$
Net debt / EBITDA	= $\frac{\text{interest-bearing liabilities - cash and cash equivalents}}{\text{EBITDA}}$
Current receivables turnover in days	= $\frac{\text{Average trade and other receivables x number of days}}{\text{Net sales revenue}}$
Turnover of trade and other payables in days	= $\frac{\text{Average trade and other liabilities x number of days}}{\text{Cost of products, goods and materials sold}}$
Inventory turnover in days	= $\frac{\text{Average inventory x number of days}}{\text{Cost of products, goods and materials sold}}$
Cost of products, goods and materials sold	= Use of materials and value of goods sold; Purchases of energy for resale; Transmission services; other outsourced services; taxes and charges; excise tax

Sectoral terms/abbreviations

Abbreviation/term	Full name/explanation
ACER	European Agency for the Cooperation of Energy Regulators - EU agency established pursuant to the third energy package. The objective of the Agency is coordination and supporting the national regulatory authorities. A full list of duties is specified in Regulation No. 713/2009
AMI	Advanced systems measuring, collecting and analysing energy consumption and enabling two-way communication between the end user and central system. AMI includes both intelligent meters and smart power grids
BlueNext	Trading platform enabling trade in allowances for emissions of CO ₂ (EUA) and units of certified reduction of emissions (CER) on spot and futures market
CAPEX	Capital expenditures
CO₂	Carbon dioxide
Price of baseload (BASE)	Price of contract with delivery of the same volume of energy on each day hour
Price of euro-peak (PEAK)	Price of contract with delivery of the same volume of energy in euro-peak (i.e. from 7:00 to 22:00 on business days)
CER	Certified Emission Reduction
EUA	EU Emission Allowance - allowances for emissions within the European Emissions Trading System
European Emissions Trading System EU ETS	European system supporting reduction of greenhouse gases emissions
GPZ	Transformer/Switching Station - transformer station, responsible for amending of high or medium voltage into low voltage for end users on a specific area
ICE	Trading platform enabling trade in allowances for emissions of CO ₂ (EUA) and units of certified reduction of emissions (CER) on futures market
IOS installation	Fue gas desulphurisation plant
SCR installation	Installation of the catalytic denitrogenation of flue gases

Abbreviation/term	Full name/explanation
KPRU III/3rd settlement period	National Allocation Plan of CO ₂ emission allowances for 2013-2020
MWe	Megawatt of electrical power
MWh	Megawatthour (1 GWh = 1,000 MWh)
MWt	Megawatt of heating power
NOx	Nitric oxides
ODS	Operator of the Distribution System
OTS	Operator of the Transmission System
RES	Energy renewable sources
PMOZE	Proprietary interests from certificates of origin for energy from renewable sources of energy
"Green" proprietary interests	Same as PMOZE
OZEX_A	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) commenced on 1 March 2009 inclusive.
"Yellow" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a gas cogeneration unit or in a unit of the total installed capacity of up to 1 MW
KGMX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in a gas cogeneration unit or in a unit of the total installed capacity of up to 1 MW
"Red" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in other cogeneration sources
KECX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in other cogeneration sources

Abbreviation/term	Full name/explanation
"Purple" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
KMETX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
"White" proprietary interests	Proprietary interests in certificates of origin resulting from energy efficiency certificates, the so called "white" certificates
EFX	Index for session transactions the subject of which are contracts for proprietary interests resulting from energy efficiency certificates, the so called "white" certificates
REMIT Regulation	Regulation on integrity and transparency of wholesale energy market, specifies the framework of monitoring wholesale energy markets, in order to detect and prevent unfair practice on EU level
Forward market	Electricity market on which forward products are listed
SPOT market	Cash market (spot)
Balancing market	Technical market by an Operator of the transmission system Its objective is balancing, in real time, the demand for electricity with its production in the public power system (PPS, Polish "KSE")

Abbreviation/term	Full name/explanation
SAIDI	System Average Interruption Duration Index - for long and very long interruptions (expressed in minutes/customer)
SAIFI	System Average Interruption Frequency Index - for long interruptions in energy supply (expressed in number of interruptions/customer)
SO₂	Sulphur dioxide
TFS	Tradition Financial Services, electricity trading platform designated for concluding various types of transactions, purchase and sale of conventional energy, proprietary interests, renewable energy and allowances for emissions of CO ₂
TJ	Terajoule
TGE (PPE)	Towarowa Giełda Energii (Polish Power Exchange)
TPA	Third Party Access - the principle of third party access to the power grid which enables the purchase of electricity and services of its distribution based on separate agreements
Energy Law	The Act of 10 April 1997 - Energy Law (Journal of Laws 1997 No. 54 item 348, as amended)
WIBOR	Warsaw Interbank Offered Rate - interest rate for loans on the Polish interbank market

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