Selected standalone financial data of ENEA S.A.

	PLN '000		EUR '000	
	6 months ended 30.06.2018	6 months ended 30.06.2017	6 months ended 30.06.2018	6 months ended 30.06.2017
Net sales revenues	2 249 738	2 825 513	530 661	665 234
Operating profit	13 577	78 751	3 203	18 541
Profit before tax	713 091	920 755	168 202	216 781
Net profit of the reporting period	747 555	899 734	176 331	211 832
EBITDA	14 685	80 173	3 464	18 876
Net cash flows from operating activities	257 725	603 130	60 791	142 000
Net cash flows from investing activities	(51 415)	(1 883 423)	(12 128)	(443 430)
Net cash flows from financial activities	(198 376)	417 457	(46 792)	98 285
Total net cash flows	7 934	(862 836)	1 871	(203 145)
Weighted average number of shares (in units)	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN / EUR per share)	1.69	2.04	0.40	0.48
Diluted earnings per share (in PLN / EUR per share)	1.69	2.04	0.40	0.48

	Balance as at 30.06.2018	Balance as at 31.12.2017	Balance as at 30.06.2018	Balance as at 31.12.2017
Total assets	23 162 096	22 452 921	5 310 459	5 383 232
Total liabilities	9 810 200	9 820 944	2 249 220	2 354 634
Long-term liabilities	7 589 420	7 695 443	1 740 054	1 845 032
Short-term liabilities	2 220 780	2 125 501	509 166	509 602
Equity	13 351 896	12 631 977	3 061 238	3 028 597
Share capital	588 018	588 018	134 817	140 981
Book value per share (in PLN / EUR per share)	30.25	28.62	6.93	6.86
Diluted book value per share (in PLN/EUR per share)	30.25	28.62	6.93	6.86

The above financial data for 2018 and 2017 were converted to EUR according to the following principles:

- individual items of assets and liabilities – according to the average exchange rate announced as at 30 June 2018 – 4.3616 PLN/EUR (as at 31 December 2017: 4.1709 PLN/EUR),
- Individual items of the statement of profit and loss and other comprehensive income as well as the cash flow statement – according to an exchange rate being an arithmetic mean of the average exchange rates determined by the National Bank of Poland as at the last day of each month of the reporting period from 1 January to 30 June 2018 – 4.2395 PLN/EUR (for the period from 1 January to 30 June 2017: 4.2474 PLN/EUR).

Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January to 30 June 2018

Poznań, 11 September 2018

Index to Condensed Interim Standalone Financial Statements

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

These Condensed Interim Standalone Financial Statements were prepared in accordance with the requirements of the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, as approved by the European Union and accepted 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	**Piotr Olejniczak**	………………………………..
Member of the Management Board	**Zbigniew Piętka**	………………………………..

ENEA Centrum Sp. z o.o.
Company responsible for keeping books of account
and drawing up financial statements ………………………………………..
ENEA Centrum Sp. z o.o. ul. Górecka 1, 60-201 Poznań
KRS 0000477231, NIP 777-000-28-43, REGON 630770227

Poznań, 11 September 2018

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

Standalone Statement of Financial Position

	Note	As at 30.06.2018	As at 31.12.2017
ASSETS			
Non-current assets			
Property, plant and equipment	7	25 634	25 905
Perpetual usufruct of land		1 207	1 215
Intangible assets	8	4 580	4 666
Investment property		14 582	14 855
Investments in subsidiaries, associates and jointly controlled entities	9	12 171 397	11 945 473
Deferred income tax assets	20	85 602	66 693
Financial assets measured at fair value	16	63 762	-
Debt financial assets measured at amortized cost	10	6 850 332	-
Trade and other receivables		228	146 241
Costs of contract conclusion		14 165	-
Financial assets available for sale		-	39 307
Intra-group bonds		-	6 771 221
Financial assets measured at fair value through profit of loss		-	23 836
Derivative instruments		-	29 553
		19 231 489	**19 068 965**
Current assets			
Inventory	14	146 753	217 158
Trade and other receivables		1 506 649	1 126 982
Costs of contract conclusion		15 753	-
Customer contract assets	12	215 582	-
Current income tax receivables		51 804	126 336
Debt financial assets measured at amortized cost	10	239 706	-
Intra-group bonds		-	167 054
Cash and cash equivalents	15	1 754 360	1 746 426
		3 930 607	**3 383 956**
Total assets		**23 162 096**	**22 452 921**
EQUITY			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Reserve capital from valuation of hedging instruments		3 695	25 967
Reserve capital		4 963 564	3 150 240
Retained earnings		3 168 946	4 240 079
Total equity		**13 351 896**	**12 631 977**
LIABILITIES			
Long-term liabilities			
Loans, borrowings and debt securities	18	7 533 378	7 643 223
Financial lease liabilities		345	248
Liabilities due to employee benefits		55 666	51 941
Provisions for other liabilities and other charges	21	31	31
		7 589 420	**7 695 443**
Current liabilities			
Loans, borrowings and debt securities	18	249 917	222 958
Trade and other liabilities		581 233	797 569
Financial lease liabilities		380	258
Liabilities due to employee benefits		17 676	19 885
Liabilities due to an equivalent of the right to acquire shares free of charge		281	281
Other financial liabilities	19	1 039 729	723 735
Provisions for other liabilities and other charges	21	331 564	360 815
		2 220 780	**2 125 501**
Total liabilities		**9 810 200**	**9 820 944**
Total equity and liabilities		**23 162 096**	**22 452 921**

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

Standalone Statement of Profit and Loss and Other Comprehensive Income

	For a period of			
	6 months ended 30.06.2018	**3 months ended 30.06.2018**	**6 months ended 30.06.2017**	**3 months ended 30.06.2017**
Sales revenue	2 375 933	1 135 732	2 954 901	1 396 320
Excise tax	(126 195)	(59 382)	(129 388)	(60 908)
Net sales revenue	**2 249 738**	**1 076 350**	**2 825 513**	**1 335 412**
Other operating revenue	10 366	7 471	10 176	7 029
Depreciation	(1 108)	(552)	(1 422)	(668)
Costs of employee benefits	(30 367)	(15 564)	(24 939)	(11 992)
Consumption of materials and supplies and cost of goods sold	(1 360)	(670)	(1 231)	(709)
Energy and gas purchase for resale	(2 088 068)	(1 024 394)	(1 766 901)	(828 644)
Transmission and distribution services	(854)	(320)	(805 305)	(384 806)
Other outsourced services	(89 990)	(46 530)	(87 858)	(47 299)
Taxes and charges	(2 012)	(487)	(2 089)	(497)
Profit/(loss) on sale and liquidation of property, plant and equipment	40	40	249	183
Other operating expenses	(32 808)	(14 378)	(67 442)	(30 684)
Operating profit	**13 577**	**(19 034)**	**78 751**	**37 325**
Financial costs	(130 932)	(75 182)	(93 958)	(48 676)
Financial revenue	185 153	113 262	138 235	35 602
Dividend revenue	645 293	645 293	797 727	797 727
Profit before tax	**713 091**	**664 339**	**920 755**	**821 978**
Income tax	34 464	39 097	(21 021)	(1 947)
Net profit for the reporting period	**747 555**	**703 436**	**899 734**	**820 031**
Items that are or may be reclassified to profit or loss				
- measurement of hedging instruments	(27 496)	883	(12 892)	(6 683)
- income tax	5 224	(168)	2 450	1 270
Items that may not be reclassified to profit or loss				
- revaluation of the defined benefits scheme	(3 798)	(3 798)	(2 759)	(2 759)
- income tax	722	722	524	524
Net other comprehensive income	**(25 348)**	**(2 361)**	**(12 677)**	**(7 648)**
Total comprehensive income	**722 207**	**701 075**	**887 057**	**812 383**
Profit attributable to the Company's shareholders	747 555	703 436	899 734	820 031
Weighted average number of ordinary shares	441 442 578	441 442 578	441 442 578	441 442 578
Basic earnings per share (in PLN per share)	**1,69**	**1,59**	**2,04**	**1,86**
Diluted earnings per share (in PLN per share)	**1,69**	**1,59**	**2,04**	**1,86**

The Standalone Statement of Profit and Loss and Other Comprehensive Income shall be read together with explanatory notes which constitute an integral part of the Condensed Interim Standalone Financial Statements

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

Standalone Statement of Changes in Equity

	Share capital (nominal value)	Revaluation of share capital	**Total share capital**	**Share premium**	**Reserve capital from valuation of hedging instruments**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance 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)**
Balance as at 01.01.2018 following adjustment	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**
Net profit allocation – carried forward						1 813 324	(1 813 324)	-
Balance 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**

	Note	Share capital (nominal value)	Revaluation of share capital	**Total share capital**	**Share premium**	**Reserve capital from valuation of hedging instruments**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance as at 01.01.2017		441 443	146 575	**588 018**	**4 627 673**	**33 826**	**2 640 358**	**3 050 604**	**10 940 479**
Net profit								899 734	**899 734**
Other comprehensive income						(10 442)		(2 235)	**(12 677)**
Net comprehensive income recognised in the period						**(10 442)**		**897 499**	**887 057**
Net profit allocation – carried forward							509 882	(509 882)	**-**
Dividend paid	23							(110 361)	**(110 361)**
Balance as at 30.06.2017		441 443	146 575	**588 018**	**4 627 673**	**23 384**	**3 150 240**	**3 327 860**	**11 717 175**

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

Standalone Statement of Cash Flows

	6 months ended 30.06.2018	6 months ended 30.06.2017
Cash flows from operating activities		
Net profit for the reporting period	747 555	899 734
Adjustments:		
Income tax as per the statement of profit and loss and other comprehensive income	(34 464)	21 021
Depreciation	1 108	1 422
(Profit) / loss on sale and liquidation of property, plant and equipment	(40)	(249)
Loss /(profit) on sale of financial assets	13 557	(39 126)
Interest income	(110 978)	(79 501)
Dividend revenue	(645 293)	(797 727)
Interest expense	106 248	87 671
Reversal of impairment loss on shares	(51 365)	-
	(721 227)	(806 489)
Income tax reimbursement / (paid)	53 450	(172 628)
Tax of the Tax Capital Group	(36 756)	133 289
Changes in working capital		
Inventory	70 405	14 708
Trade and other receivables	75 673	(3 278)
Trade and other liabilities	100 157	599 559
Liabilities due to employee benefits	(2 281)	(4 861)
Provisions for other liabilities and other charges	(29 251)	(56 904)
	214 703	549 224
Net cash flows from operating activities	**257 725**	**603 130**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(55)	(170)
Inflows from disposal of property, plant and equipment and intangible assets	42	254
Inflows from disposal of financial assets	90 756	54 960
Acquisition of financial assets	(60 000)	(426 500)
Acquisition of subsidiaries	(3 520)	(1 266 616)
Acquisition of associates and jointly-controlled entities	(171 458)	(326 562)
Repayable contributions to a subsidiary's share capital	-	(128)
Inflows relating to future acquisition of financial assets	37	1 567
Interest received	92 783	79 772
Net cash flows from investing activities	**(51 415)**	**(1 883 423)**
Cash flows from financing activities		
Loans and borrowings received	-	250 000
Issue of bonds	-	290 000
Repayment of loans and borrowings	(46 402)	(33 913)
Bonds redemption	(47 500)	-
Expenses related to payment of financial lease liabilities	(129)	(141)
Expenses related to future issue of bonds	(449)	(2 108)
Interest paid	(103 896)	(86 381)
Net cash flows from financing activities	**(198 376)**	**417 457**
Increase in net cash	**7 934**	**(862 836)**
Opening balance of cash	1 746 426	1 614 822
Closing balance of cash	**1 754 360**	**751 986**

The Standalone Statement of Cash Flows should be read together with explanatory notes which constitute an integral part of these Condensed Interim Standalone Financial Statements

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

1. General information about ENEA S.A.

Name (business name):	ENEA Spółka Akcyjna
Legal form:	Joint-stock company
Country:	Republic of 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 address:	ENEA@ENEA.pl
Website:	www.ENEA.pl
Statistical identification number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

ENEA S.A. acting under the business name Energetyka Poznańska S.A., was entered in the National Court Register of the District Court for Poznań on 21 May 2001, under registration number KRS 0000012483.

As at 30 June 2018, the shareholding structure of ENEA S.A. was as follows: the State Treasury of the Republic of Poland held 51.5% of shares, PZU TFI – 9.96%, other shareholders – 38.54%. As at 30 June 2018, the State Treasury was the ultimate controlling entity of the Company.

As at 30 June 2018, the statutory share capital of ENEA S.A. amounted to PLN 441,443 thousand (PLN 588,018 thousand following conversion to the IFRS-EU, and accounting for hyperinflation and other adjustments) and it was divided into 441,442,578 shares.

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

ENEA S.A. is the Parent Company at the ENEA Capital Group (the „Group"). As at 30 June 2018, the Group comprised 13 subsidiary companies, 10 indirect subsidiaries, 1 affiliate and 4 jointly-controlled companies.

The Condensed Interim Standalone Financial Statements have been prepared based on the assumption that the Company will be able to continue as a going concern in the foreseeable future. No circumstances occur that would indicate a threat to ENEA S.A.'s operation as a going concern.

2. Statement of compliance

These Condensed Interim Standalone Financial Statements have been prepared in conformity with the requirements of the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, which has been approved by the European Union and adopted by the Management Board of ENEA S.A.

The Company's Management Board has applied its best knowledge as to the application of the standards and interpretation as well as the methods and principles of measurement of individual items of the Condensed Interim

Standalone Financial Statements of ENEA S.A. in conformity with the IFRS-EU as at 30 June 2018. Due diligence has been applied while preparing the presented statements and explanations. These Condensed Interim Standalone Financial Statements were reviewed by chartered accountant.

The Company draws up the Condensed Interim Consolidated Financial Statements of the ENEA Capital Group in conformity with the IFRS-EU as at and for the period of six months ended 30 June 2018. These Condensed Interim Standalone Financial Statements shall be read together with the aforesaid Condensed Interim Consolidated Financial Statements of the ENEA Capital Group and the Standalone Annual Financial Statements of ENEA S.A. for the financial year ended 31 December 2017.

The accounting principles presented below have been consistently applied to all presented period, unless indicated otherwise.

3. Accounting principles applied

These Condensed Interim Standalone Financial Statements have been drawn up using the accounting principles consistent with the principles used upon drawing up the last annual standalone financial statements for the financial year ended 31 December 2017, except for the accounting principles ensuing from the IFRS 9 *Financial Instruments* and IFRS 15 *Revenues from Contracts with Customers,* that took effect on 1 January 2018.

3.1. Functional and presentation currency

The currency of measurement and the reporting currency of the presented Condensed Interim Standalone Financial Statements is Polish zloty. Figures in the Condensed Interim Standalone Financial Statements are presented in thousand Polish zlotys (PLN '000), unless indicated otherwise.

3.2. Costs of contract conclusion

The costs of concluding a contract are costs incurred by the Company in order to enter into a contract with a customer that the Company would not have incurred had the contract not been concluded (including the costs of partner commissions due to the conclusion of contracts for the sale of electricity). The costs that would have been incurred irrespective of the fact of concluding the contract are presented in the result of the period in which they were incurred.

3.3. Financial assets

The Company classifies its financial instruments in the following categories:

- financial assets measured at fair value through profit or loss,
- equity instruments measured through other comprehensive income,
- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income.

a) Financial assets measured at fair value through profit or loss include:
   - financial assets held for trading (including derivative instruments to which hedge accounting is not applied),
   - financial assets voluntarily assigned to this category,

- financial assets that do not meet the definition of a basic loan agreement, including equity instruments such as stocks and shares, except for those assigned to equity instruments through other comprehensive income,
- financial assets that meet the definition of a basic loan agreement that are not maintained in accordance with the business model to realize cash flows or to realize cash flows or sales.

Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months of the balance sheet date.

b) Financial assets measured at amortized cost

Financial assets measured at amortized cost are financial assets held within a business model, the purpose of which is to hold financial assets to collect the contractual cash flows and whose contractual terms meet the criteria of the basic loan agreement.

c) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are financial assets held within a business model, the purpose of which is both to collect the contractual cash flows and to sell financial assets; and whose contractual terms meet the criteria of the basic loan agreement.

d) Equity instruments measured through other comprehensive income

Equity instruments measured through other comprehensive income include investments in an equity instrument classified voluntarily and irrevocably at the moment of initial recognition. Equity instruments meeting the criteria of assets held for trading and meeting the criteria of a conditional payment recognized by the acquiring company as part of a merger of companies may not be included in such classification.

At the moment of initial recognition, the Company measures a financial asset subject to classification for the purposes of its measurement at its fair value. An exception to this rule are trade receivables without a significant financial component, which are measured at the transaction price.

The fair value of financial assets not included in the fair value measurement through profit or loss is increased by transaction costs which can be directly attributed to the acquisition of these assets.

Financial assets measured at fair value through profit or loss are measured at fair value as at each balance sheet date. The fair value determined as at the balance sheet date is not adjusted for transaction costs that should be incurred for the realisation of a given item. Results of revaluation to fair value for assets in this category are recognized in the financial result. In the case of removing a given item from the books, the Company determines the gain or loss on disposal and recognizes it in the financial result for the period.

Financial assets measured at amortized cost are measured at amortized cost as at each balance sheet date. Amortized cost of a financial asset is an amount at which the financial asset is measured at the time of its initial recognition, reduced by repayment of the principal amount and increased or decreased by depreciation, determined using the effective interest rate, of all differences between such initial amount and the amount at maturity, and adjusted for any allowances for expected credit losses.

Financial assets measured at fair value through other comprehensive income are measured at fair value as at each balance sheet date. The fair value determined as at the balance sheet date is not adjusted for transaction costs that should be incurred for the realisation of a given item. Interest accrued for such items and revaluation write-offs for expected credit losses are recognized in the financial result of the period, and remaining revaluation to fair value is recognized as other comprehensive income.

Equity instruments measured through other comprehensive income are measured at fair value at each balance sheet date. The fair value determined as at the balance sheet date is not adjusted for transaction costs that should be incurred for the realisation of a given item. Revaluation to fair value is recognized as other comprehensive income.

3.4. Hedge accounting and derivative instruments

Derivative instruments used by the Company to hedge against specific risks related, among others, to changes in interest rates and currency exchange rates, are measured at fair value. Derivative instruments are presented as assets if their value is positive and as liabilities if their value is negative.

The fair value of foreign currency contracts is determined by reference to current forward rates on contracts with the same maturity or based on a valuation received from independent entities. The fair value of interest rate swaps can be determined based on a valuation received from independent entities. The fair value of other derivative instruments is determined based on market data or based on a valuation obtained from independent institutions specialising in such valuation.

The Company may apply hedge accounting to a portion or the entire exposure to a specific risk if the hedging instrument and the hedged item that constitute the hedging relationship are part of the risk management objective and the hedging strategy.

The Company defines hedging relationships regarding various types of risk as a fair value hedge or cash flow hedge. Risk hedges in respect of probable future liabilities are settled as cash flow hedges.

When the hedging relationship is established, the Company documents the relationship between the hedging instrument and the hedged item and the risk management objectives, as well as the strategy for implementing various hedging transactions.

Derivative instruments that are hedging instruments are recognized by the Company in accordance with the principles of fair value hedge accounting or cash flow hedge accounting, if the following conditions are simultaneously met:

- at the time of establishment of the hedge, the hedging relationship, as well as the purpose of risk management by the Company and the hedging strategy were officially designated and documented,
- the hedging relationship includes only eligible hedging instruments and eligible hedged items,
- the hedge is expected to be highly effective in offsetting changes in fair value or cash flows arising from the hedged risk, in line with the risk management strategy for that particular hedging relationship,
- in the case of cash flow hedges, the planned transaction being the subject of hedge must be highly probable and must be subject to the risk of changes in cash flows, which as a result may affect the financial result,
- hedging efficiency can be credibly assessed.

If the Company identifies the ineffectiveness of the hedge beyond the adopted risk management objectives, and the hedging relationship continues to be in line with the risk management strategy and risk management objectives, the Company restores the balance of the hedging relationship.

The Company discontinues applying hedge accounting principles prospectively if:

- the hedge no longer meets the criteria for hedge accounting due to the fact that the hedging instrument expires, is sold, terminated or executed,
- the hedge no longer meets the criteria for hedge accounting in connection with a change of the risk management strategy or risk management objectives.

The company does not dissolve the hedging relationship that:

- still meets the risk management objective on the basis of which the hedge was deemed eligible for inclusion in hedge accounting, and
- continues to meet all other eligibility criteria (considering, if applicable, restoring the balance of the hedging relationship).

If fair value hedges are applied to items other than an equity instrument classified as an equity instrument measured through other comprehensive income, the Company:

- recognizes gains or losses arising from the revaluation of the fair value of the derivative hedging instrument in the financial result, and
- adjusts the book value of the hedged item by the gain or loss related to the hedged item resulting from the risk being hedged and recognizes it in the financial result of the current period.

If fair value hedge is applied to an equity instrument classified as an equity instrument through other comprehensive income, the Company:

- recognizes gains and losses arising from the revaluation of the fair value of the hedging derivative instrument in other comprehensive income, and
- measures the equity instrument through other comprehensive income by recognising revaluation in other comprehensive income.

Cash flow hedge is a hedge against the threat of cash flow volatility, which can be attributed to a specific risk related to a recognized asset or liability or a highly probable planned transaction that could affect the financial result. The planned transaction is a transaction that is not yet a result of a concluded, binding contract (expected future transaction).
When using cash flow hedge accounting, the Company:

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

If the hedge of a planned transaction results in the recognition of a financial asset or financial liability, the related gain or loss that was included in the revaluation reserve is transferred to the financial result in the same period or periods in which the acquired asset or liability affects the financial result. However, if the Company expects that all or part of the losses recognized in the revaluation reserve will not be recovered in one or more future periods, it recognizes in the financial result the amount that is not expected to be recovered.

If the hedge of a planned transaction results in the recognition of a non-financial asset or non-financial liability or a planned transaction involving a non-financial asset or a non-financial liability becomes a probable future liability to which fair value hedge is applied, the Company excludes the related gain or loss that was recognized in the revaluation reserve and includes it in the initial cost of acquisition or in another carrying amount of an assets or liabilities item.

If the Company ceases to apply cash flow hedge accounting in accordance with the criteria specified above, the accumulated profits or losses from the hedging instrument included in the revaluation reserve remain in them until the hedged transaction is performed. If the hedged transaction is not carried out (or is not expected), the cumulative net result included in the revaluation capital is transferred immediately to the profit and loss account.

3.5. Trade and other receivables

Trade receivables are initially recognised at the transaction price and subsequently they are measured at amortized cost using the effective interest rate, including impairment write-offs. In a situation where there are no differences between the initial value of receivables and the amount (amounts) on the due date (due dates), interest accrued using the effective rate does not appear.

An impairment write-off on receivables is determined based on the expected credit losses. The expected credit losses account for both the occurrences of default of counterparties as well as potential estimated credit losses. The write-off is charged to costs recognized in the profit and loss account and other comprehensive income at the end of each reporting period.

3.6. Customer contract assets

In its statement of financial position, the Company recognizes a contract asset being the Company's right to remuneration in exchange for goods or services which the Company has provided to the customer. An asset is recognized if the Company has fulfilled its obligation by supplying goods or services to the customer before the customer has paid the remuneration or before the due date.

3.7. Cash and cash equivalents

Cash and cash equivalents cash in a bank account, bank deposits payable on demand, other short-term investments with an initial maturity of up to three months and with high liquidity. Cash at hand is measured at each balance sheet date at face value. Cash at bank, bank deposits payable on demand and other short-term investments with an initial maturity of up to three months and with high liquidity are measured as at each balance sheet date at amortized cost (at the nominal/initial value plus interest accrued until the balance sheet date, adjusted for a write-down for anticipated credit losses).

3.8. Financial liabilities, including loans and credits, debt securities

Financial liabilities including trade accounts payable and other liabilities are initially recognized at fair value, less transaction costs incurred.

Financial liabilities including loans and debt securities are classified as at the moment of their initial recognition in the following categories:

- financial liabilities measured at fair value through profit or loss,
- financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through profit or loss include:

- financial liabilities that meet the definition of liabilities held for trading, including derivative instruments not used in hedge accounting,
- financial liabilities voluntarily designated by the Company as measured at fair value through profit or loss.

Financial liabilities measured at amortized cost include all financial liabilities subject to classification for the purposes of measurement, not included in financial liabilities measured at fair value through profit or loss.

At the moment of initial recognition, the Company measures a financial liability subject to classification for the purposes of measurement at its fair value.
The fair value of a financial liability not included in the fair value measurement through profit or loss is decreased by transaction costs that can be directly assigned to the issue (incurring/inception) of this liability.

The balance sheet valuation of a financial liability and the recognition of revaluations depend on the assignment of a given item to the appropriate category for the purposes of the valuation.

- financial liabilities classified as financial liabilities measured at fair value through profit or loss are measured at fair value as at each balance sheet date. The fair value determined as at the balance sheet date is not adjusted for transaction costs that should be incurred for the settlement of a given item. Revaluation to fair value is recognized in the profit or loss of the period,
- financial liabilities classified into the category of financial liabilities at amortized cost are measured at amortized cost as at each balance sheet date.

3.9. Customer contract liabilities

In its statement of financial position, the Company recognizes a contract liability being an obligation of the Company to supply goods or services to a customer in return for which the Company has received remuneration (or the amount of remuneration is due) from the customer.

If the customer has paid the remuneration or the Company is entitled to the amount of remuneration which is unconditional (i.e. payable) before the Company has supplied the goods or services to the customer, the Company presents the contract as a contract liability at the time of payment or when the payment becomes due (whichever happens first).

3.10. Revenue recognition

The Company recognizes revenue when it meets (or in the course of fulfilling) the obligation to provide a performance by supplying the promised good or service (i.e. an asset) to the customer, at the same time acquiring the right to remuneration and the legal title to the asset. The transfer of an asset takes place when the customer gains control over this asset.

The transfer of control may take place over time, when the obligation to provide the performance is fulfilled and as time goes on, i.e. when:

- the customer simultaneously obtains and draws benefits derived from the performance provided by the Company, as the Company provides this performance,
- the provision of a performance by the Company results in the creation or improvement of an asset (for instance, work in progress), and control over this asset, as it is manufactured or improved, is exercised by the customer; or
- the provision of a performance by the Company does not result in the creation of an asset of an alternative use for the Company, and the Company has an enforceable right to receive payment for the performance provided to-date.

When determining the degree of fulfilment of an obligation, the method based on results and the method based on outlays are used, considering the nature of the good or service being transferred.

Under revenues from core operations, the Company recognizes revenues from the sale of the following groups of products and services:

- services provided on a continuous basis - the amount of revenue depends on consumption (for instance, supply of electricity, natural gas). Revenues are recognised when the Company transfers control over a part of the service provided. The Company recognizes revenues in the amount of remuneration from the customer to which it is entitled, which directly corresponds to the value to the customer of the performance provided so far - this value is the amount that the Company has the right to invoice,
- delivery of goods/services settled at a specified point in time (among others, sale of property rights). Revenues are recognized when control over the product/service is transferred. The transfer of control takes place when the goods are made available to the customer or when the provision of a given service is completed.

The recognition of sales revenues in the amount of net remuneration occurs when the Company acts as an intermediary (agent), i.e. its obligation to provide a performance consists in ensuring delivery of goods or services by another entity. Such revenue is recognized in the form of a fee or commission to which - in accordance with the Company's expectations - it will be entitled in exchange for ensuring delivery of goods or services by another entity. The fee or commission due to the Company may be the amount of net remuneration which the Company retains after paying a remuneration to another entity in exchange for goods or services provided by that entity.

Interest revenues are recognized on an accrual basis using the effective interest rate, if obtaining them is not doubtful.

Dividend revenues are recognised at the time of acquisition of the right to receive payment. Dividend revenues are presented in the statement of profit and loss and other comprehensive income below operating profit.

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

3.11. Methods of implementation of the new standards

IFRS 9 - the Company has implemented IFRS 9 retrospectively with the recognition of adjustments as at 01.01.2018. ENEA S.A. applies IFRS 9 in accordance with its transitional provisions - it does not convert comparative data for previous periods, i.e. 01.01.2017 and 31.12.2017 to reflect the requirements of IFRS 9 in terms of valuation.

IFRS 15 - the Company has implemented IFRS 15 retrospectively with the combined effect of the first application and it recognizes the combined effect of the first application of the standard as an adjustment to the initial balance of retained earnings in the reporting period in which the first application date falls.

	31.12.2017	IFRS 9	IFRS15	01.01.2018
ASSETS				
Non-current assets				
Property, plant and equipment	25 905	-	-	25 905
Perpetual usufruct of land	1 215	-	-	1 215
Intangible assets	4 666	-	-	4 666
Investment property	14 855	-	-	14 855
Investments in subsidiaries, associates and jointly controlled entities	11 945 473	-	-	11 945 473
Deferred income tax assets	66 693	537	-	67 230
Financial assets measured at fair value	-	92 696	-	92 696
Debt financial assets measured at amortized cost	-	6 902 669	-	6 902 669
Trade and other receivables	146 241	(131 448)	(14 747)	46
Cost of contract conclusion	-	-	14 747	14 747
Financial assets available for sale	39 307	(39 307)		-
Intragroup bonds	6 771 221	(6 771 221)		-
Financial assets measured at fair value through profit or loss	23 836	(23 836)		-
Derivative instruments	29 553	(29 553)		-
	19 068 965	**537**	**-**	**19 069 502**
Current assets				
Inventory	217 158	-	-	217 158
Trade and other receivables	1 126 982	(39 242)	(239 499)	848 241
Cost of contract conclusion	-	-	17 785	17 785
Customer contract assets	-	-	221 714	221 714
Current income tax receivables	126 336	-	-	126 336
Debt financial assets measured at amortized cost	-	203 471	-	203 471
Intragroup bonds	167 054	(167 054)	-	-
Cash and cash equivalents	1 746 426	-	-	1 746 426
	3 383 956	**(2 825)**	**-**	**3 381 131**
TOTAL ASSETS	**22 452 921**	**(2 288)**	**-**	**22 450 633**

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

	31.12.2017	IFRS 9	IFRS15	01.01.2018
EQUITY				
Share capital	588 018	-	-	588 018
Share premium	4 627 673	-	-	4 627 673
Reserve capital from valuation of hedging instruments	25 967	-	-	25 967
Reserve capital	3 150 240	-	-	3 150 240
Retained earnings	4 240 079	(2 288)	-	4 237 791
Total equity	**12 631 977**	**(2 288)**	**-**	**12 629 689**
LIABILITIES				
Long-term liabilities				
Loans, borrowings and debt securities	7 643 223	-	-	7 643 223
Financial lease liabilities	248	-	-	248
Liabilities due to employee benefits	51 941	-	-	51 941
Provisions for other liabilities and other charges	31	-	-	31
	7 695 443	**-**	**-**	**7 695 443**
Current liabilities				
Loans, borrowings and debt securities	222 958	-	-	222 958
Trade and other liabilities	797 569	-	-	797 569
Financial lease liabilities	258	-	-	258
Liabilities due to employee benefits	19 885	-	-	19 885
Liabilities due to an equivalent of the right to acquire shares free of charge	281	-	-	281
Other financial liabilities	723 735	-	-	723 735
Provisions for other liabilities and other charges	360 815	-	-	360 815
	2 125 501	**-**	**-**	**2 125 501**
Total liabilities	**9 820 944**	**-**	**-**	**9 820 944**
Total equity and liabilities	**22 452 921**	**(2 288)**	**-**	**22 450 633**

A significant change caused by the entry into force of IFRS 15 as of 1 January 2018 is presentation of sales revenues in the statement of profit and loss and other comprehensive income due to the fact that the Company performs the role of an intermediary. As a result of netting, sales revenues for the period from 1 January 2018 to 30 June 2018 are lower by PLN 815,845 thousand; if it had not been for the standard, sales revenues would have amounted to PLN 3,065,583 thousand.

4. Change of items presentation in the statement of financial position

In the first quarter 2018, the Company converted comparative data as at 31 December 2017 due to the fact that new categories of financial assets occurred in the financial statements in 2018, replacing the existing ones, i.e.:

- Financial assets measured at fair value and
- Debt financial assets measured at amortized cost.

After having analysed the market practices, ENEA S.A. decided that comparative data in these Condensed Interim Financial Statements as well as in the subsequent financial statements will be compliant with the data as presented in the approved „Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2017."

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

	Converted data* 31.12.2017	Approved data 31.12.2017
ASSETS		
Non-current assets		
Property, plant and equipment	25 905	25 905
Perpetual usufruct of land	1 215	1 215
Intangible assets	4 666	4 666
Investment property	14 855	14 855
Investments in subsidiaries, associates and jointly controlled entities	11 945 473	11 945 473
Deferred income tax assets	66 693	66 693
Financial assets measured at fair value	92 696	-
Debt financial assets measured at amortized cost	6 902 669	-
Financial assets available for sale	-	39 307
Intragroup bonds	-	6 771 221
Financial assets measured at fair value through profit or loss	-	23 836
Derivative instruments	-	29 553
Trade and other receivables	14 793	146 241
	19 068 965	**19 068 965**
Current assets		
Inventory	217 158	217 158
Trade and other receivables	1 090 313	1 126 982
Current income tax receivables	126 336	126 336
Debt financial assets measured at amortized cost	203 723	-
Intragroup bonds	-	167 054
Cash and cash equivalents	1 746 426	1 746 426
	3 383 956	**3 383 956**
TOTAL ASSETS	**22 452 921**	**22 452 921**

* converted data in the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period form 1 January to 31 March 2018.

5. Material estimates and assumptions

Preparation of the Condensed Interim Standalone Financial Statements in accordance with IAS 34 requires that the Management Board should adopt certain assumptions and make estimates that affect the adopted accounting principles and the amounts disclosed in the Condensed Interim Standalone Financial Statements and in the notes to these financial statements. The assumptions and estimates are based on the best knowledge of the Management Board regarding current and future events and activities. Actual results, however, may differ from those anticipated. Estimates adopted upon drawing up of the Condensed Interim Standalone Financial Statements are consistent with the estimates adopted upon drawing up of the standalone financial statements for the last financial year. The estimates provided in previous financial years do not have a material impact on the current interim period.

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

6. Composition of the Capital Group – list of subsidiaries, and the ENEA S.A.'s interest in associates and jointly-controlled entities

	Name and address of company		ENEA S.A.'s share in the total number of votes [%] 30.06.2018	ENEA S.A.'s share in the total number of votes [%] 31.12.2017
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, Municipality of Kozienice, Kozienice 1	subsidiary	100	100
6.	**ENEA Logistyka Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
7.	**ENEA Serwis Sp. z o.o.** Lipno, Gronówko 30	subsidiary	100	100
8.	**ENEA Centrum Sp. z o.o.** Poznań, ul. Górecka 1	subsidiary	100	100
9.	**ENEA Pomiary Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
10.	**ENERGO-TOUR Sp. z o.o. in liquidation** Poznań, ul. Strzeszyńska 58	subsidiary	100[5]	100[5]
11.	**ENEA Innowacje Sp. z o.o.** [9] Warszawa, ul. Jana Pawła II 25	subsidiary	100[9]	100
12.	**Lubelski Węgiel BOGDANKA S. A.** Bogdanka, Puchaczów	subsidiary	65,99	65,99
13.	**Annacond Enterprises Sp. z o.o. in liquidation** [7] Warszawa, ul. Jana Pawła II 25	subsidiary	61	61
14.	**ElectroMobility Poland S.A.** Warszawa, ul. Mysia 2	jointly-controlled company	25[8]	25
15.	**Elektrownia Ostrołęka Sp. z o.o.** [6] Ostrołęka, ul. Elektryczna 5	jointly-controlled company	50[11]	23,79
16.	**Polimex – Mostostal S.A.** Warszawa, al. Jana Pawła II 12	associate	16.48	16.48
17.	**Polska Grupa Górnicza S.A.** Katowice, ul. Powstańców 30	jointly-controlled company	7.66[10]	5.81
18.	**ENEA Bioenergia Sp. z o.o.** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	100[4]
19.	**ENEA Ciepło Serwis Sp. z o.o.** Białystok, ul. Starosielce 2/1	indirect subsidiary	100[1]	100[1]
20.	**ENEA Badania i Rozwój Sp. z o.o.** Świerże Górne, Municipality of Kozienice, Kozienice 1	indirect subsidiary	100[1]	100[1]
21.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.** Oborniki, ul. Wybudowanie 56	indirect subsidiary	99.93[1]	99.93[1]
22.	**ENEA Ciepło Sp. z o.o.** Białystok, ul. Warszawska 27	indirect subsidiary	91.14[1]	91.14[1]
23.	**Miejska Energetyka Cieplna Piła Sp. z o.o.** Piła, ul. Kaczorska 20	indirect subsidiary	71.11[1]	71.11[1]
24.	**EkoTRANS Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
25.	**RG Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
26.	**MR Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
27.	**Łęczyńska Energetyka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	58.53[2]	58.53[2]

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

28.	**Centralny System Wymiany Informacji Sp. z o.o.** Poznań, ul. Strzeszyńska 58	jointly-controlled company	20[3]	20[3]

[1] – indirect subsidiary through shares in ENEA Wytwarzanie Sp. z o.o.
[2] – indirect subsidiary through shares in Lubelski Węgiel BOGDANKA S.A.
[3] – jointly-controlled company through shares in ENEA Operator Sp. z o.o.
[4] – indirect subsidiary through shares in ENEA Elektrownia Połaniec S.A.
[5] – On 30 March 2015, the Extraordinary Shareholders' Meeting of the company adopted a resolution on dissolution of the company following liquidation proceedings; the resolution took effect on 1 April 2015. On 5 November 2015, an application for deleting the company from the National Court Register was filed. As at the date of drawing up these standalone financial statements, formalities relating to deleting the company from the National Court Register are still underway.
[6] – On 23 November 2017, the Extraordinary Shareholders' Meeting of Elektrownia Ostrołęka S.A. adopted a resolution on transforming the company into a limited liability company. On 27 February 2018, the transformation into a limited liability company was registered in the National Court Register.
[7] – On 28 February 2018, the Extraordinary Meeting of Shareholders of Annacond Enterprises Sp. z o.o. adopted a resolution under which the company was put to liquidation.
[8] – On 3 January 2018, the Extraordinary Shareholders' Meeting of ElectroMobility Poland S.A. adopted a resolution on increasing the company's share capital by PLN 20,000 thousand by way of increasing the nominal value of the existing shares from PLN 1,000.00 to PLN 3,000.00. The share capital increase was registered in the National Court Register on 23 April 2018.
[9] – On 31 January 2018, the Extraordinary Shareholders' Meeting of ENEA Innovation Sp. z o.o. adopted a resolution on increasing the company's share capital by PLN 3,500 thousand, that is from PLN 305 thousand to PLN 3,805 thousand by creating 35,000 new shares with the nominal value of PLN 100.00 each. The share capital increase was registered in the National Court Register on 23 April 2018.
On 17 April 2018, the name of ENEA Innovation Sp. z o.o. was changed to ENEA Innowacje Sp. z o.o. in the National Court Register.
[10] – On 31 January 2018, the Extraordinary Meeting of Shareholders of Polska Grupa Górnicza S.A. adopted a resolution on increasing the company's share capital by an amount of PLN 300,000 thousand, that is from PLN 3,616,718 thousand to PLN 3,916,718 thousand by way of issue of 3,000,000 new shares with the nominal value of PLN 100.00 each. ENEA S.A. acquired 900,000 shares with the total nominal value of PLN 90,000 thousand, thus increasing the share of ENEA S.A. in the company's share capital to 7.66%. On 6 April 2018, the share capital increase was registered with the National Court Register.
[11] – On 23 March 2018, ENEA S.A. concluded with ENERGA S.A. a contract of purchase of 1,201,036 shares of Elektrownia Ostrołęka Sp. z o.o. thus acquiring in total a 50% shareholding in the company's share capital. On 29 March 2018, the Extraordinary Meeting of Shareholders of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on increasing the company's share capital by PLN 35,000 thousand, that is from PLN 229,100 thousand to PLN 264,100 thousand by creating 700,000 new shares privileged in terms of voting in such a way that one share will correspond to two votes, with the nominal value of PLN 50.00 each and the total nominal value of PLN 35,000 thousand. On 29 March 2018, ENEA S.A. signed a declaration of acquisition of 350,000 shares and covering them with a cash contribution in an amount of PLN 17,500 thousand. On 30 March 2018, ENEA S.A. made the cash contribution. On 30 July 2018, the share capital increase was registered with the National Court Register.

7. Property, plant and equipment

Over the 6 months ended 30 June 2018, the Company purchased property, plant and equipment totalling at PLN 631 thousand (over the 6 months ended 30 June 2017: PLN 0 thousand, respectively).

Over the 6 months ended 30 June 2018, the Company disposed of plant, property and equipment totalling at PLN 1 thousand net (over the 6 months ended 30 June 2017: PLN 5 thousand net, respectively).

As at 30 June 2018, there was no evidence of impairment of property, plant and equipment.

8. Intangible assets

Over the 6 months ended 30 June 2018, the Company did not acquire any intangible assets (during the period of 6 months ended 30 June 2017: PLN 0 thousand, respectively).

Over the 6 months ended 30 June 2018, the Company did not sell or dispose of any intangible assets (during the period of 6 months ended 30 June 2017: PLN 0 thousand, respectively).

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

9. Investments in subsidiaries, associates and jointly controlled entities

	30.06.2018	31.12.2017
Opening balance	**11 945 473**	**9 448 433**
Acquisition of investments	174 559	1 615 327
Repayable capital contributions	-	387
Other	-	2 056
Change in revaluation allowance	51 365	879 270
Closing balance	**12 171 397**	**11 945 473**

Investment revaluation allowances

	30.06.2018	31.12.2017
Opening balance	**1 280 505**	**2 159 775**
Reversed	(51 365)	(879 270)
Closing balance	**1 229 140**	**1 280 505**

On 3 January 2018, the Extraordinary Meeting of Shareholders of ElectroMobility Poland S.A. adopted a resolution on increasing the company's share capital by PLN 20,000 thousand by way of increasing the nominal value of the existing shares from PLN 1,000.00 to PLN 3,000.00. Following the aforesaid capital increase, ENEA S.A. holds 2,500 shares of the company with the nominal value of PLN 3,000.00, with the total value of PLN 7,500 thousand.

On 31 January 2018, the Extraordinary Meeting of Shareholders of Polska Grupa Górnicza S.A. adopted a resolution on increasing the company's share capital by PLN 300,000 thousand to PLN 3,916,718 thousand by issuing 3,000,000 new shares by private subscription. ENEA S.A. acquired 900,000 new shares by private subscription, with the nominal value of PLN 100 each and the total nominal value of PLN 90,000 thousand.

On 31 January 2018, the Extraordinary Shareholders' Meeting of ENEA Innovation Sp. z o.o. adopted a resolution on increasing the company's share capital by PLN 3,500 thousand up to PLN 3,805 thousand by creating 35,000 new shares with the nominal value of PLN 100.00 each.

On 23 March 2018, ENEA S.A. purchased from ENERGA S.A. 1,201,036 shares of Elektrownia Ostrołęka Sp. z o.o.; all shares were purchased for PLN 57,694 thousand. Following acquisition of the shares, ENEA S.A. holds 50% shareholding in the company's share capital.
On 29 March 2018, the Company purchased 350,000 shares of Elektrownia Ostrołęka Sp. z o.o. with the nominal value of PLN 50 each and the total nominal value of PLN 17,500 thousand.

As a result of an amendment of 29 June 2018 to the Renewable Energy Sources Act pursuant to which provisions modifying the method of wind farms taxation with real estate tax were introduced, effective as of 1 January 2018, ENEA S.A. updated the impairment tests carried out in the previous years with regard to shares of ENEA Wytwarzanie Sp. z o.o. The impact of the tax encumbrances decrease on the use value of wind farms was estimated in the energy generation from wind farms sector. On the basis of the conducted analysis, impairment loss on shares totalling PLN 51,365 thousand was reversed.

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

10. Financial assets measured at amortized cost

	30.06.2018	31.12.2017*
Short-term debt financial assets measured at amortized cost		
Intragroup bonds	199 331	-
Loans granted	40 375	-
Short-term debt financial assets measured at amortized cost	**239 706**	**-**
Long-term debt financial assets measured at amortized cost		
Intragroup bonds	6 678 890	-
Loans granted	171 442	-
Long-term debt financial assets measured at amortized cost	**6 850 332**	**-**
TOTAL	**7 090 038**	**-**

* as at 31 December 2017, financial assets measured at amortized cost did not exist; conversion of data as at 1 January 2018 is presented in Note 3.11.

Revaluation allowances for anticipated credit losses

	Nominal value	Revaluation write-off	Carrying amount
30.06.2018			
Debt financial assets measured at amortized cost	7 091 036	(998)	7 090 038
Cash and cash equivalents	1 754 360	-	1 754 360
Financial assets measured at amortized cost	**8 845 396**	**(998)**	**8 844 398**

Intragroup bonds

The ENEA Capital Group adopted a model of financing investment projects carried out by subsidiaries of ENEA S.A. by way of intra-group funding. ENEA S.A. obtains long-term funds in the financial market by contracting loans or issuing bonds, and subsequently distributes them within the Group. The table below shows the current intra-group bond issue programmes as at 30 June 2018 and as at 31 December 2017:

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

Date of contract	Company issuing bonds	Redemption date	Amount granted PLN '000	Amount used PLN '000	Bonds not redeemed as at 30.06.2018 (principal amount) PLN '000	Bonds not redeemed as at 31.12.2017 (principal amount) PLN '000
10 March 2011	ENEA Wytwarzanie Sp. z o.o.	31 March 2023	26 000	26 000	26 000	26 000
29 September 2011	ENEA Wytwarzanie Sp. z o.o.	29 September 2019	14 500	14 500	6 000	6 000
23 July 2012	ENEA Wytwarzanie Sp. z o.o.	22 July 2019	158 500	158 500	24 550	35 650
8 September 2012 contract amounting to PLN 4,000,000 thousand reduced pursuant to Annexe No. 2 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 the date of bond series issue; other amounts no later than on 15 June 2022	3 000 000	2 650 000	2 650 000	2 650 000
20 June 2013 amended pursuant to Annexe No. 1 of 9 October 2014 and Annexe No. 2 of 7 July 2015	ENEA Operator Sp. z o.o.	Depending on bond issue dates, no later, however, then 17 June 2030	1 425 000	1 425 000	1 310 772	1 357 174
12 August 2014 for an amount of PLN 260,000 thousand, increased to PLN 1,000,000 thousand pursuant to Annexe No. 1 of 11 February 2015 and reduced to PLN 260,000 thousand pursuant to Annexe No. 2 of 30 December 2015	ENEA Wytwarzanie Sp. z o.o.	Redemption in instalments – final redemption date 15 December 2026	260 000	260 000	239 200	249 600
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 by Annexe No. 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 pursuant to Annexe No. 1 of 28 March 2017	ENEA Operator Sp. z o.o.	Depending on bond issue dates, no later, however, then 15 December 2031	946 000	946 000	946 000	946 000
30 October 2015	ENEA Ciepło Sp. z o.o.	Redemption in instalments – final redemption date 31 March 2020	18 000	18 000	7 000	9 000
20 September 2017	ENEA Operator Sp. z o.o.	15 December 2019	350 000	350 000	350 000	350 000
			Total		**6 909 522**	**6 979 424**
Transaction costs and effect of effective interest rate valuation					(31 301)	(41 149)
			Total		**6 878 221**	**6 938 275**

Over the 6 months ended 30 June 2018 ENEA S.A. did not conclude any new Programme Agreements. As of 15 March 2018, ENEA S.A. and ENEA Operator Sp. z o.o. changed the interest rate from floating to fixed for series II of bonds issued under the Programme Agreement of 20 June 2013 amounting to PLN 170,000 thousand.

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

11. Trade and other receivables revaluation write-offs

	30.06.2018	31.12.2017
Receivables revaluation write-off at the beginning of the period	**64 622**	**56 111**
Adjustment due to implementation of IFRS 9	2 572	-
Receivables revaluation write-off at the beginning of the period following adjustment	**67 194**	**56 111**
Created	2 717	23 837
Used	(3 379)	(15 326)
Receivables revaluation write-off at the end of the period	**66 532**	**64 622**

Over the 6 months ended 30 June 2018, the allowance for revaluation of the balance sheet value of trade and other receivables was increased by PLN 1,910 thousand (over the 6 months ended 30 June 2017, the revaluation allowance was increased by PLN 812 thousand). Revaluation write-offs are mainly created with regard to trade receivables; revaluation write-offs for other receivables are insignificant.

12. Customer contract assets

	Customer contract assets*
Opening balance following adjustment	**221 714**
Change in non-invoiced receivables	(6 137)
Change in revaluation allowance	5
Closing balance	**215 582**

* as at 31 December 2017, customer contract assets did not exist; conversion of data as at 1 January 2018 is presented in Note 3.11.

13. Analysis of the age structure of customer contract assets, trade accounts receivable and leasing accounts receivable

	Nominal value	Revaluation allowance	Carrying amount
30.06.2018			
Trade accounts receivable and leasing accounts receivable			
Current	744 884	(265)	744 619
Past due			
0-30 days	54 385	(60)	54 325
31- 90 days	13 484	(620)	12 864
91-180 days	7 318	(1 896)	5 422
Over 180 days	83 087	(60 816)	22 271
Total trade accounts receivable and leasing accounts receivable	**903 158**	**(63 657)**	**839 501**
Customer contract assets	**215 733**	**(151)**	**215 582**

	Nominal value	Revaluation allowance	Carrying amount
31.12.2017			
Current	1 127 284	(21)	1 127 263
Past due			
0-30 days	39 522	(181)	39 341
31- 90 days	14 498	(659)	13 839
91-180 days	5 750	(1 477)	4 273
Over 180 days	83 442	(59 576)	23 866
TOTAL	**1 270 496**	**(61 914)**	**1 208 582**

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

14. Inventory

	30.06.2018	31.12.2017
Certificates of origin	146 041	216 494
Goods for resale	712	664
Total Inventory	**146 753**	**217 158**

Certificates of origin:

	30.06.2018	31.12.2017
Opening balance	**216 494**	**84 984**
Acquired	168 783	322 090
Redeemed	(236 597)	(189 121)
Sold	(2 639)	(1 459)
Closing balance	**146 041**	**216 494**

Costs relating to redemption of certificates of energy origin are presented in the profit and loss account under item: Energy and gas purchase for resale.

15. Cash and cash equivalents

	30.06.2018	31.12.2017
Cash at bank	**62 213**	**183 662**
Other cash	**1 692 147**	**1 562 764**
- deposits	1 687 590	1 553 367
- other	4 557	9 397
Total cash and cash equivalents	**1 754 360**	**1 746 426**
Cash disclosed in the statement of cash flows	**1 754 360**	**1 746 426**

As at 30 June 2018 and 31 December 2017, ENEA S.A. did not have any restricted access cash.

In conformity with the credit risk assessment rules adopted by ENEA S.A. and provisions of IFRS 9 regarding assessment of cash and cash equivalents impairment, as at 30 June 2018, the prospective impact was considered insignificant by the Company.

16. Financial assets measured at fair value

As at 30 June 2018, under 'financial assets measured at fair value' the Company presents among others, share purchase options regarding shares of Polimex-Mostostal S.A. Pursuant to the share purchase option agreement regarding shares of Polimex-Mostostal S.A. dated 18 January 2017, ENEA S.A. acquired call options from Towarzystwo Finansowe Silesia Sp. z o.o. The said agreement provides for the purchase of the total amount of 9,125 thousand shares at the nominal price of PLN 2.00 per share in three tranches, on the prescribed dates, i.e. 30 July 2020, 30 July 2021 and 30 July 2022. Valuation of the call options to fair value was conducted using the Black-Scholes model. The carrying amount of the options as at 30 June 2018 was PLN 15,598 thousand.

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

17. Financial instruments

The table below shows a statement of the fair values and the carrying amounts:

	30.06.2018		31.12.2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term financial assets available for sale	-	-	39 307	39 307
Long-term intragroup bonds	-	-	6 771 221	6 835 859
Long-term financial assets measured at fair value through profit or loss	-	-	23 836	23 836
Derivative instruments	-	-	29 553	29 553
Long-term financial assets measured at fair value	63 762	63 762	-	-
Long-term debt financial assets measured at amortized cost	6 850 332	6 929 388	-	-
Short-term intragroup bonds	-	-	167 054	167 054
Short-term debt financial assets measured at amortized cost	239 706	239 706	-	-
Trade and other accounts receivable	1 484 794	(*)	1 208 582	(*)
Customer contract assets	215 582	215 582	-	-
Cash and cash equivalents	1 754 360	1 754 360	1 746 426	1 746 426
Long-term bank loans, borrowings and debt securities	7 533 378	7 610 762	7 643 223	7 721 895
Short-term bank loans, borrowings and debt securities	249 917	249 917	222 958	222 958
Financial lease liabilities	725	725	506	506
Other financial liabilities	1 039 729	1 039 729	723 735	723 735
Trade and other liabilities	485 668	(*)	615 163	(*)

(*) – The carrying amount of trade and other receivables and of trade and other liabilities is close to their fair value.

Financial assets measured at fair value include, among others:

- shares and stocks in unrelated entities in which the participation in the equity is less than 20%. The item presents shares in PGE EJ1 Sp. z o.o. in the amount of PLN 26,902 thousand for which there is no market price listed on the active market and whose fair value - due to the initial phase of the company's operation - is determined on the basis of the incurred cost, which is close to the fair value. If shares and stock in unrelated entities are listed on the Stock Exchange, their fair value is determined on the basis of stock exchange listings,
- options of purchase of shares of Polimex-Mostostal S.A.,
- derivative instruments which include the valuation of interest rate hedging transactions (Interest Rate Swaps). The fair value of derivative instruments is determined by calculating the net present value based on two yield curves, i.e. a curve to determine the discount factors, and a curve used to estimate future values of variable reference rates.

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

Long-term debt financial assets measured at amortized cost include acquired debt financial instruments – bonds and loans granted with maturity exceeding one year. Fair value of fixed interest rate based financial instruments is calculated on the basis of the current WIBOR.

Short-term debt financial assets measured at amortized cost include acquired debt financial instruments – bonds and loans granted with maturity under one year.

Fair value of bank loans, borrowings and debt securities is calculated for fixed interest rate based financial instruments on the basis of the current WIBOR.

The table below shows an analysis of financial instruments measured at fair value, grouped according to a three-tier hierarchy, where:

Tier 1 - fair value is based on stock prices (unadjusted) offered for identical assets or liabilities in active markets,

Tier 2 - fair value is determined on the basis of values observed in the market, however not being direct market quotations (e.g. determined by reference, directly or indirectly, to similar instruments existing in the market),

Tier 3 - fair value is determined based on various valuation techniques not relying, however, on any observable market information.

	30.06.2018			
	Tier 1	**Tier 2**	**Tier 3**	**Total**
Financial assets measured at fair value				
Derivative Instruments used in hedge accounting (among others, Interest Rate Swaps)	-	1 737	-	1 737
Equity Instruments at fair value measured through other comprehensive income	-	-	26 902	26 902
Shares and stock at fair value measured through profit or loss	19 525	-	-	19 525
Call options	-	15 598	-	15 598
	19 525	**17 335**	**26 902**	**63 762**

	31.12.2017			
	Tier 1	**Tier 2**	**Tier 3**	**Total**
Derivative instruments				
Interest Rate Swaps	-	29 553	-	29 553
Financial assets measured at fair value through profit or loss				
Call options	-	23 836	-	23 836
Total	**-**	**53 389**	**-**	**53 389**

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

18. Loans, borrowings and debt securities

	30.06.2018	31.12.2017
Long-term		
Bank loans	2 129 922	2 200 432
Bonds	5 403 456	5 442 791
Total	**7 533 378**	**7 643 223**
Short-term		
Bank loans	128 147	100 546
Bonds	121 770	122 412
Total	**249 917**	**222 958**
Total loans, borrowings and debt securities	**7 783 295**	**7 866 181**

Loans

ENEA S.A. currently has finance contracts entered into with the EIB totalling PLN 2,371,000 thousand (Contract A of PLN 950,000 thousand, Contract B of PLN 475,000 thousand and Contract C of PLN 946,000 thousand).

Funds from the EIB are intended for financing of a multi-annual investment programme aimed to modernise and extend the power grids of ENEA Operator Sp. z o.o. Funds under Contracts A, B and C have been fully used. The availability period of Contract C expired in December 2017. Interest rate of the loans may be fixed or floating.

As of 15 March 2018, in conformity with the provisions of Contract A concluded with the EIB, the Parties changed the interest rate from floating to fixed for the second tranche of the loan of PLN 170,000 thousand.

No.	Lender	Date of contract conclusion	Total contract amount	Amount outstanding as at 30.06.2018	Amount outstanding as at 31.12.2017	Term of the contract
1.	European Investment Bank	18 October 2012 and 19 June 2013 (A and B)	1 425 000	1 310 772	1 357 174	31 December 2030
2.	European Investment Bank	29 May 2015 (C)	946 000	946 000	946 000	30 September 2032
3.	Bank PKO BP S.A.	28 January 2014, Annexe No. 1 of 25 January 2017	300 000	-	-	31 December 2019
4.	Bank PEKAO S.A.	28 January 2014, Annexe No. 1 of 25 January 2017	150 000	-	-	31 December 2019
	TOTAL		**2 821 000**	**2 256 772**	**2 303 174**	
	Transaction costs and effect of measurement according to effective interest rate			1 297	(2 196)	
	TOTAL		**2 821 000**	**2 258 069**	**2 300 978**	

Bond issue programmes

ENEA S.A. enters into agreements regarding bond issue programmes in order to finance its current business operations and the investment needs of ENEA S.A. and its subsidiaries.

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

No.	Name of bond issue programme	Programme Date	Programme Amount	Value of bonds issued as at 30.06.2018	Bonds not redeemed as at 30.06.2018 (principal amount)	Bonds not redeemed as at 31.12.2017 (principal amount)	Redemption date
1.	Bond Issue Programme Agreement entered into 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-off redemption between June 2020 and June 2022
2.	Bond Issue Programme Agreement entered into with Bank Gospodarstwa Krajowego.	15 May 2014	1 000 000	1 000 000	920 000	960 000	Redemption in instalments, last instalment payable in December 2026
3.	Bond Issue Programme Agreement entered into with ING Bank Śląski S.A., PKO BP S.A., Bank PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	1 500 000	1 500 000	1 500 000	One-off redemption of a given series in February 2020 and September 2021
4.	Bond Issue Programme Agreement entered into with Bank Gospodarstwa Krajowego	3 December 2015	700 000	150 000	142 500	150 000	Redemption in instalments, last instalment payable in September 2027
	TOTAL		**9 700 000**	**5 650 000**	**5 562 500**	**5 610 000**	
	Transaction costs and effect of measurement according to effective interest rate				(37 274)	(44 797)	
	TOTAL		**9 700 000**	**5 650 000**	**5 525 226**	**5 565 203**	

In the first half year of 2018, ENEA S.A. did not make any amendments to the Programme Agreements and did not enter into any new agreements. No new bonds were issued.

Interest rate risk hedging transactions

Over the 6 months ended 30 June 2018, ENEA S.A. did not enter into any interest rate risk hedging transactions (Interest Rate Swap). The total exposure under bonds and loans hedged with IRS transactions as at 30 June 2018 was PLN 5,380,780 thousand. The concluded transactions significantly affect the predictability of cash outflows and financial costs. The Company presents measurement of those instruments under „Financial assets measured at fair value". Derivative instruments are deemed to hedge cash flows therefore they are recognised and settled in the books using the principles of hedge accounting.

As at 30 June 2018, IRS transactions were measured at PLN 1,653 thousand (as at 31 December 2017: at PLN 29,553 thousand).

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

Currency risk hedging transactions

Over the 6 months ended 30 June 2018, the Company concluded FX FORWARD transactions with the total volume of EUR 497 thousand. The settlement date of the last transaction falls in December 2018. As at 30 June 2018, the instruments were measured at PLN 84 thousand (as at 31 December 2017: PLN 0 thousand).

Financing conditions – covenants

Under financing agreements, the Company and the ENEA Capital Group are required, among others, to comply with certain financial ratios. As at 30 June 2018 and as at the date of drawing up these Condensed Interim Standalone Financial Statements, the Company did not breach any provisions of loan agreements as a result of which it would be required to earlier repay its long-term debt.

19. Other financial liabilities

Cash management at the ENEA Capital Group is performed at the level of ENEA S.A., which enables effective management of surplus cash (economies of scale) as well as reduction of external financing costs. Cash management is done on behalf of companies, members of the ENEA Tax Capital Group, under the cash pooling service "Cash management in accounts group".

Under the aforesaid service, bank account balances of service participants are netted as at the end of each day, and subsequently surplus cash is transferred to the administrator's (ENEA S.A.'s) bank account. On the following day, balances of funds are reversed and returned to the companies' accounts.

Item Other financial liabilities shows also the balance of liabilities on account of the cash pooling service.

20. Deferred income tax

Changes in deferred income tax assets (with the set-off of assets and provisions taken into account) are as follows:

	30.06.2018	31.12.2017
Opening balance	**66 693**	**48 562**
Adjustment due to implementation of IFRS 9	537	-
Opening balance following adjustment	**67 230**	**48 562**
Change recognized in profits and losses	12 426	15 441
Change recognized in other comprehensive income	5 946	2 690
Closing balance	**85 602**	**66 693**

Over the 6 months ended 30 June 2018, the Company's profit before tax was credited with PLN 12,426 thousand as a result of an increase of deferred income tax assets (over the 6 months ended 30 June 2017, the Company's profit before tax was debited with PLN 17,582 thousand as a result of a decrease of deferred income tax assets).

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

21. Provisions for liabilities and other charges

Provisions for liabilities and other charges broken down to long-term and short-term:

	30.06.2018	31.12.2017
Long-term	31	31
Short-term	331 564	360 815
Total	**331 595**	**360 846**

	Provision for non-contractual use of land	Provision for other claims filed	Provision for certificates of origin	Total
Balance as at 01.01.2018	**2 934**	**96 485**	**261 427**	**360 846**
Increase in existing provisions	328	17 869	207 213	**225 410**
Provisions used	(22)	(1 076)	(252 646)	**(253 744)**
Unused provisions reversed	(236)	(681)	-	**(917)**
Balance as at 30.06.2018	**3 004**	**112 597**	**215 994**	**331 595**

A description of material claims and contingent liabilities relating thereto are presented in Note 26.2 and 26.4.

Over the 6 months ended 30 June 2018, net provisions for liabilities and other charges decreased by PLN 29,251 thousand, primarily due to the fulfilment of the obligation regarding sale of electricity from renewable sources and cogeneration to end customers – decisions of the President of the Energy Regulatory Office regarding redemption of certificates of origin under the 'green' obligation for 2017 (over the period of 6 months ended 30 June 2017, provisions for other liabilities and other charges decreased by PLN 56,904 thousand).

In the first half of 2018, the Company created a provision of PLN 11,409 thousand for prospective claims relating to termination by ENEA S.A. of purchase contracts for certificates of energy origin from renewable sources and as at 30 June 2018, the value of that provision amounted to PLN 97,144 thousand.

22. Net sales revenue

	01.01.2018 30.06.2018	01.01.2017 30.06.2017
Revenues from sale of electricity *	2 199 129	2 761 249
Revenues from sale of gas*	47 612	60 390
Revenues from sale of other services	1 547	2 123
Revenues from certificates of origin	1 450	1 751
Total	**2 249 738**	**2 825 513**

* in 2017, this item included revenues from provision of distribution services

The Company recognises revenues at the time of fulfilment or in the course of fulfilment of the obligation to provide performance by delivering the promised goods or service to the customer. Revenues are shown at prices determined in the respective sales contracts, reduced by estimated discounts and other reductions.

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

The main groups of contracts are electricity sale contracts (including comprehensive agreements) with individual, business, key and strategic customers. Under these contracts, service is provided continuously and the revenue depends on actual consumption.

The standard term of payment of sales invoices is 14 days from the date of issue of the VAT invoice. As far as business, key and strategic customers are concerned, that term may be subject to negotiations.

23. Dividend

On 25 June 2018, the Annual General Meeting of Shareholders of ENEA S.A. adopted Resolution No. 6 on the allocation of the net profits for the financial year covering the period from 1 January 2017 to 31 December 2017, under which 100% net profit for 2017 was allocated to reserve capital to be used for investment financing.

On 26 June 2017, the Annual General Meeting of Shareholders of ENEA S.A. adopted Resolution No. 6 on the allocation of the net profits for the financial year covering the period from 1 January 2016 to 31 December 2016, under which an amount of PLN 110,361 thousand was allocated as dividend payable to shareholders. The dividend per share amounted to PLN 0.25.

24. Related party transactions

The Company concludes transactions with the following related parties:

1. Companies forming the ENEA Capital Group

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Purchases, whereof:	**2 830 208**	**2 337 131**
purchase of materials	271	309
purchase of services	865 608	852 157
other (whereof energy and gas)	1 964 329	1 484 665
Sales, whereof:	**174 551**	**149 008**
sale of energy	150 656	134 358
sales of services	884	880
other	23 011	13 770
Interest income, whereof:	**103 555**	**84 431**
on bonds	100 511	84 341
on loans	2 718	90
other	326	-
Dividend income	**645 293**	**797 727**

	30.06.2018	31.12.2017
Accounts receivable	761 660	60 721
Financial assets – bonds	6 878 221	6 938 275
Loans granted	204 964	168 117
Liabilities	484 095	1 253 001
Other financial liabilities	1 039 729	723 735

Transactions with companies forming the Capital Group are carried out on an arm's length basis, and the terms and conditions do not differ from those applied in transactions with other entities.

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

2. Transactions concluded between the Company and Members of the Company's Governing Bodies, should be divided into two categories:

- due to appointment as Members of Supervisory Boards,
- due to other civil law contracts.

Transaction amounts regarding the above categories are presented in the table below:

Item	Company's Management Board		Company's Supervisory Board	
	01.01.2018 - 30.06.2018	**01.01.2017 - 30.06.2017**	**01.01.2018 - 30.06.2018**	**01.01.2017 - 30.06.2017**
Remuneration under managerial contracts and consultancy agreements	1 405*	3 099**	-	-
Remuneration due to appointment as members of management or supervisory bodies	-	-	413	402
RAZEM	**1 405**	**3 099**	**413**	**402**

* remuneration includes compensation under the non-competition clause for former Management Board Members amounting to PLN 55 thousand
** remuneration includes bonuses for 2016 amounting to PLN 1,749 thousand

Over the 6 months ended 30 June 2018, no loans were granted to Supervisory Board Members from the Company Social Benefits Fund (PLN 0 thousand for the period of 6 months ended 30 June 2017). During that period, loans totalling PLN 3 thousand were repaid (PLN 2 thousand for the period of 6 months ended 30 June 2017).

Other transactions pursuant to civil law agreements concluded between ENEA S.A. and members of the Company's governing bodies pertain exclusively to the use of company cars by Management Board Members of ENEA S.A. for private purposes.

3. Transactions with entities controlled by the State Treasury of the Republic of Poland

ENEA S.A. also concludes business transactions with state government and local government units and entities owned by the State Treasury of the Republic of Poland.
Those transactions primarily concern:

- purchase of electricity and property rights under certificates of energy origin regarding renewable energy and energy cogenerated with heat, from companies controlled by the State Treasury and
- sale of electricity, distribution services and other related charges, provided both to state and local administration units (sale to end consumers) and to companies controlled by the State Treasury (wholesale and retail sales to end consumers).

These transactions are concluded under arm's length terms and conditions which do not differ from the terms and conditions applied in transactions with other entities. The Company does not keep a register that would allow aggregating the value of all transactions carried out with all state institutions and State Treasury-controlled companies, therefore the sales and related-party transaction balances shown in these Condensed Interim Standalone Financial Statements do not include details regarding transactions with State Treasury-controlled entities.

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

Liabilities under contracts concerning acquisition of tangible and intangible fixed assets contracted as at the end of the reported period and not yet included in the statement of financial position amount to:

	30.06.2018	31.12.2017
Acquisition of property, plant, equipment	1 392	-
Total	**1 392**	**-**

26. Contingent liabilities and proceedings before courts, arbitration and public administration

26.1. Sureties and guarantees granted by the Company for loans and borrowings

In the first half of 2018, ENEA S.A. did not conclude any contracts of surety in the capacity of the Guarantor.

The table below shows significant bank guarantees in force as at 30 June 2018 issued at the request of ENEA S.A. under an agreement concluded with Bank BZ WBK S.A. up to the limit determined therein.

Date of guarantee	Guarantee expiry date	Obliged entity	Guarantee issued to	Issuing Bank	Guarantee amount in PLN '000
12.06.2015	11.08.2018	ENEA Wytwarzanie Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	BZ WBK S.A.	100 000
29.06.2015	11.08.2018	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	BZ WBK S.A.	90 000
20.12.2017	11.08.2018	ENEA Elektrownia Połaniec	Izba Rozliczeniowa Giełd Towarowych S.A.	BZ WBK S.A.	60 000
19.03.2018	11.08.2018	ENEA Wytwarzanie Sp. z o.o.	Polskie Sieci Elektroenergetyczne	BZ WBK S.A.	20 000
07.07.2017	11.08.2018	ENEA Elektrownia Połaniec	Polskie Sieci Elektroenergetyczne	BZ WBK S.A.	15 000
01.01.2016	11.08.2018	ENEA S.A.	Górecka Projekt Sp. z o.o.	BZ WBK S.A.	1 944
12.12.2017	11.08.2018	ENEA Logistyka Sp. z o.o.	ENEA Operator Sp. z o.o.	BZ WBK S.A.	1 080
Total					**288 024**

The value of other guarantees issued by the ENEA S.A. as at 30 June 2018 amounted to PLN 1,532 thousand.
The total value of guarantees and sureties granted by ENEA S.A. to secure liabilities of the ENEA Capital Group as at 30 June 2018 amounted to PLN 413,628 thousand.

26.2. Proceedings pending before common courts of law

Proceedings brought by the Company

Proceedings brought before common courts by ENEA S.A. concern the recovery of receivables due to electricity supply and recovery of receivables on other accounts: illegal electricity consumption, network connections and other specialist services performed by the Company.

As at 30 June 2018, the Company was pursuing a total of 10,514 actions with the value of claims totalling at PLN 50,884 thousand (as at 31 December 2017, there were 12,262 cases pending totalling PLN 56,345 thousand).

The outcome of neither case is material for the financial result of the Company.

Proceedings against the Company

Proceedings against the Company are brought both by natural and legal persons. They concern, among others, issues such as compensation for interruptions in energy supply, determination of illegal consumption of energy, compensation for the Company's use of real estate on which power devices are located and claims regarding the terminated contracts for the purchase of property rights (Note 21). The Company considers claims regarding the non-contractual use of real estate not owned by the Company to be particularly important.

As at 30 June 2018, there were 156 cases against the Company pending before common courts of law totalling PLN 519,834 thousand (as at 31 December 2017, there were 167 cases involving claims worth PLN 394,612 thousand). Provisions relating to the aforesaid court cases are presented in Note 21.

The outcome of neither case is material for the financial result of the Company.

26.3. Cases concerning non-balanced energy trading in 2012

On 30 and 31 December 2014, ENEA S.A. applied for a summons to a conciliation hearing with regard of:

	Amount in PLN '000
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
FITEN S.A.	207
Total	**27 801**

The object of the summonses were claims for payment for electrical energy incorrectly settled on the balancing market in 2012. The summoned companies obtained undue financial benefits by refusing to allow ENEA S.A. to issue invoices for the year 2012.

Following its unsuccessful attempt at resolving the aforesaid cases amicably, ENEA S.A. brought actions against:

- FITEN S.A. - statement of claim of 24 November 2015,
- TAURON Polska Energia S.A. – statement of claim of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o. o. – statement of claim of 10 December 2015,
- PKP Energetyka S.A. – statement of claim of 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – statement of claim of 29 December 2015

In the case against FITEN S.A. ENEA S.A. has now lodged a cassation with the Supreme Court. In the remaining cases no judgment has been issued.

26.4. Dispute concerning renewable energy origin certificate prices, and terminated contracts for the purchase of property rights resulting from renewable energy origin certificates

ENEA S.A. is a party to court proceedings regarding contracts for purchase of property rights under certificates of energy origin from renewable sources, which include:

- 7 actions for payment of money, where former business partners of ENEA S.A. pursue claims for remuneration or contractual penalties;
- 3 actions for declaration of ineffectiveness of termination/ withdrawal by ENEA S.A. from contracts of sale of property rights made on 28 October 2016; in one of the aforesaid actions, the demand for the declaration of ineffectiveness is pursued in parallel with a demand for payment.

ENEA S.A. set off a portion of the receivables owed to counterparties of ENEA S.A. due to the payment of the price for the property rights sold against the claim for damages filed by ENEA S.A. against producers of energy from renewable sources. The damage suffered by ENEA S.A. was created as a result of counterparties' failure to perform their contractual obligation to renegotiate in good faith the long-term agreements for sale of property rights in accordance with the adaptation clause binding on the parties.

On 28 October 2016, ENEA S.A. made representations, depending on the contract, on termination or withdrawal from long-term contracts for the purchase by the Company of property rights resulting from renewable energy certificates (so-called green certificates) (Contracts).

The Contracts were concluded in the years 2006-2014 with the following counterparties, owners of facilities producing energy from renewable sources ("Counterparties "):

- Farman Wiatrowa Krzęcin Sp. z o.o. with its registered office in Warsaw;
- Megawind Polska Sp. z o.o. with its registered office in Szczecin;
- PGE Górnictwo i Energetyka Konwencjonalna S.A. with its registered office in Bełchatów;
- PGE Energia Odnawialna S.A. with its registered office in Warsaw;
- PGE Energia Natury PEW Sp. z o.o. with its registered office in Warsaw;
- "PSW" Sp. z o.o. with its registered office in Warsaw;
- in.ventus Sp. z o.o. EW Śniatowo sp.k. with its registered office in Poznań;
- Golice Wind Farm Sp. z o.o. with its registered office in Warsaw.

In principle, the contracts were terminated by the end of November 2016. The exact termination date resulted from contractual provisions.

The Company terminated/withdrew from individual Contracts due to the impossibility of restoring contractual equilibrium and equivalency of performances of the parties caused by changes in the law.
Changes in the law which took place after the conclusion of the aforesaid Contracts, i.e. in particular:

- Regulation of the Minister of Economy of 18 October 2012 concerning detailed scope of obligations to obtain renewable energy certificates and present them for redemption, pay the substitution fee, purchase electricity and heat produced in renewable energy sources, and the obligation to confirm data concerning the amount of electrical energy produced in a renewable energy source (Journal of Laws of 2012, item 1229);
- the Renewable Energy Sources Act of 20 February 2015 (Journal of Laws of 2015, item 478) and the ensuing changes in the law and published bills and draft regulations including, in particular:
  - the Act on the Amendment to the Renewable Energy Sources Act and Certain Other Acts of 22 June 2016 (Journal of Laws of 2016, item 925); and
  - the draft Regulation of the Minister of Energy concerning a change of the quantitative share of the sum of electrical energy resulting from redeemed certificates of origin confirming production of electrical energy from renewable energy sources, to be enacted under the delegation resulting from Article 12 section 5 of the Act on the Amendment to the Renewable Energy Sources Act and Certain Other Acts of 22 June 2016 and some other legal acts,

objectively prevented the preparation of reliable models forecasting future prices of the green certificates.

By terminating the Contracts the Company intends to avoid financial loses constituting the difference between contract prices and the market price of the green certificates. Due to the changing legal conditions following termination of the Contracts in 2017, in particular resulting from the provisions of the Act of 20 July 2017 on Amending the Renewable Energy Sources Act, the estimated value of future contractual liabilities would have been changed. In the current legal situation it would have been significantly lower in comparison with the amount of ca. PLN 1,187 million estimated as at the moment of termination of the contracts. The drop reflects the change in the method of determination of the substitution fee, which as per some of the contracts is the basis for the calculation of the contractual price and connecting it with the market price.
The Company created a provision in an amount of PLN 97,144 thousand for potential claims arising from the terminated contracts, with reference to sales notifications of the counterparties concerning property rights submitted by 30 June 2018; the provision is presented in Note 21.

27. Participation in the nuclear power plant construction programme

On 3 September 2014, PGE Polska Grupa Energetyczna, Tauron Polska Energia, ENEA and KGHM Polska Miedź (Business Partners) entered into the Shareholder Agreement. On 15 April 2015, in conformity with the Shareholder Agreement, a shares acquisition agreement was concluded regarding shares of PGE EJ 1 Sp. z o.o. (PGE EJ 1), as a result of which each Business Partner acquired a 10% stake in PGE EJ 1. Following sale by PGE Polska Grupa Energetyczna of shares in PGE EJ 1 to the Business Partners, PGE Polska Grupa Energetyczna holds 70% in the share capital of PGE EJ 1, while the other Business Partners (Tauron Polska Energia, ENEA and KGHM Polska Miedź) hold 30 %, i.e. 10% each of them.

In conformity with the arrangements, PGE Polska Grupa Energetyczna plays the role of the leader of the project of construction and operation of Poland's first nuclear power plant and PGE EJ 1 is to be the power plant's operator in the future.

In accordance with the Shareholder Agreement, the Parties jointly undertake to finance – pro rata to their respective shareholdings - the activities to be carried out within the preliminary phase of the Project (Development Stage). ENEA S.A.'s financial commitment during the Development Stage will not exceed PLN 107 million.

In the first half of 2018, PGE EJ 1 continued preparatory works for the construction of a nuclear power plant in Poland.

In order to provide PGE EJ 1 with funds needed to finance its day-to-day operations, the Shareholders granted the company a loan. The amount of the loan granted by ENEA S.A. as at the date of drawing up of these Condensed Interim Standalone Financial Statements totalled approximately PLN 7.7 million.

Parties to the Shareholder Agreement expect that the decision regarding declaration of continued participation of each of them in the following stage of the Project will be taken after the Development Stage is completed.

28. Performance of the Investment Agreement with Energa S.A. and Elektrownia Ostrołęka Sp. z o.o. concerning construction and operation of a power unit at Elektrownia Ostrołęka Sp. z o.o.

On 19 September 2016, ENEA S.A. signed a Letter of Intent with Energa S.A. regarding initiating co-operation on the preparation, implementation and operation of a cutting-edge 1,000 MW coal-fired power unit at Elektrownia Ostrołęka (Investment Project, Ostrołęka C).

The Parties' intention is to jointly develop an efficient business model of Ostrołęka C, verify the design documents and optimize the technical and economic parameters of the new power unit. The co-operation also includes organisation of the tendering proceedings in order to select the general contractor of the Investment Project.

In the Parties' mutual opinion, implementation of the Investment Project, which fulfils the highest environmental standards, will significantly contribute to Poland's energy security and will provide another stable, highly efficient and low-emission source of power in the National Grid System.

On 8 December 2016, the Company entered into an Investment Agreement regarding implementation of the Ostrołęka C Project. The purpose of the Agreement is preparation, construction and operation of the power unit referred to hereinabove. Pursuant to the aforesaid Agreement, the co-operation in principle will be organised in three stages: The Development Stage – until the time the Notice to Proceed is issued to the General Contractor, the Construction Stage – until the commissioning of Ostrołęka C and the Operation Stage – commercial operation of Ostrołęka C. After the Development Stage is completed, ENEA S.A. will be obliged to participate in the Construction Stage provided that the condition of the Project profitability is fulfilled and Project funding does not violate the Company's bank covenants.

The condition precedent for the entry into force of the Investment Agreement was obtaining consent for the concentration, consisting in the acquisition of shares of the SPV for the purpose of the Project implementation, from the President of the Office for Competition and Consumer Protection (UOKiK). This condition was fulfilled on 11 January 2017.

On 19 December 2016, the special purpose vehicle announced a tender for selection of the general contractor for construction of the Ostrołęka C power plant with the capacity of approximately 1,000 MW and net efficiency of at least 45%, operating on steam supercritical parameters. Subject to the fulfilment of the pre-determined assumptions (including, among others, an adequate participation of ENEA S.A., Energa S.A. and Financial Investors, if any) and assuming that the capacity market or other support mechanisms are introduced, Elektrownia Ostrołęka S.A. will be able to undertake the comprehensive implementation of the Project.

In the performance of the Investment Agreement, in the period between 1 February 2017 and 23 March 2018, ENEA S.A. acquired from Energa S.A. in tranches shares/stock of Elektrownia Ostrołęka Sp. z o.o., corresponding in total to a 50% shareholding in the share capital, at an amount of approximately PLN 101 million.

As a result of the aforesaid transactions, Energa S.A. and ENEA S.A. assumed joint control over Elektrownia Ostrołęka Sp. z o.o. with its registered address in Ostrołęka, whose business objective is the construction and operation of a new coal-fired power unit. Each party holds 50% shares of Elektrownia Ostrołęka Sp. z o.o. and the same number of votes at the Shareholders' Meeting. The Management Board and the Supervisory Board will be composed of the same number of representatives of both investors. Decisions regarding major activities will require a unanimous approval of both shareholders, who are entitled to net assets of Elektrownia Ostrołęka Sp. z o.o. In view of the foregoing, the investment project has been classified as a joint undertaking and it is recognized using the equity method.

In order to provide the company with sufficient funds, Energa S.A. and ENEA S.A. granted loans of PLN 10 million each to Elektrownia Ostrołęka Sp. z o.o. pursuant to an agreement of 23 November 2017. The loan granted by ENEA S.A. has been repaid.

On 27 February 2018, as a result of transformation, the legal form of Elektrownia Ostrołęka was changed from a joint-stock company to a limited liability company.

On 26 March 2018, the Company signed an Annexe to the Investment Agreement, under which the Parties increased the estimated total investment outlay resulting from commitments to be assumed at the Development Stage of the Ostrołęka C project, that is until the time the Notice to Proceed is issued to the General Contractor. The investment outlay to be made by ENEA S.A. may amount to approximately PLN 226 million. The increase of the investment outlays is due to the need to ensure funding for, among others, organisational work resulting from the contract with the General Contractor, related investment projects and the functioning of Elektrownia Ostrołęka Sp. z o.o.

As a result of increase of the share capital of Elektrownia Ostrołęka Sp. z o.o., on 29 March 2018, ENEA S.A. acquired 350,000 shares in the share capital worth PLN 17,500 thousand. On 30 March 2018, ENEA S.A. made a cash contribution to the bank account of the special purpose vehicle. Energa S.A. acquired the 350,000 remaining shares. On 30 July 2018, the share capital increase was registered with the National Court Register. Following registration of the share capital increase, ENEA S.A.'s shareholding in the share capital of Elektrownia Ostrołęka Sp. z o.o. did not change and it continues to amount to 50% as the new shares in the increased share capital were acquired by ENEA S.A. and Energa S.A. pro rata to their shareholdings, i.e. at the 50:50 ratio.

On 4 April 2018, Elektrownia Ostrołęka Sp. z o.o. completed the public tender procedure entitled "Construction of Ostrołęka C power plant with the capacity of 1.000 MW" by selecting the Consortium of GE Power Sp. z o.o. and Alstom Power System S.A.S as the General Contractor. The Consortium offered to complete the object of the procedure with the parameters specified in the offer for PLN 5,049,729 thousand net (PLN 6,023,035 thousand gross).
Completion of the tender procedure is not tantamount to:

- granting consent to the conclusion of a contract with the General Contractor – in order that such consent be granted, prior approval of the Issuer's Supervisory Board is required;

- granting consent to the issue of the Notice to Proceed – issue of the NTP requires, among others, a prior approval of the Issuer's Supervisory Board and a prior general approval of the Issuer's Shareholders' Meeting for proceeding with the Construction Stage.

It is estimated that the investment outlays in connection with the conclusion of a contract between the Employer and the General Contractor until the issue of the NTP will not exceed an equivalent of 4% of the contractual price.

On 6 July 2018, the Extraordinary Meeting of Shareholders of Elektrownia Ostrołęka Sp. z o.o. granted consent for the conclusion of a public procurement contract with the General Contractor, the Consortium of GE Power Sp. z o.o. – the Consortium Leader and ALSTOM Power Systems S.A.S., selected as a result of tender proceedings regarding an award of a public procurement contract under the competitive dialogue procedure, titled "Construction of Ostrołęka C Power Plant with the capacity of approximately 1000 MW".

The Contract between Elektrownia Ostrołęka Sp. z o.o. and the General Contractor, the Consortium of GE Power Sp. z o.o. – Consortium Leader and ALSTOM Power Systems S.A.S. was signed on 12 July 2018.

29. Recapitalisation of Polska Grupa Górnicza S.A.

In connection with sourcing of capital investors by Katowicki Holding Węglowy S.A., in July 2016, ENEA S.A. initiated talks with prospective investors regarding the possibilities of implementing the prospective Project and its future parameters.

On 28 October 2016, ENEA S.A. signed a Letter of Intent with Węglokoks S.A. and Towarzystwo Finansowe Silesia Sp. z o.o. (the Investors) in which preliminary interest was expressed with regard to financial involvement in Katowicki Holding Węglowy S.A. or with regard to the assets of KHW.

In view of the interest of Polska Grupa Górnicza S.A. (PGG) in the acquisition of selected assets of Katowicki Holding Węglowy S.A. and commencement of the process of recapitalisation of PGG, ENEA S.A. – together with the hitherto Shareholders of PGG – carried out the necessary reviews of the Business Plan presented by PGG and expressed interest in committing capital to Polska Grupa Górnicza S.A.

On 30 March 2017, the Supervisory Board of ENEA S.A. granted its consent for the Company's accession to Polska Grupa Górnicza S.A. and for the acquisition thereby of the new shares in the PGG capital with the nominal value of PLN 300 million in exchange for a cash contribution of PLN 300 million.

On 31 March 2017, the Company entered into:

- an investment agreement determining the terms and conditions of financial investment in PGG (Investment Agreement),
- a letter of agreement regarding exercising joint control over PGG (Annexe No. 1 to the Letter of Agreement concerning Polska Grupa Górnicza).

Investment Agreement

The parties to the Investment Agreement are: ENEA S.A., ENERGA Kogeneracja Sp. z o.o., PGE Górnictwo i Energetyka Konwencjonalna S.A., PGNiG TERMIKA S.A., Węglokoks S.A., Towarzystwo Finansowe Silesia Sp. z o.o., Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (the Investors) and PGG.

The Investment Agreement provided that PGG would acquire selected mining assets from Katowicki Holding Węglowy S.A. pursuant to a preliminary agreement, that was entered into on 1 April 2017.

The Investment Agreement determines the method of conducting the investment project and the Company's accession to PGG, the principles of operation of PGG and its governing bodies as well as the principles of withdrawal from the investment in PGG by the parties.

Within the frame of recapitalisation of PGG, ENEA S.A. committed itself to acquire new shares of PGG with the total nominal value of PLN 300 million in exchange for a cash contribution of PLN 300 million in three stages:

a) within the first stage, the Company acquired new shares of PGG with the nominal value of PLN 150 million in exchange for a cash contribution of PLN 150 million. Following the acquisition of those shares, the Company held a 4.39% share in the share capital of PGG. The first recapitalization took place in April 2017,
b) within the second stage, the Company acquired new shares of PGG with the nominal value of PLN 60 million in exchange for a cash contribution of PLN 60 million. Following the acquisition of those shares, the Company held a 5.81% share in the share capital of PGG. The second recapitalisation took place in June 2017,
c) within the third stage, the Company acquired by private subscription new B series shares of PGG with the nominal value of PLN 90 million in exchange for a cash contribution of PLN 90 million. ENEA S.A. increased its share in the share capital to 7.66%. The third recapitalisation took place in January 2018.

The Agreement determines the rules of appointment of Members of the Supervisory Board, according to which each Investor and the State Treasury will be entitled to appoint one member of the Supervisory Board which is to be composed of no more than eight members.

The Investment project complies with the Development Strategy of the ENEA Capital Group, where one of significant elements is securing raw material base for conventional power engineering.

<u>Investors' Agreement</u>

On 31 March 2017, the following Investors: ENERGA Kogeneracja Sp. z o.o., PGE Górnictwo i Energetyka Konwencjonalna S.A., PGNiG TERMIKA S.A. and Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and ENEA S.A. entered into a Letter of Agreement regulating the method of agreeing on their common position with regard to decisions concerning the Company and exercising joint control over the Company. As far as ENEA S.A. is concerned, the Letter of Agreement was entered into on condition of obtaining consent for taking over joint control over the Company from the President of the Office for Competition and Consumer Protection (UOKiK). The consent of the UOKiK, referred to in the preceding sentence, was issued on 22 December 2017.

At the same time, on 31 March 2017, a letter of intent signed on 16 October 2016 by ENEA S.A., Węglokoks S.A. and Towarzystwo Finansowe Silesia Sp. z o.o. regarding an earlier analysed capital investment in Katowicki Holding Węglowy S.A. was terminated.

30. Changes in the composition of the Supervisory Board

On 13 March 2018, the Company received a letter (dated on the same day) from Mr Paweł Skopiński on his resignation from the function of Member of the Supervisory Board of ENEA S.A.

On 22 March 2018, the Company received a statement (dated on the same day) from the Minister of Energy on exercising thereby of the right to appoint, pursuant to § 24 item 1 of the Company's Statutes, a Member of the Supervisory Board of ENEA S.A. In line with the aforementioned right, as of 22 March 2018, Mr Ireneusz Kulka was appointed Member of the Company's Supervisory Board.

On 16 April 2018, the Management Board ENEA S.A. became aware of the statement of the Minister of Energy dated 13 April 2018 on the dismissal of Member of the Company's Supervisory Board in conformity with his right pursuant to § 24 item 1 of the Company's Statutes. In conformity with the aforementioned right, as of 15 April 2018, Mr Ireneusz Kulka was dismissed from the Company's Supervisory Board.

On 16 April 2018, the Extraordinary Meeting of Shareholders of ENEA S.A.:

- dismissed the following Members of the Supervisory Board of ENEA S.A., Mr Rafał Bargiel and Mr Piotr Kossak,
- appointed the following Members of the Supervisory Board: Mr Ireneusz Kulka and Mr Paweł Jabłoński, and the resolution on the appointment of Mr Paweł Jabłoński entered into force as of the date of its passing, however with effect as of the date of obtaining by the candidate of a positive opinion of the Council for State Treasury Controlled Companies and State-Owned Corporate Bodies, i.e. as of 20 April 2018.

On 31 July 2018, the Company received a letter (dated on the same day) from Mr Rafał Szymański on his resignation from the function of Member of the Supervisory Board of ENEA S.A.

31. Events after the balance sheet date

On 9 July 2018, the Extraordinary General Meeting of Shareholders of ENEA Oświetlenie Sp. z o.o. adopted a resolution on increasing the company's share capital by an amount of PLN 16,000 thousand, that is from PLN 166,127 thousand up to PLN 182,127 thousand, by creating 32,000 new shares with the total value of PLN 16,000 thousand (the nominal value of PLN 500.00 per share). On 11 July 2018, ENEA S.A. acquired 32,000 shares in the increased share capital of the company against a cash contribution. The registration of the share capital increase with the National Court Register is still pending.

On 30 July 2018, as a result of another increase of the share capital of Elektrownia Ostrołęka Sp. z o.o., ENEA S.A. acquired 2,870,000 shares in the share capital worth PLN 143,500 thousand. On 02 August 2018, ENEA S.A. made a cash contribution to the bank account of the special purpose vehicle. Energa S.A. acquired the 2,870,000 remaining shares. The registration of the share capital increase in the National Court Register is pending. Following registration of the share capital increase, ENEA S.A.' s shareholding in the share capital of Elektrownia Ostrołęka Sp. z o.o. will not change and it will continue to amount to 50% as the new shares in the increased share capital were acquired by ENEA S.A. and Energa S.A. pro rata to their shareholdings, i.e. at the 50:50 ratio.

On 9 August 2018, the Extraordinary Shareholders' Meeting of PGE EJ 1 Sp. z o.o. adopted Resolution No 5 on increasing the company's share capital by PLN 60,000 thousand, that is from PLN 310,858 thousand to PLN 370,858 thousand. As a result of this increase, on 21 August 2018, ENEA S.A. acquired 42,553 shares in the company's share capital valued at PLN 6,000 thousand. The registration of the share capital increase with the National Court Register is still pending.

On 4 September 2018, ENEA S.A. concluded an agreement with Energa S.A., Elektrownia Ostrołęka Sp. z o.o. (the SPV) and Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych "Energia" ("Energia"-Non-public Assets Closed-end Investment Fund) (the Fund) concerning the capital involvement of the Fund in the project currently being executed by the SPV, this concerning the preparation, erection and operation of a bituminous coal fired power unit with a gross installed capacity of approximately 1,000 MW (the Project). The involvement of the Fund in the SPV is dependent on the fulfilment of a number of legal, corporate and financial conditions, and also on the market situation.

The text of the agreement specifies the initial financing structure of the Project, with a total of PLN 2 billion being the capital introduced to the SPV by ENEA S.A. and Energa S.A. (PLN 1 billion each), this sum including funds contributed by ENEA S.A. and Energa S.A. before the date of conclusion of a possible investment contract with the Fund, and a maximum of PLN 1 billion being the capital introduced to the Company by the Fund, with the remaining amount coming from other forms of financing.