ENEA S.A.
Condensed separate interim financial statements for the period from 1 January to 30 June 2019

Poznań, 27 September 2019

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(unless stated otherwise, all amounts expressed in PLN 000s)

These condensed separate interim financial statements are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and have been approved by the Management Board of ENEA S.A.

Members of the Management Board

President of the Management Board	**Mirosław Kowalik**	**………………………………….**
Member of the Management Board	**Piotr Adamczak**	**…………………………………**
Member of the Management Board	**Jarosław Ołowski**	**…………………………………**
Member of the Management Board	**Zbigniew Piętka**	**…………………………………**

ENEA Centrum Sp. z o.o.
Entity responsible for maintaining accounting
books and preparing financial statements ……………………………………….
ENEA Centrum Sp. z o.o. ul. Górecka 1, 60-201 Poznań
KRS 0000477231, NIP 777-000-28-43, REGON 630770227

Poznań, 27 September 2019

(unless stated otherwise, all amounts expressed in PLN 000s)

Separate statement of financial position

	Note	As at 30.06.2019	As at 31.12.2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	23 739	25 791
Perpetual usufruct of land		-	1 504
Right to use assets		39 876	-
Intangible assets	7	4 431	4 501
Investment properties		14 033	14 305
Investments in subsidiaries, associates and jointly controlled entities	8	12 981 550	12 794 956
Deferred income tax assets	19	97 988	98 432
Financial assets measured at fair value	15	45 556	46 357
Debt financial assets at amortised cost	9	4 989 549	6 578 980
Trade and other receivables		-	1 103
Financial lease and sub-lease receivables		4 018	-
Costs related to the conclusion of agreements		11 188	12 905
		18 211 928	**19 578 834**
Current assets			
Inventories	13	380 696	333 578
Trade and other receivables		1 854 513	970 657
Costs related to the conclusion of agreements		13 136	16 948
Assets arising from contracts with customers	11	212 177	227 480
Current income tax receivables		106 833	77 098
Financial lease and sub-lease receivables		2 659	-
Debt financial assets at amortised cost	9	2 092 904	593 221
Cash and cash equivalents	14	2 463 967	1 145 978
		7 126 885	**3 364 960**
Total assets		**25 338 813**	**22 943 794**
EQUITY			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Revaluation reserve - measurement of financial instruments		(17 036)	(17 036)
Revaluation reserve - measurement of hedging instruments		(21 923)	(15 986)
Reserve capital		5 690 700	4 963 564
Retained earnings		2 806 276	3 149 613
Total equity		**13 673 708**	**13 295 846**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	7 599 961	7 899 495
Lease liabilities		38 330	763
Employee benefit liabilities		52 732	53 586
Financial liabilities measured at fair value		28 348	22 176
		7 719 371	**7 976 020**
Current liabilities			
Credit facilities, loans and debt securities	17	1 503 963	341 475
Trade and other payables		563 007	646 660
Liabilities arising from contracts with customers	11	374 615	-
Lease liabilities		4 957	661
Employee benefit liabilities		23 612	23 143
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Other financial liabilities	18	1 055 927	146 785
Provisions for other liabilities and other charges	20	419 372	512 923
		3 945 734	**1 671 928**
Total liabilities		**11 665 105**	**9 647 948**
Total equity and liabilities		**25 338 813**	**22 943 794**

The separate statement of financial position should by analysed in conjunction with explanatory notes, which constitute an integral part of the condensed separate interim financial statements.

(unless stated otherwise, all amounts expressed in PLN 000s)

Separate statement of profit and loss and other comprehensive income

		For the period of			
		6 months ended 30.06.2019	3 months ended 30.06.2019	6 months ended 30.06.2018	3 months ended 30.06.2018
Revenue from sales		2 417 774	949 704	2 375 933	1 135 732
Excise duty		(35 967)	(15 106)	(126 195)	(59 382)
Net revenue from sales		**2 381 807**	**934 598**	**2 249 738**	**1 076 350**
Compensation	24.1	430 401	430 401	-	-
Revenue from sales and other income		**2 812 208**	**1 364 999**	**2 249 738**	**1 076 350**
Other operating revenue		4 293	3 506	10 366	7 471
Change in provision for onerous contracts	24.1	41 004	19 448	-	-
Amortisation		(2 653)	(1 925)	(1 108)	(552)
Employee benefit costs		(36 833)	(18 890)	(30 367)	(15 564)
Use of materials and raw materials and value of goods sold		(1 001)	(553)	(1 360)	(670)
Purchase of electricity and gas for sales purposes		(2 707 899)	(1 288 810)	(2 088 068)	(1 024 394)
Transmission and distribution services		(1 216)	(442)	(854)	(320)
Other third-party services		(99 209)	(50 262)	(89 990)	(46 530)
Taxes and fees		(3 240)	(383)	(2 012)	(487)
Gain on sale and liquidation of property, plant and equipment		432	211	40	40
Other operating costs		(36 754)	(17 791)	(32 808)	(14 378)
Operating (loss)/profit		**(30 868)**	**9 108**	**13 577**	**(19 034)**
Finance costs		(129 869)	(65 704)	(130 932)	(75 182)
Finance income		122 585	60 486	185 153	113 262
Dividend income		422 408	422 408	645 293	645 293
Profit before tax		**384 256**	**426 298**	**713 091**	**664 339**
Income tax		(1 375)	(4 645)	34 464	39 097
Net profit for the reporting period		**382 881**	**421 653**	**747 555**	**703 436**

Other comprehensive income				
Subject to reclassification to profit or loss				
- measurement of hedging instruments	(7 330)	(865)	(27 496)	883
- income tax	1 393	165	5 224	(168)
Not subject to reclassification to profit or loss				
- restatement of defined benefit programme	1 133	1 133	(3 798)	(3 798)
- income tax	(215)	(215)	722	722
Net other comprehensive income	**(5 019)**	**218**	**(25 348)**	**(2 361)**
Total comprehensive income	**377 862**	**421 871**	**722 207**	**701 075**
Profit attributable to the Company's shareholders	382 881	421 653	747 555	703 436
Weighted average number of ordinary shares	441 442 578	441 442 578	441 442 578	441 442 578
Net profit per share (in PLN per share)	**0.87**	**0.96**	**1.69**	**1.59**
Diluted profit per share (in PLN per share)	**0.87**	**0.96**	**1.69**	**1.59**

The separate statement of profit and loss and other comprehensive income should by analysed in conjunction with explanatory notes, which constitute an integral part of the condensed separate interim financial statements.

(unless stated otherwise, all amounts expressed in PLN 000s)

Separate statement of changes in equity

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	**Total share capital**	**Share premium**	**Revaluation reserve - measurement of financial instruments**	**Revaluation reserve - measurement of hedging instruments**	**Reserve capital**	**Retained earnings**	**Total equity**
As at 01.01.2019	441 443	146 575	**588 018**	**4 627 673**	**(17 036)**	**(15 986)**	**4 963 564**	**3 149 613**	**13 295 846**
Net profit								382 881	**382 881**
Other comprehensive income						(5 937)		918	**(5 019)**
Net comprehensive income recognised in the period						**(5 937)**		**383 799**	**377 862**
Allocation of net profit - transfer							727 136	(727 136)	-
As at 30.06.2019	441 443	146 575	**588 018**	**4 627 673**	**(17 036)**	**(21 923)**	**5 690 700**	**2 806 276**	**13 673 708**

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	**Total share capital**	**Share premium**	**Revaluation reserve - measurement of hedging instruments**	**Reserve capital**	**Retained earnings**	**Total equity**
As at 01.01.2018	441 443	146 575	**588 018**	**4 627 673**	**25 967**	**3 150 240**	**4 240 079**	**12 631 977**
Adjustment due to implementation of IFRS 9							(2 288)	**(2 288)**
As at 01.01.2018, adjusted	441 443	146 575	**588 018**	**4 627 673**	**25 967**	**3 150 240**	**4 237 791**	**12 629 689**
Net profit							747 555	**747 555**
Other comprehensive income					(22 272)		(3 076)	**(25 348)**
Net comprehensive income recognised in the period					**(22 272)**		**744 479**	**722 207**
Allocation of net profit - transfer						1 813 324	(1 813 324)	-
As at 30.06.2018	441 443	146 575	**588 018**	**4 627 673**	**3 695**	**4 963 564**	**3 168 946**	**13 351 896**

The separate statement of changes in equity should by analysed in conjunction with explanatory notes, which constitute an integral part of the condensed separate interim financial statements.

(unless stated otherwise, all amounts expressed in PLN 000s)

Separate statement of cash flows

	Note	6 months ended 30.06.2019	6 months ended 30.06.2018
Cash flows from operating activities			
Net profit for the reporting period		382 881	747 555
Adjustments:			
Income tax in profit or loss		1 375	(34 464)
Amortisation		2 653	1 108
Gain on sale and liquidation of property, plant and equipment		(432)	(40)
Loss on sale of financial assets		1 212	13 557
Interest income		(99 515)	(110 978)
Dividend income		(422 408)	(645 293)
Interest costs		115 624	106 248
Reversal of impairment on equity		-	(51 365)
		(401 491)	(721 227)
Income tax (paid) / return		(52 204)	53 450
Tax on settlements within tax group		36 173	(36 756)
Changes in working capital			
Inventories		(47 118)	70 405
Trade and other receivables		(439 560)	75 673
Trade and other payables		277 512	(215 837)
Employee benefit liabilities		748	(2 281)
Provisions for other liabilities and other charges		(93 551)	(29 251)
		(301 969)	(101 291)
Net cash flows from operating activities		**(336 610)**	**(58 269)**
Cash flows from investing activities			
Purchase of tangible and intangible assets		-	(55)
Proceeds from sale of tangible and intangible assets		432	42
Proceeds from sale of financial assets		97 129	90 756
Purchase of financial assets		(360)	(60 000)
Purchase of subsidiaries		(5 400)	(3 520)
Purchase of associates and jointly controlled entities		(181 269)	(171 458)
Proceeds related to future purchase of financial assets		-	37
Received interest		99 739	92 783
Net cash flows from investing activities		**10 271**	**(51 415)**
Cash flows from financing activities			
Credit and loans received		-	-
Bond issuance		1 000 000	-
Repayment of credit and loans		(71 040)	(46 402)
Bond buy-back		(78 055)	(47 500)
Expenditures concerning lease payments		(3 068)	(129)
Expenditures concerning future bond issues		(195)	(449)
Interest paid		(112 456)	(103 896)
Net cash flows from financing activities		**735 186**	**(198 376)**
Net increase / decrease in cash		**408 847**	**(308 060)**
Cash at the beginning of reporting period		999 193	1 022 691
Cash at the end of reporting period*	**14**	**1 408 040**	**714 631**

* From 2019, group cash pooling liabilities are recognised as cash equivalents for the purposes of the statement of cash flows. Comparative data was amended appropriately.

1. General information ENEA S.A.

Name:	ENEA Spółka Akcyjna
Legal form:	Spółka akcyjna (joint-stock company)
Country of registered office:	Poland
Registered office:	Poznań
Address:	ul. Górecka 1, 60-201 Poznań
National Court Register - District Court in Poznań	KRS 0000012483
Telephone number:	(+48 61) 884 55 44
Fax number:	(+48 61) 884 59 59
E-mail:	enea@enea.pl
Website:	www.enea.pl
REGON number:	630139960
NIP number:	777-00-20-640

ENEA S.A., back then operating as Energetyka Poznańska S.A., was entered into the National Court Register at the District Court in Poznań on 21 May 2001, under KRS number 0000012483.

As at 30 June 2019, ENEA S.A.'s shareholding structure was as follows: the State Treasury of the Republic of Poland held a 51.5% stake and the remaining shareholders held 48.5%. As at 30 June 2019, the Company's highest-level controlling entity was the State Treasury.

As at 30 June 2019, ENEA S.A.'s statutory share capital amounted to PLN 441 443 thousand (PLN 588 018 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 441 442 578 shares.

The main business activity of ENEA S.A. ("ENEA," "Company") is trade of electricity.

ENEA S.A. is the parent company for ENEA Group ("Group"), which as at 30 June 2019 consisted of 15 subsidiaries, 9 indirect subsidiaries, 2 associates and 3 jointly controlled entities.

These condensed separate interim financial statements are prepared on a going concern basis for the foreseeable future. There are no circumstances such as would indicate a threat to ENEA S.A.'s going concern.

2. Statement on compliance

These condensed separate interim financial statements are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and have been approved by the Management Board of ENEA S.A.

The Company's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA S.A.'s condensed separate interim financial statements in accordance with EU IFRS as at 30 June 2019. The presented tables and explanations are prepared with due diligence. These condensed separate interim financial statements have been reviewed by a statutory auditor.

The Company prepares ENEA Group's condensed consolidated interim financial statements pursuant to EU IFRS as at 30 June 2019 and for the 6-month period ended 30 June 2019. These condensed separate interim financial statements should be read in conjunction with ENEA Group's condensed consolidated interim financial statements and ENEA S.A.'s separate annual financial statements for the financial year ended 31 December 2018.

3. Applied accounting rules

These condensed separate interim financial statements are prepared in accordance with accounting rules that are consistent with those applied in preparing the most recent annual separate financial statements, for the financial year ended 31 December 2018, except for accounting rules arising under IFRS 16 *Leases*, which entered into force on 1 January 2019.

3.1. Functional currency and presentation currency

The Polish zloty is the measurement currency and reporting currency for these condensed separate interim financial statements. Data in these condensed separate interim financial statements is presented in PLN 000s unless stated otherwise.

3.2. Leases

A contract contains a lease if:

a) it concerns an identified asset that is explicitly specified in the contract (e.g. using an inventory number or indication of a specific floor of a building) or indirectly specified when it is made available to the customer; and
b) the lessee receives essential all of the economic benefits from such assets during the period of use, i.e. both basic benefits and the benefits derived from it; and
c) the lessee has the right to specify the method in which it uses the identified asset.

As lessee, the Company recognises lease contracts in its financial statements as:

a) right-of-use assets at purchase price;
   - covering the value of the lease liability plus payments made on or before the contract date, initial direct costs, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories,
   - less any lease incentives received.
b) lease liability constituting the sum of the present value of lease payments and the present value of payments expected at the end of the lease term.

Subsequent to initial recognition, the Company measures the right-of-use assets at purchase price less depreciation and impairment. The depreciation period is set as:

a) If the lease transfers ownership of the underlying asset to the lessee or if the lessee is certain that it will exercise a purchase option, the depreciation period is from the commencement date to the end of the useful life of the underlying asset, or
b) the depreciation period starts from the commencement date to the earlier of:
   - the end of the useful life of the right-of-use asset, or
   - the end of the lease term.

Lease payments, constituting the basis for measuring the lease liability, consist of the following payments:

a) fixed lease payments for the contract term, i.e. the basic contract term and the term for which the lease contract is expected to be extended (including lease payments that despite being variable are in substance fixed because they are unavoidable), less lease receivables resulting from special promotional fees,
b) variable lease payments that depend on an index or a rate, including payments linked to CPI, payments dependent on a reference interest rate (i.e. LIBOR) or payments that are variable in order to reflect changes in market rates for rent,
c) amounts expected to be payable by the lessee under residual value guarantees,
d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The present value of future lease payments is calculated using a discount rate. The Company applies a residual interest rate, i.e. a rate that it would be required to pay based on a similar lease contract or, if not possible to determine, an interest rate at the commencement date that ENEA S.A. would have to use to make a loan necessary to purchase the given asset for a similar period and with similar collateral. The Company uses an interest rate equal to 6-month WIBOR from the last day of the year preceding the financial year, plus margin. The discount rate will be updated once a year, at the end of the year, and will be in force in the next period.

The Company sets the lease term, i.e. irrevocable lease term, together with:

a) the term for an option to extend the lease contract if it is sufficiently certain that the Company will exercise this right; and
b) the term for an option to terminate the lease contract if it is sufficiently certain that the Company will not exercise that right.

In most of its lease contracts, the Company uses a lease period in accordance with the contractual period. For contracts executed for an undefined period, the Company determines the minimum contractual period for both of the parties. If the Company is unable to determine how long it intends to use the asset and such an estimate could be treated as a lease term in the case of contracts with an undefined period, the Company assumes that the irrevocable contractual period will be the termination period for that contract.

In the case of the right to perpetual usufruct of land, the lease term is the same as the term for the right to perpetual usufruct.

In subsequent periods, the lease liability is measured taking into account:

a) interest charged (unwind of discount),
b) lease payments made,
c) reflection of the re-evaluation of contract, changes in the contract or changes in the nature of variable payments that are fixed in substance.

The liability in a given period will constitute the difference between the present value of lease payments and the sum of lease payments for the given period. The interest part of a lease payment is directly recognised in the statement of profit and loss.

For multi-element contracts, the Company recognises lease components separately from non-lease components.

The Company allocates contractual remuneration to all components, using individual sales prices in the case of lease components and aggregated individual sales prices in the case of non-lease components.

The Company has the option to apply a practical expedient and not to apply the lease model in reference to:

a) short-term leases (contracts with a term of up to 12 months and without the right to purchase the asset),
b) the leasing of low-value assets, the initial value of which does not exceed PLN 10 thousand (even if the value of such assets is significant after aggregation) and assets that are not largely depended on or tied to other assets specified in the contract.

This exemption does not apply to situations where the Company transfers the asset under a sub-lease or expects to transfers it. If the Company decides to use this expedient, it recognises lease payments as cost on a straight-line basis throughout the lease term.

As lessor, the Company classifies leases as finance leases or operating leases. A lease is classified as a finance lease if the lease contract meets one of the following criteria:

a) the lease transfers ownership of the underlying asset to the lessee by the end of the lease term,
b) the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised
c) the lease term is for the major part of the economic life of the underlying asset even if title is not transferred
d) at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
e) the underlying asset is of such a specialised nature that only the lessee can use it without major modifications,
f) if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee,
g) gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease),
h) the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

The Company recognises operating lease revenue on a straight-line basis throughout the lease term.

The Company (as lessor) in a finance lease ceases to recognise the leased asset as property, plant and equipment and recognises finance lease receivables in an amount equal to the net lease investment. The recognition of finance income reflects a fixed periodic rate of return in the net lease investment by the lessor as part of a finance lease. Lease payments for a given reporting period decrease the gross lease investment, reducing both the principal receivable and the amount of unrealised finance income.

As an indirect lessor, the Company recognises the main lease contract and the sub-lease contract as two separate contracts.
The measurement of the head lease, i.e. measurement of the right-of-use assets and the lease liability, is in accordance with the measurement methodology for standard lease contracts. The Company (indirect lessor) classifies a sublease contract as finance lease or operating lease in reference to the right-of-use resulting from the main lease contract.

Sublease contracts the term of which constitutes a major part of the head lease term are classified as finance leases. Otherwise, the sublease is an operating lease.

In the case of a finance lease, the Company as indirect lessor:

a) ceases to recognise the right-of-use assets from the head lease in full or in part such as become the object of the sublease, and recognises a sublease receivable (net sublease investment),
b) retains on the balance sheet a head lease liability, which constitutes lease payments to the head lessor.

The Company (indirect lessor) throughout the term of the sublease recognises both interest income from the sublease and interest costs on the head lease, which are presented separately.

The Company (indirect lessor) recognises sublease receivables in an amount equal to the sum of minimum lease payments due to the sublessor resulting from a finance sublease, discounting using the sublease interest rate. Based on the adopted interest rate, the fixed lease payment resulting from the contract is split into principal and interest. The principal portion reduces the amount of sublease receivable, while the interest portion is recognised in profit or loss.

When the Company executes a sublease contract that is an operating lease, the Company (indirect lessor) continues to recognise in the statement of financial position a lease liability and right-of-use assets.

During the operating sublease term, the Company:

a) recognises depreciation of the right-of-use assets and interest on the lease liability,
b) recognises sublease revenue.

As lessor, the Company does not have the option to use a practical expedient in the form of separating lease and non-lease components. The Company must allocate the total contractual consideration to lease and non-lease components based on the unit sale prices for specific components. Unit sale prices may be derived from price lists based on which the Company prepares its offerings. IFRS 15 *Revenue from Contracts with Customers* applies to non-lease components.

(unless stated otherwise, all amounts expressed in PLN 000s)

3.3. Methods for implementing new standards

IFRS 16 - the Company adopted a modified retrospective approach as the approach for implementing IFRS 16, without restating the comparative data for previous periods, i.e. 1 January 2018 and 31 December 2018.

	31.12.2018	Impact IFRS 16	01.01.2019
ASSETS			
Non-current assets			
Property, plant and equipment	25 791	(1 497)	24 294
Perpetual usufruct of land	1 504	(1 504)	-
Right-of-use assets	-	42 063	42 063
Intangible assets	4 501	-	4 501
Investment properties	14 305	-	14 305
Investments in subsidiaries, associates and jointly controlled entities	12 794 956	-	12 794 956
Deferred income tax assets	98 432	-	98 432
Financial assets measured at fair value	46 357	-	46 357
Debt financial assets at amortised cost	6 578 980	-	6 578 980
Trade and other receivables	1 103	(1 103)	-
Financial lease and sub-lease receivables	-	4 963	4 963
Costs related to the conclusion of agreements	12 905	-	12 905
	19 578 834	**42 922**	**19 621 756**
Current assets			
Inventories	333 578	-	333 578
Trade and other receivables	970 657	(759)	969 898
Costs related to the conclusion of agreements	16 948	-	16 948
Assets arising from contracts with customers	227 480	-	227 480
Financial lease and sub-lease receivables	-	2 769	2 769
Current income tax receivables	77 098	-	77 098
Debt financial assets at amortised cost	593 221	-	593 221
Cash and cash equivalents	1 145 978	-	1 145 978
	3 364 960	**2 010**	**3 366 970**
TOTAL ASSETS	**22 943 794**	**44 932**	**22 988 726**

	31.12.2018	Impact IFRS 16	01.01.2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital	588 018	-	588 018
Share premium	4 627 673	-	4 627 673
Revaluation reserve - measurement of financial instruments	(17 036)	-	(17 036)
Revaluation reserve - measurement of hedging instruments	(15 986)	-	(15 986)
Reserve capital	4 963 564	-	4 963 564
Retained earnings	3 149 613	-	3 149 613
Total equity	**13 295 846**	**-**	**13 295 846**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	7 899 495	-	7 899 495
Lease liabilities	763	39 753	40 516
Employee benefit liabilities	53 586	-	53 586
Financial liabilities measured at fair value	22 176	-	22 176
	7 976 020	**39 753**	**8 015 773**

(unless stated otherwise, all amounts expressed in PLN 000s)

Current liabilities			
Credit facilities, loans and debt securities	341 475	-	341 475
Trade and other payables	646 660	-	646 660
Lease liabilities	661	5 179	5 840
Employee benefit liabilities	23 143	-	23 143
Liabilities concerning the equivalent for rights to free purchase of shares	281	-	281
Other financial liabilities	146 785	-	146 785
Provisions for other liabilities and other charges	512 923	-	512 923
	1 671 928	**5 179**	**1 677 107**
Total liabilities	**9 647 948**	**44 932**	**9 692 880**
Total equity and liabilities	**22 943 794**	**44 932**	**22 988 726**

Implementing IFRS 16 resulted in a change in EBITDA and its comparability with the previous period because of the new standard's impact on growth in amortisation and finance costs.

	30.06.2019	30.06.2018*
Net profit	**382 881**	**747 555**
Amortisation	2 653	1 108
Finance costs	129 869	130 932
Finance income	(122 585)	(185 153)
Dividend income	(422 408)	(645 293)
Income tax	1 375	(34 464)
EBITDA	**(28 215)**	**14 685**

*Data without taking into account the impact of IFRS 16

4. Significant estimates and assumptions

Preparing condensed separate interim financial statements in compliance with IAS 34 requires the Management Board to adopted certain assumptions and estimates that have an impact on the application of adopted accounting rules and the values presented in the condensed separate interim financial statements and in notes to these financial statements. Such assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. Actual results may significantly differ from forecasts. Estimates used in preparing these condensed separate interim financial statements are consistent with the estimates used in preparing the separate financial statements for the most recent financial year. The estimated values presented in previous financial years have no material impact on the present interim period.

5. Group structure - list of subsidiaries and ENEA S.A.'s stakes in associates and jointly controlled entities

	Company name and address		ENEA S.A.'s stake in total number of voting rights in % 30.06.2019	ENEA S.A.'s stake in total number of voting rights in % 31.12.2018
1.	**ENEA Operator Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
2.	**ENEA Wytwarzanie Sp. z o.o.** Świerże Górne, al. Józefa Zielińskiego 1	subsidiary	100	100
3.	**ENEA Elektrownia Połaniec S.A.** Połaniec, ul. Zawada 26	subsidiary	100	100
4.	**ENEA Oświetlenie Sp. z o.o.** Szczecin, ul. Ku Słońcu 34	subsidiary	100	100
5.	**ENEA Trading Sp. z o.o.** Świerże Górne, Kozienice municipality, Kozienice 1	subsidiary	100	100
6.	**ENEA Logistyka Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
7.	**ENEA Ciepło Serwis Sp. z o.o.** Białystok, ul. Starosielce 2/1	subsidiary	100	100
8.	**ENEA Serwis Sp. z o.o.** Lipno, Gronówko 30	subsidiary	100	100
9.	**ENEA Centrum Sp. z o.o.** Poznań, ul. Górecka 1	subsidiary	100	100
10.	**ENEA Pomiary Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100

(unless stated otherwise, all amounts expressed in PLN 000s)

11.	**ENERGO-TOUR Sp. z o.o. w likwidacji** Poznań, ul. Strzeszyńska 58	subsidiary	100[5]	100[5]
12.	**ENEA Innowacje Sp. z o.o.** Warsaw, ul. Wiśniowa 40	subsidiary	100[7]	100
13.	**ENEA Ciepło Sp. z o.o.** Białystok, ul. Warszawska 27	subsidiary	95,77	95,77
14.	**Lubelski Węgiel BOGDANKA S.A.** Bogdanka, Puchaczów	subsidiary	65,99	65,99
15.	**Annacond Enterprises Sp. z o.o. w likwidacji** Warsaw, ul. Jana Pawła II 12	subsidiary	61	61
16.	**Elektrownia Ostrołęka Sp. z o.o.** Ostrołęka, ul. Elektryczna 3	jointly controlled entity	50[6]	50
17.	**ElectroMobility Poland S.A.** Warsaw, ul. Mysia 2	associate	25	25
18.	**Polimex – Mostostal S.A.** Warsaw, al. Jana Pawła II 12	associate	16,48	16,48
19.	**Polska Grupa Górnicza S.A.** Katowice, ul. Powstańców 30	jointly controlled entity	7,66	7,66
20.	**ENEA Bioenergia Sp. z o.o.** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	100[4]
21.	**ENEA Połaniec Serwis Sp. z o.o. w organizacji** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	-
22.	**ENEA Badania i Rozwój Sp. z o.o.** Świerże Górne, al. Józefa Zielińskiego 1	indirect subsidiary	100[1]	100[1]
23.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.** Oborniki, ul. Wybudowanie 56	indirect subsidiary	99,93[1]	99,93[1]
24.	**Miejska Energetyka Cieplna Piła Sp. z o.o.** Piła, ul. Kaczorska 20	indirect subsidiary	71,11[1]	71,11[1]
25.	**EkoTRANS Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65,99[2]	65,99[2]
26.	**RG Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65,99[2]	65,99[2]
27.	**MR Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65,99[2]	65,99[2]
28.	**Łęczyńska Energetyka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	58,53[2]	58,53[2]
29.	**Centralny System Wymiany Informacji Sp. z o.o. w likwidacji** Poznań, ul. Strzeszyńska 58	jointly controlled entity	20[3]	20[3]

[1] – indirect subsidiary through stake in ENEA Wytwarzanie Sp. z o.o.
[2] – indirect subsidiary through stake in Lubelski Węgiel BOGDANKA S.A.
[3] – jointly controlled entity through stake in ENEA Operator Sp. z o.o.
[4] – indirect subsidiary through stake in ENEA Elektrownia Połaniec S.A.
[5] – on 30 March 2015 The company's extraordinary general meeting adopted a resolution on the dissolution of the company following a liquidation proceeding; the resolution entered into force on 1 April 2015. An application for the company to be removed from the National Court Register was filed on 5 November 2015. At the date on which these condensed separate interim financial statements were prepared, procedural activities connected with removing the entity from the National Court Register were in progress.
[6] – on 4 January 2019 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on a PLN 361 382 thousand share capital increase, from PLN 551 100 thousand to PLN 912 482 thousand, through the issue of 7 227 642 new shares with voting preference, i.e. with two votes for one share, with nominal value of PLN 50.00 each and total nominal value of PLN 361 382 thousand. On 4 January 2019, ENEA S.A. signed a commitment to acquire 3 613 821 shares in exchange for a cash contribution of PLN 180 691 thousand. On 4 January 2019, ENEA S.A. provided its cash contribution. The share capital increase was registered at the National Court Register on 1 March 2019.
[7] – on 12 June 2019, an Extraordinary General Meeting of ENEA Innovation Sp. z o.o. adopted Resolution no. 1 regarding a cash increase of the company's share capital by PLN 5 400 thousand, i.e. from PLN 3 805 thousand to PLN 9 205 thousand, by issuing 54 000 new shares with a nominal value of PLN 100.00 each. The share capital increase was registered at the National Court Register on 19 July 2019.

6. Property, plant and equipment

In the 6-month period ending 30 June 2019 the Company purchased property, plant and equipment items for a total of PLN 33 thousand net (in the 6-month period ending 30 June 2018: PLN 631 thousand).

In the 6-month period ending 30 June 2019 the Company sold and liquidated property, plant and equipment items with total net book value of PLN 0 thousand (in the 6 months ended 30 June 2018: PLN 1 thousand net).

No indications of impairment of property, plant and equipment were observed as at 30 June 2019.

(unless stated otherwise, all amounts expressed in PLN 000s)

7. Intangible assets

In the 6-month period ending 30 June 2019 the Company did not purchase intangible assets (in the 6-month period ending 30 June 2018: PLN 0 thousand).

In the 6-month period ending 30 June 2019 the Company did not liquidate intangible assets (in the 6-month period ending 30 June 2018: PLN 0 thousand).

8. Investments in subsidiaries, associates and jointly controlled entities

	30.06.2019	31.12.2018
As at the beginning of period	**12 794 956**	**11 945 473**
Purchase of investments	186 594	648 621
Change in impairment	-	200 862
As at the end of period	**12 981 550**	**12 794 956**

Impairment of investments

	30.06.2019	31.12.2018
As at the beginning of period	**1 079 643**	**1 280 505**
Created	-	6 608
Reversed	-	(207 470)
As at the end of period	**1 079 643**	**1 079 643**

On 4 January 2019 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on a PLN 361 382 thousand share capital increase, from PLN 551 100 thousand to PLN 912 482 thousand, through the issue of 7 227 642 new shares with voting preference, i.e. with two votes for one share, with nominal value of PLN 50.00 each and total nominal value of PLN 361 382 thousand. On 4 January 2019, ENEA S.A. signed a commitment to acquire 3 613 821 shares in exchange for a cash contribution of PLN 180 691 thousand. ENEA S.A.'s stake in Elektrownia Ostrołęka Sp. z o.o.'s share capital did not change and remains at 50% because the new shares in increased share capital were acquired by ENEA S.A. and Energa S.A. proportionally to their stakes, i.e. on a 50:50 basis.

On 12 June 2019 an Extraordinary General Meeting of ENEA Innovation Sp. z o.o. adopted a resolution regarding an increase of the company's share capital by PLN 5 400 thousand, i.e. from PLN 3 805 thousand to PLN 9 205 thousand, by issuing 54 000 new shares with a nominal value of PLN 100.00 each and total nominal value of PLN 5 400 thousand.

9. Financial assets at amortised cost

	30.06.2019	31.12.2018
Current debt financial assets at amortised cost		
Intra-group bonds	2 050 577	558 201
Loans granted	42 327	35 020
Current debt financial assets at amortised cost	**2 092 904**	**593 221**
Non-current debt financial assets at amortised cost		
Intra-group bonds	4 850 023	6 423 891
Loans granted	139 526	155 089
Non-current debt financial assets at amortised cost	**4 989 549**	**6 578 980**
TOTAL	**7 082 453**	**7 172 201**

Impairment - expected credit losses

	Nominal value	Impairment	Book value
30.06.2019			
Debt financial assets at amortised cost	7 082 807	(354)	7 082 453
Cash and cash equivalents	2 463 967	-	2 463 967
Financial assets at amortised cost	**9 546 774**	**(354)**	**9 546 420**

Intra-group bonds

ENEA Group has adopted a model for financing investments being implemented by ENEA S.A. through intra-group financing. ENEA S.A. raises cash on the financial market through credit facilities or bond issues and subsequently distributes these within the Group. The following table presents on-going intra-group bond issue programmes as at 30 June 2019 and 31 December 2018:

Contract execution date	Bond issuers	Final buy-back deadline	Amount granted	Amount used	Outstanding bonds as at 30.06.2019 (equity)	Outstanding bonds as at 31.12.2018 (equity)
			in PLN 000s	in PLN 000s	in PLN 000s	in PLN 000s
10 March 2011	ENEA Wytwarzanie Sp. z o.o.	31 March 2023	26 000	26 000	18 000	26 000
29 September 2011	ENEA Wytwarzanie Sp. z o.o.	29 September 2019	14 500	14 500	6 000	6 000
23 July 2012	ENEA Ciepło Sp. z o.o.	22 July 2019	158 500	158 500	5 350	13 450
8 September 2012 agreement for PLN 4 000 000 thousand decreased through Annex 2 of of 21 January 2015 to PLN 3 000 000 thousand	ENEA Wytwarzanie Sp. z o.o.	from 15 June 2020 to 15 December 2020, depending on bond series' issue dates; the rest of the amounts at the latest by 15 June 2022	3 000 000	2 650 000	2 650 000	2 650 000
20 June 2013 amended through Annex 1 of 9 October 2014 and Annex 2 of 7 July 2015	ENEA Operator Sp. z o.o.	Dependent on bond series' issue dates, however no later than by 17 June 2030	1 425 000	1 425 000	1 201 663	1 264 369
17 November 2014	ENEA Wytwarzanie Sp. z o.o.	31 March 2020	740 000	350 000	350 000	350 000
17 February 2015 for PLN 760 000 thousand, increased through Annex 1 of 3 June 2015 to PLN 1 000 000 thousand.	ENEA Wytwarzanie Sp. z o.o.	10 February 2020	1 000 000	1 000 000	1 000 000	1 000 000
7 July 2015 amended through Annex 1 of 28 March 2017	ENEA Operator Sp. z o.o.	Dependent on bond series' issue dates, however no later than by 15 December 2031	946 000	946 000	933 500	941 833
30 October 2015	ENEA Ciepło Sp. z o.o.	Buy-back in tranches - final buy-back deadline on 31 March 2020	18 000	18 000	3 000	5 000
20 September 2017	ENEA Operator Sp. z o.o.	15 December 2019	350 000	350 000	350 000	350 000
20 July 2018	ENEA Operator Sp. z o.o.	15 December 2020	400 000	400 000	400 000	400 000
			Total		**6 917 513**	**7 006 652**
Transaction costs and effect of measurement using effective interest rate					(16 913)	(24 560)
			Total		**6 900 600**	**6 982 092**

In the 6-month period ending 30 June 2019 ENEA S.A. did not execute new intragroup programme agreements concerning financing for ENEA Group companies.

10. Impairment of trade and other receivables

	30.06.2019	31.12.2018
Impairment of receivables at the beginning of period	**60 710**	**64 622**
Adjustment due to implementation of IFRS 9	-	2 572
Impairment of receivables at the beginning of period, adjusted	**60 710**	**67 194**
Created	4 734	7 645
Used	(4 572)	(14 129)
Impairment of receivables at the end of period	**60 872**	**60 710**

(unless stated otherwise, all amounts expressed in PLN 000s)

In the 6-month period ended 30 June 2019, impairment of trade and other receivables increased by PLN 162 thousand (in the 6-month period ended 30 June 2018 impairment grew by PLN 1 910 thousand). Impairment losses are recognised mainly on trade receivables; impairment losses on other receivables are insubstantial.

11. Assets and liabilities arising from contracts with customers

	30.06.2019	31.12.2018
Assets arising from contracts with customers at the beginning of period	**227 480**	**221 714**
Non-invoiced receivables	(15 306)	5 656
Change in impairment	3	110
Assets arising from contracts with customers at the end of period	**212 177**	**227 480**
Liabilities arising from contracts with customers at the beginning of period	**-**	**-**
Uninvoiced corrections of sales	374 615	-
Liabilities arising from contracts with customers at the end of period	**374 615**	**-**

The balance of assets arising from contracts with customers mainly covers uninvoiced electricity sales, whereas the balance of liabilities arising from contracts with customers includes uninvoiced corrections of sales for the first half of 2019, resulting from the Act on amendment of the act on excise duty and certain other acts (note 24.1).

12. Analysis of the age structure of assets arising from contracts with customers and trade and other receivables

	Nominal value	Impairment	Book value
30.06.2019			
Trade receivables			
Current	862 673	(174)	862 499
Overdue			
0-30 days	71 321	(40)	71 281
31-90 days	13 355	(602)	12 753
91-180 days	5 391	(1 614)	3 777
over 180 days	75 383	(56 493)	18 890
Total trade receivables	**1 028 123**	**(58 923)**	**969 200**
Assets arising from contracts with customers	**212 220**	**(43)**	**212 177**

	Nominal value	Impairment	Book value
31.12.2018			
Trade and other receivables and leases			
Current	840 754	(210)	840 544
Overdue			
0-30 days	60 135	(44)	60 091
31-90 days	11 310	(586)	10 724
91-180 days	4 254	(1 087)	3 167
over 180 days	76 603	(56 650)	19 953
Total trade and other receivables and leases	**993 056**	**(58 577)**	**934 479**
Assets arising from contracts with customers	**227 526**	**(46)**	**227 480**

13. Inventories

	30.06.2019	31.12.2018
Origin certificates	379 560	332 360
Goods	1 136	1 218
Total inventories	**380 696**	**333 578**

(unless stated otherwise, all amounts expressed in PLN 000s)

Energy origin certificates:

	01.01.2019 30.06.2019	01.01.2018 31.12.2018
As at the beginning of period	**332 360**	**216 494**
Purchase	205 519	494 125
Depreciation	(158 319)	(375 496)
Sale	-	(2 639)
Other changes	-	(124)
As at the end of period	**379 560**	**332 360**

Costs connected with redeeming energy origin certificates are presented in the statement of profit and loss in the following item: "Purchase of electricity and gas for sales purposes."

14. Cash and cash equivalents

	30.06.2019	31.12.2018
Cash at bank account	**74 649**	**142 210**
including split payment	2 808	7 766
Other cash	**2 389 318**	**1 003 768**
- deposits	2 387 152	973 678
- other	2 166	30 090
Total cash and cash equivalents	**2 463 967**	**1 145 978**
Cash pooling	(1 055 927)	(146 785)
Cash and cash equivalents recognised in the statement of cash flows	**1 408 040**	**999 193**

As at 30 June 2019 and 31 December 2018, ENEA S.A. did not have restricted cash.

In accordance with ENEA S.A.'s credit risk assessment rules and the provisions of IFRS 9 as regards impairment tests for cash and cash equivalents as at 30 June 2019; the Company sees potential impact as negligible.

15. Financial assets measured at fair value

As at 30 June 2019, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, ENEA S.A. purchased call options from Towarzystwo Finansowe Silesia Sp. z o.o. This agreement sees the purchase, in three tranches, of 9 125 thousand shares at nominal value of PLN 2 per share within specified deadlines, i.e. 30 July 2020, 30 July 2021 and 30 July 2022. Fair value measurement of the call options was conducted using the Black-Scholes model. The fair value of the options as at 30 June 2019 amounted to PLN 10 240 thousand.

The item "financial assets at fair value" also includes interests in unrelated parties.

16. Financial instruments

The following table contains a comparison of fair values and balance sheet values:

	30.06.2019		31.12.2018	
	Book value	**Fair value**	**Book value**	**Fair value**
Non-current financial assets at fair value	45 556	45 556	46 357	46 357
Non-current debt financial assets at amortised cost	4 989 549	5 053 322	6 578 980	6 652 874
Current debt financial assets at amortised cost	2 092 904	2 092 904	593 221	593 221
Trade receivables	1 391 608	(*)	934 479	(*)
Assets arising from contracts with customers	212 177	(*)	227 480	(*)
Financial lease and sub-lease receivables	6 677	(*)	(**)	(**)
Cash and cash equivalents	2 463 967	(*)	1 145 978	(*)

	30.06.2019		31.12.2018	
	Book value	**Fair value**	**Book value**	**Fair value**

(unless stated otherwise, all amounts expressed in PLN 000s)

Non-current credit, loans and debt securities	7 599 961	7 661 183	7 899 495	7 970 880
Current credit, loans and debt securities	1 503 963	1 503 963	341 475	341 475
Financial liabilities measured at fair value	28 348	28 348	22 176	22 176
Lease liabilities	43 287	(*)	1 424	(*)
Other financial liabilities	1 055 927	(*)	146 785	(*)
Trade payables	430 399	(*)	524 976	(*)
Liabilities arising from contracts with customers	374 615	(*)	-	-

(*) - Book value is close to fair value measured in accordance with level 2 in the following hierarchy.
(**) – As at 31 December 2018, financial lease receivables were recognised in the item: "Trade and other receivables," whereas data restatement was presented in note 3.3

Financial assets at fair value include:

- interests in unrelated entities, the stake in which is below 20%. This item includes shares in PGE EJ1 Sp. z o.o. amounting to PLN 15 866 thousand, for which no price quoted on an active market is available and whose fair value was determined on the basis of ENEA S.A.'s stake in the net assets of PGE EJ1 Sp. z o.o. as at 31 December 2018. Having analysed IFRS 9, the Company decided to qualify these interests as financial assets through other comprehensive income. No transactions recognised in profit or loss were executed in 2019.
  If interests in unrelated entities are listed on the Warsaw Stock Exchange, then their fair value is based on quoted prices,
- Polimex-Mostostal S.A. call options,
- derivative instruments that include the measurement of interest rate swaps. The fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates,

Non-current debt financial assets at amortised cost cover purchased debt securities - bonds and loans maturing in over one year. Fair value is calculated for financial instruments that are based on a fixed rate of interest, based on current WIBOR.

Current debt financial assets at amortised cost cover purchased debt securities - bonds and loans maturing in under one year.

The fair value of bank credit, loans and debt securities is calculated for financial instruments that are based on a fixed rate of interest, based on current WIBOR.

The following table contains an analysis of financial instruments at fair value, grouped into a three-level hierarchy, where:

Level 1 - fair value is based on (unadjusted) market prices quoted for identical assets or liabilities on active markets

Level 2 - fair value is determined on the basis of values observed on the market, which are not a direct market quote (e.g. they are established by direct or indirect reference to similar instruments on a market),

Level 3 - fair value is determined using various measurement techniques that are not, however, based on observable market data. The Company recognises its stake in PGE EJ1 in level 3 (note 26).

No transfers between the levels were made in the six-month period ended 30 June 2019.

	30.06.2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Interests at fair value through profit or loss	19 450	-	-	19 450
Call options	-	10 240	-	10 240
Debt financial assets at amortised cost	**-**	7 146 226	-	7 146 226
	19 450	**7 156 466**	**15 866**	**7 191 782**
Financial liabilities measured at fair value				
Derivative instruments used in hedge accounting (e.g. interest rate swaps) and for other purposes	-	28 348	-	28 348
Bank credit, loans and debt securities	-	9 165 146	-	9 165 146
	-	**9 193 494**	**-**	**9 193 494**

(unless stated otherwise, all amounts expressed in PLN 000s)

	31.12.2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Interests at fair value through profit or loss	18 375	-	-	18 375
Call options	-	12 116	-	12 116
Debt financial assets at amortised cost	**-**	7 246 095	-	7 246 095
	18 375	**7 258 211**	**15 866**	**7 292 452**
Financial liabilities measured at fair value				
Derivative instruments used in hedge accounting (e.g. interest rate swaps) and for other purposes	-	22 176	-	22 176
Bank credit, loans and debt securities	-	8 312 355	-	8 312 355
	-	**8 334 531**	**-**	**8 334 531**

17. Credit facilities, loans and debt securities

	30.06.2019	31.12.2018
Long-term		
Bank credit	1 968 536	2 049 374
Outstanding	5 631 425	5 850 121
Total	**7 599 961**	**7 899 495**
Short-term		
Bank credit	168 132	158 319
Outstanding	1 335 831	183 156
Total	**1 503 963**	**341 475**
Total credit, loans and debt securities	**9 103 924**	**8 240 970**

In accordance with ENEA S.A.'s financing model, in order to secure funding for ENEA Group companies' on-going operations and investment needs, ENEA executes agreements with external financial institutions concerning bond issue programmes and/or credit agreements.

Credit facilities

ENEA S.A. currently has credit agreements with the EIB for a total amount of PLN 2 371 000 thousand (Agreement A PLN 950 000 thousand, Agreement B PLN 475 000 thousand and Agreement C PLN 946 000 thousand). Funds from the EIB were used to finance a multi-year investment plan aimed at modernising and expanding ENEA Operator Sp. z o.o.'s power network. Funds from Agreements A, B and C were fully used. Agreement C's availability period ended in December 2017. Interest on credit facilities may be fixed or variable.

No.	Lender	Contract date	Total contract amount	Debt at 30 June 2019	Debt at 31 December 2018	Contract period
1.	European Investment Bank	18 October 2012 and 19 June 2013 (A and B)	1 425 000	1 201 663	1 264 369	31 December 2030
2.	European Investment Bank	29 May 2015 (C)	946 000	933 500	941 833	30 September 2032
3.	Bank PKO BP S.A.	28 January 2014, Annex 1 of 25 January 2017	300 000	-	-	31 December 2019
4.	Bank PEKAO S.A.	28 January 2014, Annex 1 of 25 January 2017	150 000	-	-	31 December 2019
	TOTAL		**2 821 000**	**2 135 163**	**2 206 202**	
	Transaction costs and effect of measurement using effective interest rate			1 505	1 491	
	TOTAL		**2 821 000**	**2 136 668**	**2 207 693**	

(unless stated otherwise, all amounts expressed in PLN 000s)

Bond issue programmes

No.	Bond issue programme name	Programme start date	Programme amount	Value of issued bonds at 30 June 2019	Outstanding bonds as at 30.06.2019 (principal)	Outstanding bonds as at 31.12.2018 (principal)	Buy-back deadline
1.	Bond issue programme agreement executed with PKO BP S.A., Bank PEKAO S.A., BZ WBK S.A., Bank Handlowy w Warszawie S.A.	21 June 2012	3 000 000	3 000 000	3 000 000	3 000 000	One-time buy-back between June 2020 and June 2022
2.	Bond issue programme agreement with BGK	15 May 2014	1 000 000	1 000 000	840 000	880 000	Buy-back in tranches, last tranche due in December 2026
3.	Bond issue programme agreement with ING Bank Śląski S.A., PKO BP S.A., Bank PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	2 500 000	2 500 000	1 500 000	One-time buy-back of each series, in February 2020, September 2021 and June 2024
4.	Bond issue programme agreement with BGK	3 December 2015	700 000	700 000	646 945	685 000	Buy-back in tranches, last tranche due in September 2027
	TOTAL		**9 700 000**	**7 200 000**	**6 986 945**	**6 065 000**	
	Transaction costs and effect of measurement using effective interest rate				(19 689)	(31 723)	
	TOTAL		**9 700 000**	**7 200 000**	**6 967 256**	**6 033 277**	

On 12 June 2019 ENEA S.A., ING Bank Śląski S.A., PKO Bank Polski S.A., Bank Pekao S.A. and mBank S.A. signed an agreement pursuant to which ING Bank Śląski S.A. as of the agreement date no longer performed the functions it performed under the "Programme Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" in reference to new bond issues.

On 12 June 2019, ENEA S.A., PKO Bank Polski S.A., Bank Pekao S.A. and mBank S.A. executed an "Agreement amending and consolidating the Programme Agreement of 30 June 2014."

This agreement was intended to adapt the rights and obligations arising under it to the existing MiFID regulations.

On 26 June 2019 ENEA S.A. as part of the "Programme Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" carried out a PLN 1 000 000 thousand bond issue. Interest on the bonds will be calculated based on WIBOR for 6-month deposits, plus 1.20% margin. Interest will be paid on a semi-annual basis. The bond buy-back date is 26 June 2024. The issue is intended to refinance ENEA S.A.'s debt arising from the ENEA0220 series bonds. The bonds will be introduced to the alternative trading system Catalyst within 90 days from the issue date.

Interest rate swaps

In the 6-month period ending 30 June 2019 ENEA S.A. executed an Interest Rate Swap for an exposure amounting to PLN 488 890 thousand. The total bond and credit exposure hedged with IRS transactions as at 30 June 2019 amounted to PLN 5 228 496 thousand. Moreover, ENEA has fixed-rate credit agreements totalling PLN 232 532 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: "Financial liabilities at fair value." Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules.

As at 30 June 2019, financial liabilities at fair value concerning IRSs amounted to PLN 28 348 thousand (31 December 2018: PLN 22 176 thousand).

(unless stated otherwise, all amounts expressed in PLN 000s)

Financing terms - covenants

Financing agreements require the Company and ENEA Group to maintain certain financial ratios. As at 30 June 2019 and the date on which these separate financial statements were prepared and in the course of 2019 the Company did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

18. Other financial liabilities

Cash management at ENEA Group is carried out at ENEA S.A. level, making it possible to effectively manage cash surpluses (scale effect) and to limit external financing costs. Selected ENEA Group companies are included in cash pooling.

In this service, the balances of participants' bank accounts are zeroed at the end of each day and subsequently any cash surpluses are transferred to the managing entity's (ENEA S.A.) bank account. The next day, cash balances are reversed and returned to the companies' bank accounts.

At 30 June 2019, the balance of liabilities within cash pooling was PLN 1 055 927 thousand (PLN 146 785 thousand at 31 December 2018) and was presented in the line: "Other financial liabilities."

19. Deferred income tax

Changes in deferred income tax assets (after offsetting assets and provision) are as follows:

	30.06.2019	31.12.2018
As at the beginning of period	**98 432**	**66 693**
Adjustment due to implementation of IFRS 9	-	537
As at the beginning of period, adjusted	**98 432**	**67 230**
Change recognised in profit or loss	(1 622)	20 895
Charge recognised in other comprehensive income	1 178	10 307
As at the end of period	**97 988**	**98 432**

In the 6-month period ended 30 June 2019, the Company's net profit before tax was reduced as a result of a decrease in deferred income tax assets, by PLN 1 622 thousand (in the 6-month period ended 30 June 2018, as a result of an increase in deferred income tax assets, net profit before tax increased by PLN 12 426 thousand).

20. Provisions for liabilities and other charges

Provisions for liabilities and other charges:

	30.06.2019	31.12.2018
Short-term	419 372	512 923
Total	**419 372**	**512 923**

	Provision for non-contractual use of land	Provision for other claims	Provision for origin certificates	Provision for onerous contracts	Total
As at 31.12.2018	**2 794**	**126 874**	**304 274**	**78 981**	**512 923**
Increase in existing provisions	-	21 141	216 051	-	**237 192**
Use of provisions	-	(792)	(288 733)	(41 004)	**(330 529)**
Reversal of unused provisions	(195)	(19)	-	-	**(214)**
As at 30.06.2019	**2 599**	**147 204**	**231 592**	**37 977**	**419 372**

A description of significant claims and the associated conditional liabilities as well as provisions for onerous contracts is presented in notes 24.1, 24.3 and 24.7.

In the 6-month period ended 30 June 2019, provisions for other liabilities and other charges increased by PLN 93 551 thousand net (in the 6-month period ended 30 June 2018, provisions for other liabilities and other charges decreased by PLN 29 251 thousand).

In the first half of 2019, the Company created a PLN 11 445 thousand provision for potential claims related to the termination by ENEA S.A. of agreements to purchase energy origin certificates for renewables, and the value of this provision as at 30 June 2019 was PLN 115 790 thousand. The provision is recognised in the table above in the column 'Provision for other claims.'

(unless stated otherwise, all amounts expressed in PLN 000s)

21. Net revenue from sales

	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Revenue from the sale of electricity	2 315 324	2 199 129
Revenue from the sale of gas	64 783	47 612
Revenue from the sale of other services	1 700	1 547
Revenue from origin certificates	-	1 450
Total	**2 381 807**	**2 249 738**

	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Revenue from continuous services	2 380 107	2 246 741
Revenue from services provided at specified time	1 700	2 997
Total	**2 381 807**	**2 249 738**

The Company recognises revenue when an obligation to provide a consideration by the provision of a promised good or service to the customer is performed (or is being performed). Revenue is recognised on the basis of prices specified in sale agreements, less estimated rebates and other deductions.

The key groups of contracts include electricity sale contracts (including framework contracts) for retail, business, key and strategic customers. Under these contracts, service is provided in a continuous manner and the level of revenue depends on usage.

The standard payment deadline for invoices for the sale of electricity is 14 days from VAT invoice date. In the case of business, key and strategic customers, payment deadlines may be negotiated.

22. Profit allocation

On 20 May 2019, an Ordinary General Meeting of ENEA S.A. adopted resolution no. 6 concerning the allocation of net profit for the financial year covering the period from 1 January 2018 to 31 December 2018, pursuant to which 100% of the 2018 net profit was transferred to reserve capital, intended to finance investments.

On 25 June 2018 an Ordinary General Meeting of ENEA S.A. adopted resolution no. 6 concerning the allocation of net profit for the financial year covering the period from 1 January 2017 to 31 December 2017, pursuant to which 100% of the 2017 net profit was transferred to reserve capital, intended to finance investments.

23. Related-party transactions

The Company executes transactions with the following related parties:

1. ENEA Group companies

	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018
Purchase value, including:	**3 382 934**	**2 830 208**
purchase of materials	243	271
purchase of services	808 015	865 608
other (including electricity and gas)	2 574 676	1 964 329
Sale value, including:	**179 050**	**174 551**
sale of electricity	154 356	150 656
sale of services	6 341	884
other	18 353	23 011
Interest income, including:	**108 461**	**103 555**
on bonds	104 529	100 511
on loans	2 524	2 718
other	1 408	326
Dividend income	**422 408**	**645 293**

(unless stated otherwise, all amounts expressed in PLN 000s)

	30.06.2019	31.12.2018
Receivables	538 482	287 457
Financial assets - bonds	6 900 600	6 982 092
Loans granted	173 963	182 562
Liabilities	438 918	642 657
Other financial liabilities	1 055 927	146 785

These transactions with Group companies are executed on market terms, which do not differ from the terms applied in transactions with other entities.

2. Transactions between the Company and members of the Company's corporate bodies are divided into two categories:

- resulting from being appointed as Supervisory Board members,
- resulting from other civil-law contracts.

The following table lists the amounts of transactions in the aforementioned categories:

Item	Company's Management Board		Company's Supervisory Board	
	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018
Remuneration under management contracts and consulting contracts	1 608**	1 405*	-	-
Remuneration under appointment to management or supervisory bodies	-	-	418	413
TOTAL	**1 608**	**1 405**	**418**	**413**

* this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 55 thousand

** this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 193 thousand

In the 6-month period ended 30 June 2019, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 6-month period ended 30 June 2018). During this period, PLN 3 thousand in loans was repaid (PLN 3 thousand in the 6-month period ended 30 June 2018).

Other transactions resulting from civil-law contracts executed between ENEA S.A. and members of the Company's corporate authorities mainly concern the use of company cars by members of ENEA S.A.'s Management Board for private purposes.

3. Transactions with the State Treasury's subsidiaries

ENEA S.A. also executes commercial transactions with state and local administration units and entities owned by Poland's State Treasury.

The subject of these transactions mainly is as follows:

- purchase of electricity and property rights resulting from origin certificates for energy from renewable sources and energy produced in cogeneration with heat, from State Treasury subsidiaries and
- sale of electricity, distribution services and other associated fees that the Company provides for both state and local administration authorities (sale to end customers) and to the State Treasury's subsidiaries (wholesale and retail sale - to end customers).

These transactions are executed on market terms, which do not differ from the terms applied in transactions with other entities.
The Company does not maintain records that would make it possible to aggregate the value of all transactions with all state institutions and State Treasury subsidiaries, which is why the turnover and transaction balances with related parties presented in these condensed separate interim financial statements do not contain transactions with State Treasury subsidiaries.

In addition, the Group identified financial transactions with State Treasury's related parties, i.e. with banks serving as guarantors for bond issue programmes. These entities include: PKO BP S.A., Pekao S.A. and Bank Gospodarstwa Krajowego. Detailed information on bond issue programmes is presented in note 17.

24. Conditional liabilities and on-going proceedings in courts, arbitration bodies or public administration bodies

24.1. Impact of the Act on amendment of the act on excise duty and certain other acts

The Act on amendment of the act on excise duty and certain other acts ("Act") was adopted on 28 December 2018.

This regulation introduced the following:

- a reduction in the excise duty rate for electricity sold to final customers from 20 PLN/MWh to 5 PLN/MWh,
- specified directions for 2019 prices and fee rates for electricity for final customers to be applied by sellers, at the level of 2018 prices,
- the opportunity for sellers to seek an amount to cover the lower revenue from electricity sold in 2019 to final customers from the Price Settlement Manager specified in the Act (Price difference amount/Financial compensation).

The act was updated in a later part of the year, with the key change (published on 28 June 2019) introducing a narrower group of final customers for the second half of 2019, including customers from the G tariff group set and micro-enterprises, small enterprises, hospitals, public finance sector units, state organisational units without legal personality, as defined in detail in the Act.

Pursuant to the updated Act, on 23 July 2019 an ordinance by the Minister of Energy was published regarding the way in which the Price difference amount and Financial compensation are calculated and the way in which reference prices are set (“Ordinance”). This document specifies:

- the way in which prices and fee rates for electricity for final customers are set in effect for 30 June 2018, which the Company is required to apply as prices in 2019,
- the way in which the Price difference amount and Financial compensation, as referred to in the Act, are calculated.

Determination of amount of provision for onerous contracts

Due to the Act entering into force and the Ordinance being published, the Company analysed whether it needs to update provisions and recognise potential returns in the context of IAS *Provisions, Contingent Liabilities and Contingent Assets*. According to reporting regulations, if a given contract or group of contracts generate a loss, then the company should recognise an appropriate provision in the period in which the loss became unavoidable unless it is unable to reliably determine the amount of this provision, and assets related to returns are recognised when they are nearly certain in an amount not higher than the recognised provisions.

Initially, in settlements in 2018, the Company had measured provisions only as regards completed sales, based on a tariff regulated by the President of the Energy Regulatory Office for customers in the G tariff group set. The measurement took into account the legal conditions in effect as of that time, i.e.:

- retention of prices for 2019 in regulated tariffs at the 2018 level,
- lack of clarity with regard to the provisions of the Act in the meaning as of 31 December 2018, resulting in contracts executed at a loss in groups other than the G tariff not being recognised,
- lack of basis for recognising any assets concerning settlements with the Price Settlement Manager pursuant to the Act due to the lack of the relevant Ordinance and additional information containing data essential for calculations.

Due to the fact that implementing regulations and essential information necessary to reliably determine the Price difference amount, the Company verified this issue and additionally estimated the Act’s financial effects in as far as this was possible and reliable for customers other than customers in regulated tariff G.
In estimating the provision as at 30 June 2019, the Company applied the following assumptions:

a) the existing legal situation as at 30 June 2019 and information after the balance sheet concerning the Act.
b) retention of the existing methodology for estimating provisions for contracts executed at a loss for the tariff G group set in regulated tariff
c) use of the existing methodology for estimating provisions for contracts executed at a loss for other groups of customers indicated in the updated Act for the second half of 2019.

Recognition of the Act’s effects in H1 2019

As at 30 June 2019, the following conclusions were formulated based on the above assumptions:

(a) using the prices in effect in 2018 for tariff G clients, with a tariff regulated by the URE President, the Company estimated a loss on contract. This loss results from using a cost model for electricity purchases in 2019 (costs of electricity and property rights and an excise duty rate specified as justified by the URE President in the tariff process for 2019) and the simultaneous application of 2018 sales prices. The sales volume results from the planned sales to Tariff G customers in Q3-Q4 2019. Taking the above into account, as at 30 June 2019, the Company:
   - used PLN 41 004 thousand from the provision in the first half of 2019,
   - retained the provision at PLN 37 977 thousand for the second half of 2019.

(b) Pursuant to the amended Act, the Company changed contractual terms, taking into account the provisions of the Act and the way to determine reference prices in effect on 30 June 2018, as contained in the Ordinance. Due to this, the Company estimated its loss of revenue for H1 2019 from customers other the customers in the regulated segment G.
In effect, in line with IFRS 15, the Compay recognised revenue from sales concerning reductions in prices for customers (other than customers in regulated tariff G) in the amount of PLN 374 615 thousand, which was recognised as at 30 June 2019 in the statement of financial position as Liabilities arising from contracts with customers.

(c) Guided by the provisions of the Act and the Ordinance, the Group estimated the Price Difference Amount. Based on detailed analysis, the Compay recognised a certain asset concerning the Price Difference amount for the first half of 2019 in the amount of PLN 430 401 thousand, which was recognised as Compensation in the statement of profit and loss and other comprehensive income and as Trade and other receivables in the statement of financial position.

(d) At the same time, the Company estimated:
- Amounts of losses on contracts in the second half of 2019 for other authorised customers (customers who have submitted the relevant declarations),
- Assets as nearly certain in the form of an amount of financial compensation for the months July – August 2019 for which the relevant reference indicators were set as of the date on which these condensed separate financial statements were prepared.

Taking into account their level, impact on the financial result was regarded by the Company as negligible and no additional provision or additional asset was recognised as a result.

The excess of estimated price difference amount over estimated amount of revenue lost in the first half of 2019 is the effect of recognising in the price difference amount a refund for applying the 2018 prices from the beginning of the year for regulated tariff G (which is thus not reflected in loss of revenue and was partially offset by a provision for contracts at a loss, recognised as at 31 December 2018).

Aside from using PLN 21 556 thousand from a provision for onerous contracts in the first quarter of 2019, the entire effects of applying the Pricing Act were related to data concerning the second quarter.

24.2. Credit and loan sureties and guarantees issued by the Company

In the first half of 2019, ENEA as guarantor did not execute any surety agreements.

The following table presents significant bank guarantees valid as of 30 June 2019 issued at the request of ENEA S.A. under an agreement with PKO BP S.A. up to the limit specified in the agreement.

Guarantee issue date	Guarantee validity	Obliged entity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
12.08.2018	12.08.2020	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	185 000
13.06.2019	30.05.2021	ENEA Wytwarzanie Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	95 000
13.06.2019	30.05.2021	ENEA Elektrownia Połaniec	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	60 000
12.08.2018	12.08.2020	ENEA Wytwarzanie Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	40 000
12.08.2018	12.08.2020	ENEA Elektrownia Połaniec	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	25 000
12.08.2018	12.08.2020	ENEA Wytwarzanie Sp. z o.o.	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	20 000
12.08.2018	12.08.2020	ENEA Elektrownia Połaniec	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	15 000
13.06.2019	30.05.2021	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	10 000
13.11.2018	30.01.2020	ENEA S.A.	Olsztyn municipality	PKO BP S.A.	4 462
12.08.2018	16.05.2021	ENEA S.A.	Górecka Projekt Sp. z o.o.	PKO BP S.A.	2 109
24.05.2019	30.07.2020	ENEA S.A.	City of Bydgoszcz	PKO BP S.A.	1 207
29.08.2018	16.09.2019	ENEA Logistyka Sp. z o.o.	ENEA Operator Sp. z o.o.	PKO BP S.A.	1 080
Total					**458 858**

The value of other guarantees issued by ENEA S.A. as at 30 June 2019 was PLN 14 069 thousand.

The total value of sureties and guarantees issued by ENEA S.A. as collateral for ENEA Group companies' liabilities as at 30 June 2019 was PLN 582 796 thousand.

24.3. On-going proceedings in courts of general competence

Proceedings initiated by the Company

Proceedings in courts of general competence initiated by ENEA S.A. and ENEA Operator Sp. z o.o. concern receivables related to electricity supplies and receivables related to other matters - illegal uptake of electricity, grid connections and other specialised services rendered by the Company.

At 30 June 2019, a total of 5 500 cases initiated by the Company were in progress before courts of general competence, worth in aggregate PLN 42 245 thousand (31 December 2018: 8 982 cases worth PLN 45 379 thousand).

The outcome of individual cases is not significant from the viewpoint of the Company's financial result.

Proceedings against the Company

Proceedings against the Company are initiated by both natural persons and legal entities. They concern issues such as: compensation for electricity supply disruptions, compensation for the Company's use of properties on which power equipment is located as well as claims related to terminated contracts for the purchase of property rights (note 20).

At 30 June 2019, a total of 151 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 549 408 thousand (31 December 2018: 150 cases worth PLN 519 317 thousand).

The outcome of individual cases is not significant from the viewpoint of the Company's financial result.

24.4. Claim by Białystok Municipality

On 18 January 2018 ENEA Wytwarzanie Sp. z o.o. received a lawsuit dated 28 December 2017, which had been filed with the District Court in Białystok by the Municipality of Białystok against ENEA Wytwarzanie Sp. z o.o., for the payment of PLN 29 445 thousand together with statutory interest for the sale of 126 083 shares of Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., based in Białystok (currently ENEA Ciepło Sp. z o.o.), constituting a residual stake, as part of an obligation arising under an agreement to sell ENEA Ciepło Sp. z o.o. shares executed on 26 May 2014. On 23 February 2018 ENEA Wytwarzanie Sp. z o.o. responded to the lawsuit, disagreeing with the position presented in it and requesting that the lawsuit be rejected in its entirety.

The dispute concerned interpretation of a provision in the share sale agreement of 2014 regarding whether or not ENEA Wytwarzanie Sp. z o.o. is obligated to purchase the remaining shares, i.e. "residual stake". According to ENEA Wytwarzanie Sp. z o.o., the company fulfilled all of its obligations specified in the share sale agreement of 2014 as regards the purchase of ENEA Ciepło Sp. z o.o. shares and is not required to additionally purchase the 121 863 shares.

On 14 August 2018 the District Court in Białystok (first instance) ruled in favour of the lawsuit brought by the Municipality of Białystok in its entirety. On 10 September 2018 ENEA Wytwarzanie Sp. z o.o. appealed the ruling. On 8 January 2019 the Appeals Court in Białystok referred the motion to exclude judges from the Appeals Court in Białystok to the Supreme Court.
On 9 March 2019, the Supreme Court decided to reject and in part cancel ENEA Wytwarzanie Sp. z o.o.'s request to exclude judges from the Appeals Court in Białystok (file no. SN IV Co 9/19). The hearing at the Appeals Court in Białystok was held on 19 June 2019. Following the hearing, the Appeals Court in Białystok ruled to reject the company's appeal. ENEA Wytwarzanie Sp. z o.o. requested to receive the ruling together with justification. This ruling is final.

On 15 July 2019, ENEA Wytwarzanie Sp. z o.o. paid PLN 34 539 thousand to the Municipality of Białystok (principal plus statutory late interest from 25 January 2017 to the payment date) for the purchase of 126 083 shares in Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Białystok, along with PLN 144 thousand as reimbursement of first- and second-instance litigation costs.

Irrespective of the above, on 12 July 2019 ENEA Wytwarzanie Sp. z o.o. and ENEA S.A. signed an agreement specifying rules for the sale of the aforementioned shares by ENEA Wytwarzanie Sp. z o. o. to ENEA S.A.

On 29 August 2019, the Supervisory Board of ENEA S.A. authorised the Management Board of ENEA S.A. to purchase 126 083 shares in ENEA Ciepło Sp. z o.o. with a nominal value of PLN 50 each and total nominal value of PLN 6 304 thousand for a total of PLN 34 539 thousand.

On 4 September 2019, ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. executed an agreement to sell 126 083 shares in ENEA Ciepło Sp. z o.o. with a nominal value of PLN 50 each and total nominal value of PLN 6 304 thousand for a total of PLN 34 539 thousand, pursuant to which ownership would transfer from ENEA Wytwarzanie Sp. z o.o. to ENEA S.A. on the day in which ENEA S.A. pays the purchase price to ENEA Wytwarzanie Sp. z o.o. ENEA S.A.'s payment to ENEA Wytwarzanie Sp. z o.o. was made on 11 September 2019.

Given the above, from 11 September 2019, ENEA S.A. holds 3 019 288 shares in the capital of ENEA Ciepło Sp. z o.o., which constitutes nearly a 99.94% stake in ENEA Ciepło Sp. z o.o. The remaining stake belongs to the company's employees.

24.5. Other court proceedings

The Management Board of ENEA S.A. filed in December 2018 a response to a lawsuit brought by the Company's shareholder, Fundacja "CLIENTEARTH Prawnicy dla ziemi," based in Warsaw, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The first hearing in the case was held on 10 April 2019, with no witnesses called to the hearing. The Court requested that the Company provide the Investment Agreement within 14 days, at least as regards points 1 to 8 (especially point 8.6), subject to the trial consequences indicated in art. 233 § 2 of the Civil Procedure Code. ENEA's attorney filed a reservation to the protocol pursuant to art. 162 of the Civil Procedure Code. On 24 April 2019, the Company provided the Investment Agreement. The Court decided to postpone the hearing to 17 July 2019. On 31 July 2019, the District Court in Poznań allowed the main claim and declared the Resolution invalid. On 17 September 2019, an attorney for ENEA S.A. appealed the ruling of 31 July 2019.

The Management Board of ENEA S.A. filed in December 2018 a response to a lawsuit brought by Międzyzakładowy Związek Zawodowy Synergia Pracowników Grupy Kapitałowej ENEA, based in Poznań, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The hearing was scheduled for 8 May 2019. The hearing did not take place and was re-scheduled to 30 July 2019. This hearing also did not take place, and the next hearing is set for 1 October 2019.

24.6. Cases concerning 2012 non-balancing

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

	Demanded amount in PLN 000s
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
Total	**27 594**

The subject of these demands is claims for the payment for electricity that was incorrectly settled on the balancing market in 2012. The companies receiving these demands obtained unjustified proceeds by not allowing ENEA S.A. to issue invoices for 2012.

Given a lack of an amicable resolution in this case, ENEA S.A. brought lawsuits against:

- TAURON Polska Energia S.A. – lawsuit of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o. o. – lawsuit of 10 December 2015,
- PKP Energetyka S.A. – lawsuit of 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – lawsuit of 29 December 2015.

The aforementioned disputes have not been resolved.

24.7. Dispute concerning prices for origin certificates for energy from renewable sources and terminated agreements for the purchase of property rights arising under origin certificates for energy from renewable sources

ENEA S.A. is a party to 10 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 7 proceedings for payment against ENEA S.A. concerning remuneration, contractual penalties or compensation
- 3 proceedings for the voidance of ENEA S.A.'s termination or withdrawal from agreements to sell property rights, which took place on 28 October 2016, including 2 proceedings in which claims for payment are being sought at the same time.

ENEA S.A. offset a part of receivables due for these counterparties from ENEA S.A. for sold property rights with damages-related receivables due for ENEA S.A. from renewables producers. The damage caused to ENEA S.A. arose as a result of the counterparties' failure to fulfil a contractual obligation to participate, in good faith, in re-negotiating long-term agreements for the sale of property rights in accordance with an adaptation clause that is binding for the parties.

On 28 October 2016, ENEA S.A. submitted statements depending on the agreement: on termination or withdrawal from long-term agreements for the purchase by the Company of property rights resulting from certificates of origin for energy from renewable sources (green certificates) (Agreements).

The Agreements were executed in 2006-2014 with the following counterparties, which own renewable generation assets ("Counterparties"):

- Farma Wiatrowa Krzęcin Sp. z o.o., based in Warsaw;
- Megawind Polska Sp. z o.o., based in Szczecin;
- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów;
- PGE Energia Odnawialna S.A., based in Warsaw;
- PGE Energia Natury PEW Sp. z o.o., based in Warsaw (currently PGE Energia Odnawialna S.A., based in Warsaw);
- "PSW" Sp. z o.o., based in Warsaw;
- in.ventus Sp. z o.o. EW Śniatowo sp.k., based in Poznań;
- Golice Wind Farm Sp. z o.o., based in Warsaw.

The Agreements were generally terminated by the end of November 2016. The dates on which the respective Agreements were terminated depended on contractual provisions.

The reason for terminating/withdrawing from the Agreements by the Company was the fact that it was no longer possible to restore contractual balance and the equivalence of the parties' considerations, caused by changes in laws.

Legal changes that occurred after the aforementioned Agreements were executed include in particular:

- ordinance of the Minister of Economy of 18 October 2012 on a detailed scope of obligations to obtain and present for redemption origin certificates, pay substitute fees, purchase electricity and industrial heat generated from renewable sources and the obligation to validate data concerning the quantity of electricity generated from renewable sources (Polish Journal of Laws of 2012, item 1229);
- the Act on renewable energy sources of 20 February 2015 (Polish Journal of Laws of 2015, item 478) and associated further legal changes and announced drafts of legal changes, including especially:
  - the Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 (Polish Journal of Laws of 2016, item 925); and
  - a draft of the Ordinance of the Minister of Energy concerning changes in the share of electricity resulting from redeemed origin certificates confirming production of electricity from renewable sources, which is to be issued based on an authorisation under art. 12 sec. 5 of the Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 and certain other acts,

caused an objective lack of possibilities to develop reliable models to forecast the prices of green certificates.

The Agreements were terminated with the intention for the Company to avoid losses constituting the difference between contractual and market prices of green certificates. Due to the changing legal conditions after termination of the Agreements in 2017, especially arising from the Act of 20 July 2017 on amendment of the act on renewable energy sources, the estimated value of future contract liabilities would have changed. In the current legal framework, this would be significantly lower in comparison to the amount estimated when the Agreements were being terminated, i.e. approx. PLN 1 187 million. This decline reflects a change in the way in which the substitute fee is calculated, which in accordance with the content of some of the Agreements constitutes the basis for calculating the contract price and indexing it to the market price. The Company created a PLN 115 790 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 30 June 2019 concerning transactions to sell property rights by the counterparties; the provision is presented in note 20.

25. Tax group

Through a decision of 14 May 2019, the Director of the 1st Wielkopolskie Tax Authority in Poznań confirmed the expiry of a decision issued on 25 October 2016 regarding the registration of ENEA Tax Group agreement due to ENEA Tax Group's failure in tax year 2018 to comply with the condition to maintain a ratio of profit to revenue of at least 2%.

ENEA Tax Group lost its tax group status as of 31 December 2018.

1 January 2019 is the first day of a new tax year for companies within the tax group, and from this date they are required to individually settle corporate income tax.

26. Participation in nuclear power plant build programme

On 15 April 2015 KGHM, PGE, TAURON and ENEA executed an agreement to purchase shares in PGE EJ 1. KGHM, TAURON and ENEA purchased 10% stakes in PGE EJ 1 each from PGE (30% in total). ENEA paid PLN 16 million for its stake.

In accordance with the Founding Agreement, ENEA S.A.'s financial investment in the Preliminary Stage will not exceed approx. PLN 107 million. ENEA S.A.'s overall expenditures on purchasing shares and increasing the company's share capital amounted to PLN 32 544 thousand.

On 28 November 2018 PGE S.A. expressed preliminary interest in purchasing all of the shares of PGE EJ 1. According to information from PGE S.A., this transaction would be possible after an independent adviser prepares a valuation and corporate approvals are secured by all of the entities involved. On 4 December 2018 ENEA S.A. expressed preliminary interest in selling its entire stake in PGE EJ 1. Preliminary interest in selling their stakes in PGE EJ 1 has also been expressed by the other shareholders, i.e. TAURON and KGHM. On 17 April 2019, PGE S.A. decided to withdraw from the process to purchase shares held by the remaining shareholders.

27. Implementation of project to build Elektrownia Ostrołęka C

Through resolution 94/IX/2018 of 28 December 2018, the Supervisory Board of ENEA S.A. approved the following:

- execution by the Management Board of ENEA S.A. of a memorandum (Memorandum) with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. setting out rules for cooperation in the project to build power plant Ostrołęka C, including termination of the Investment Agreement of 8 December 2016, together with Annex 1/2018 of 26 March 2018, and limitation of ENEA S.A.'s financial commitment at the Construction Stage to PLN 1 billion,
- vote by an ENEA S.A. representative at the Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. for a resolution on consent to issue an NTP, provided that this is preceded by all parties reaching an agreement.

The aforementioned memorandum between ENEA S.A., ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. was executed on 28 December 2018. Pursuant to the memorandum, the Investment Agreement of 8 December 2016 together with the Annex of 26 March 2018 were terminated.

The memorandum specifies new rules for cooperation, including the Project's financing structure, where ENEA S.A. pledges financial involvement at the Construction Stage of PLN 1 billion, ENERGA S.A. pledges at least PLN 1 billion, on top of the funds already invested. Moreover, the memorandum sees other investors becoming involved as necessary to cover the Project's financial expenditures.

The parties to the memorandum intend to:

- agree on the form, schedule and conditions for a financial investment by a financial investor and/or other investors;
- execute a new investment agreement;
- agree on rules for the Company to secure credit facilities from borrowers necessary to complete the Construction Stage so that ENEA S.A. and ENERGA S.A. would not breach financial covenants.

The memorandum constituted a condition for ENEA S.A. to approve issue of the NTP for the general contractor.

On 28 December 2018 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. agreed to issue a notice to proceed to the general contractor - consortium of GE Power Sp. z o.o. (consortium leader) and ALSTOM Power Systems S.A.S.

The Management Board of Elektrownia Ostrołęka Sp. z o.o. on 28 December 2018 issued an NTP related to the construction of Elektrownia Ostrołęka C for the general contractor - consortium of GE Power Sp. z o.o. (consortium leader) and ALSTOM Power Systems S.A.S.

Given the issue of the NTP for the general contractor and taking into account the fact that in accordance with the memorandum the second advance tranche will be covered in equal parts by ENEA S.A. and Energa S.A. - in order to pay the second advance tranche to the contractor, an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. on 4 January 2019 adopted a resolution to increase the company's share capital by PLN 361 382 thousand.

ENEA S.A. purchased 3 613 821 shares in capital, with a nominal value of PLN 180 691 thousand, transferring a cash contribution to the SPV's bank account on 4 January 2019. The share capital increase was registered at the National Court Register on 1 March 2019.

On 7 January 2019 ENEA S.A., Energa S.A. and PGE Polska Grupa Energetyczna S.A. (PGE) began talks that might lead to PGE's involvement in the Elektrownia Ostrołęka C project, which is currently being implemented by ENEA S.A. and Energa S.A.

From 29 January 2019, based on point 1.7 of the aforementioned Memorandum, the Parties commenced efforts to adapt the terms of agreement with the General Contractor to the Project's current status.

On 30 April 2019, ENEA S.A. executed a memorandum ("Memorandum") with Energa S.A. regarding financing for a project to build a new coal unit - the planned Ostrołęka C power plant in Ostrołęka with 1000 MW gross capacity ("Project"). In the Memorandum, ENEA S.A. and Energa S.A. determined detailed rules for financing the Project, which had been preliminarily agreed in a memorandum of 28 December 2018 between ENEA S.A, Elektrownia Ostrołęka Sp. z o.o. ("company") and Energa S.A.

In the Memorandum, ENEA S.A. undertook to provide the company with PLN 819 million in financing for the project from January 2021 under a PLN 1 billion financial commitment from the 28 December 2018 memorandum, including approx. PLN 181 million already provided to the company to be used as an advance payment for the unit's general contractor. If ENEA S.A. does not execute a new Founding Agreement / Investment Agreement with Energa S.A. by 31 December 2020, ENEA S.A. will be required, within the deadlines specified in the Memorandum and within the PLN 819 million limit, to reimburse Energa S.A. for half of the funding that Energa S.A. provides to the company during that period.

If within a deadline resulting from the agreed schedule ENEA S.A. or Energa S.A. do not provide the funding - at their own fault - to the company in a manner other than through a loan or share purchase in particular, then ENEA S.A. or Energa S.A. will be required to pay the amount resulting from the schedule to the company's bank account. The Memorandum also includes provisions protecting ENEA S.A. against claims from the company for return of Project financing amounts that were directly returned to Energa S.A. in connection with financing provided by it during the period prior to execution of the new Founding Agreement / Investment Agreement.

The parties to the Memorandum undertook to specify, in separate agreements, rules for their participation in Project risks, rules for participating in profits and losses and corporate governance rules that will protect their rights and obligations proportionately to their involvement in the Project.

28. Management Board and Supervisory Board changes

Management Board changes

On 16 May 2019, the Supervisory Board of ENEA S.A. appointed the following Management Board Members for a new joint term beginning on the date of ENEA S.A.'s Ordinary General Meeting approving the 2018 financial statements, i.e. from 21 May 2019: Mr. Mirosław Kowalik as President of the Management Board, Mr. Jarosław Ołowski as Member of the Management Board for Finance, Mr. Piotr Adamczak as Member of the Management Board for Trade and Mr. Zbigniew Piętka as Member of the Management Board for Corporate Affairs.

Supervisory Board changes

On 20 May 2019, ENEA S.A.'s Ordinary General Meeting appointed the following Supervisory Board Members for the 10th joint term, effective from 21 May 2019: Mr. Stanisław Hebda (who was also appointed Chairperson of the Supervisory Board), Mr. Paweł Jabłoński, Mr. Michał Jaciubek, Mr. Paweł Koroblowski, Mr. Ireneusz Kulka, Mr. Maciej Mazur, Mr. Piotr Mirkowski, Mr. Mariusz Pliszka and Mr. Roman Stryjski.

29. Events after the balance sheet date

On 11 July 2019 ENEA S.A. and ENEA Operator Sp. z o.o. executed a 425 000 thousand loan agreement for financing ENEA Operator Sp. z o.o.'s investments and on-going operations. Interest is variable, based on 6M WIBOR plus margin. The facility is available until 31 December 2019. The full-amount tranche will be launched on 29 July 2019. The loan will be repaid on a one-off basis on 20 December 2021.

On 19 July 2019 ENEA S.A. and ENEA Centrum Sp. z o.o. signed a PLN 40 000 thousand loan agreement to finance ENEA Centrum Sp. z o.o.'s investments. Interest on the loan is based on a floating interest rate, calculated using 3M WIBOR plus margin. The facility is available until 30 June 2020. The loan will be repaid between 30 September 2020 to 30 June 2030. No tranche was accessed as of the date on which these condensed separate interim financial statements were prepared.

On 10 September 2019, an Extraordinary General Meeting of ENEA Centrum Sp. z o.o. adopted a resolution to increase the company's share capital and amend the company's founding agreement. ENEA Centrum Sp. z o.o.'s share capital was increased from PLN 3 929 thousand to PLN 103 929 thousand through the issue of 1 000 000 shares with a nominal value of PLN 100 each and total nominal value of PLN 100 000 thousand.

The newly-issued shares were on 10 September 2019 acquired by the sole shareholder – ENEA S.A. – and was paid for with a non-cash contribution in the form of receivables totalling PLN 162 000 thousand due for ENEA S.A. rom ENEA Centrum Sp. z o.o. concerning loans issued under two loan agreements executed in 2014 and 2015. The amount of PLN 62 thousand constitutes excess of the value of the non-cash contribution and the value of nominal capital of the shares acquired, and was transferred to the supplementary capital of ENEA Centrum Sp. z o.o.

On 24 September 2019, an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution regarding a increase in the company's share capital and amendment of the company's founding agreement. The company's share capital was increased from PLN 9 205 thousand to PLN 17 060 thousand through the issue of 78 550 new shares with a nominal value of PLN 100 each and total value of PLN 7 855 thousand.