

**Condensed interim separate
financial statements
of ENEA S.A.
for the period from 1 January to 30 June 2012**

Poznań, 30 August 2012

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These condensed interim separate financial statements have been prepared in compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, as endorsed by the European Union (EU), and approved by the Management Board of ENEA S.A.

Members of the Management Board

Chairman of the Management Board **Maciej Owczarek**

Member of the Management Board **Janusz Bil**

Member of the Management Board **Hubert Rozpędek**

Member of the Management Board **Krzysztof Zborowski**

Poznań, 30 August 2012

Separate Statement of Financial Position

	Note	Balance as at	
		30.06.2012	31.12.2011
ASSETS			
Non-current assets			
Property, plant and equipment	7	179 089	178 785
Perpetual usufruct of land		2 080	1 471
Intangible assets	8	3 752	3 114
Investment property		17 427	17 512
Investments in subsidiaries, associates and joint ventures	9	8 351 354	8 522 698
Deferred tax asset	15	53 236	56 833
Financial assets available for sale		19 361	19 365
Financial assets held to maturity		319 500	142 193
Financial assets measured at fair value through profit or loss		1 620	1 557
Other financial assets	10	361 687	-
		9 309 106	8 943 528
Current assets			
Trade and other receivables		946 397	765 420
Current income tax receivables		-	14 065
Financial assets held to maturity		24 799	-
Financial assets measured at fair value through profit or loss	14	473 485	712 670
Cash and cash equivalents	13	559 550	707 610
Non-current assets classified as held for sale	11	15 185	17 818
		2 019 416	2 217 583
TOTAL ASSETS		11 328 522	11 161 111

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2012.

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

	Note	Balance as at	
		30.06.2012	31.12.2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Share-based payments reserve		1 144 336	1 144 336
Revaluation reserve (financial instruments)		11 310	11 989
Reserve capital		1 205 625	1 062 349
Retained earnings		2 677 658	2 771 491
Total equity		10 254 620	10 205 856
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		4 750	5 548
Deferred income from subsidies and connection fees		30 462	30 853
Liabilities due to employee benefits		82 859	79 384
		118 071	115 785
Current liabilities			
Trade and other liabilities		733 462	572 092
Finance lease liabilities		2 653	3 136
Deferred income from subsidies and connection fees		2 265	2 343
Current income tax liabilities		1 559	
Liabilities due to employee benefits		13 835	14 567
Liabilities due to cash settled share-based payments		320	508
Provision for certificates of origin	16	150 982	192 946
Provisions for other liabilities and charges	17	50 755	53 878
		955 831	839 470
Total liabilities		1 073 902	955 255
TOTAL EQUITY AND LIABILITIES		11 328 522	11 161 111

Separate Statement of Comprehensive Income

	Note	For the period	
		6 months ended 30.06.2012	6 months ended 30.06.2011
Sales revenue		3 071 588	2 987 565
Excise tax		(105 776)	(115 925)
Net sales revenue		2 965 812	2 871 640
Other operating revenue		6 414	10 514
Depreciation/amortization		(8 169)	(8 687)
Costs of employee benefits		(33 804)	(28 763)
Consumption of materials and supplies and costs of goods sold		(2 093)	(2700)
Energy purchase for sale		(1 930 972)	(1 820 327)
Transmission and distribution services		(826 528)	(874 480)
Other external services		(107 006)	(71 347)
Taxes and charges		(4 905)	(5 577)
Profit/(loss) on sale and liquidation of property, plant and equipment		2 193	215
Other operating expenses		(24 845)	(16 285)
Operating profit		36 097	54 203
Financial expenses		(20 328)	(3 256)
Financial revenue		60 551	56 908
Dividend income		200 937	236 183
Profit before tax		277 257	344 038
Income tax	15	(15 922)	(22 848)
Net profit for the reporting period		261 335	321 190
Other comprehensive income:			
Net change in fair value of available for sale financial assets reclassified to profit or loss		(838)	-
Income tax related to other comprehensive income	15	159	-
Other comprehensive income, net of tax		(679)	-
Total comprehensive income for the period		260 656	321 190
Earnings attributable to the Company's shareholders		261 335	321 190
Weighted average number of ordinary shares		441 442 578	441 442 578
Net earnings per share (in PLN per share)		0.59	0.73
Diluted earnings per share (in PLN per share)		0.59	0.73

The separate statement of comprehensive income should be analyzed together with the notes, which constitute and integral part of the condensed interim separate financial statements.

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2012.

*(all amounts in PLN'000, unless specified otherwise)***Separate Statement of Changes in Equity**

	Note	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based payments reserve	Revaluation reserve (financial instruments)	Reserve capital	Retained earnings	Total equity
Balance as at 1.01.2012		441 443	146 575	588 018	4 627 673	1 144 336	11 989	1 062 349	2 771 491	10 205 856
Net profit									261 335	261 335
Other comprehensive income							(679)			(679)
Allocation of the net profit								143 276	(143 276)	-
Dividends	18								(211 892)	(211 892)
Balance as at 30.06.2012		441 443	146 575	588 018	4 627 673	1 144 336	11 310	1 205 625	2 677 658	10 254 620

The separate statement of changes in equity should be analyzed together with the notes, which constitute and integral part of the condensed interim separate financial statements.

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2012.

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

	Note	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based payments reserve	Revaluation reserve (financial instruments)	Reserve capital	Retained earnings	Total equity
Balance as at 1.01.2011		441 443	146 575	588 018	4 627 673	1 144 336	10 941	892 198	2 780 708	10 043 874
Net profit									321 190	321 190
Allocation of the net profit								170 151	(170 151)	-
Dividends	18								(194 235)	(194 235)
Balance as at 30.06. 2011		441 443	146 575	588 018	4 627 673	1 144 336	10 941	1 062 349	2 737 512	10 170 829

The separate statement of changes in equity should be analyzed together with the notes, which constitute and integral part of the condensed interim separate financial statements.

Separate Statement of Cash Flows

	Note	6 months ended 30.06.2012	6 months ended 30.06.2011
Cash flows from operating activities			
Net profit for the reporting period		261 335	321 190
Adjustments:			
Income tax expense		15 922	22 848
Depreciation/amortization		8 169	8 687
Profit on sale and liquidation of property, plant and equipment		(2 193)	(1 687)
Impairment loss on property, plant and equipment		-	1 267
Profit on disposal of financial assets		(7 768)	(712)
Interest income		(50 292)	(57 643)
Dividend income		(200 937)	(236 183)
Interest expense		5 361	1 283
Loss on valuation of financial instruments		5 756	-
Other financial costs		6 720	-
		(219 262)	(262 140)
Income tax paid		3 458	(26 371)
Interest received		29 934	16 048
Interest paid		(4 016)	(1 102)
Changes in working capital			
Trade and other receivables		(120 196)	49 400
Trade and other liabilities		47 826	(236 028)
Liabilities due to employee benefits		2 743	(6 406)
Deferred income from subsidies and connection fees		(1 096)	(1 143)
Provisions for certificates of origin		(41 964)	(37 934)
Liabilities due to cash settled share-based payments		(188)	(25)
Provisions for other liabilities and charges		(3 123)	(2 384)
		(211 650)	(153 884)
Net cash flows from operating activities		(140 201)	(106 259)
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(14 153)	(20 694)
Proceeds from disposal of property, plant and equipment and intangible assets		2 331	362
Proceeds from disposal of financial assets		269 087	465 400
Acquisition of financial assets		(349 983)	(26 000)
Investments in subsidiaries, associates and joint ventures	9	(55 875)	(365 197)
Dividends received		142 213	74 033
Other outflows / proceeds from investing activities		-	846
Net cash flows from investing activities		(6 380)	128 750
Cash flows from financing activities			
Payments of finance lease liabilities		(1 479)	(1 795)
Net cash flows from financing activities		(1 479)	(1 795)
Net increase/(decrease) in cash		(148 060)	20 696
Cash and cash equivalents at the beginning of the reporting period		707 610	366 119
Cash and cash equivalents at the end of the reporting period		559 550	386 815

The separate statement of cash flows should be analyzed together with the notes, which constitute an integral part of the condensed interim separate financial statements.

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2012.

(all amounts 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:	Poland
Registered office:	Poznań
Address:	Górecka 1, 60-201 Poznań
National Court Register – District Court in Poznań	KRS 0000012483
Telephone:	(+48 61) 856 10 00
Fax:	(+48 61) 856 11 17
E-mail:	enea@enea.pl
Website:	www.enea.pl
Statistical number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

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

The Company changed its address from Nowowiejskiego 11 to Górecka 1. The change was registered in the National Court Register on 2 January 2012.

As at 30 June 2012 the shareholding structure of ENEA S.A. was the following: the State Treasury of the Republic of Poland – 51.51% of shares, Vattenfall AB – 18.67%, other shareholders – 29.82%.

As at 30 June 2012 the statutory share capital of ENEA S.A. equaled PLN 441,443 thousand (PLN 588,018 thousand upon adoption of IFRS-EU and considering hyperinflation and other adjustments) and was divided into 441,442,578 shares.

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

ENEA S.A. is the parent company in the ENEA Group (the “Group”). As at 30 June 2012 the Group comprised also 21 subsidiaries, 2 indirect subsidiaries and 1 associate.

The Company prepared condensed interim consolidated financial statement of ENEA Group as at 30 June 2012 and for the six months period then ended. This condensed interim separate financial statement should be read together with this condensed interim consolidated financial statement and with separate annual financial statements of ENEA S.A. for the financial year ended at 31. December 2011.

The condensed interim separate financial statements have been prepared on the going concern basis. There are no circumstances indicating that the ability of ENEA S.A. to continue as a going concern might be at risk.

2. Statement of compliance

These condensed interim separate financial statements have been prepared in compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, as endorsed by the European Union (IFRS-EU), and approved by the Management Board of ENEA S.A.

The Management Board of the Company has used its best knowledge as to the application of standards and interpretations as well as measurement methods and principles applicable to individual items of the condensed interim separate financial statements of ENEA S.A. in accordance with IFRS-EU as of 30 June 2012. The presented statements and explanations have been prepared using due diligence. These condensed interim separate financial statements have been reviewed by a certified auditor.

3. Accounting principles

These condensed interim separate financial statements have been prepared in accordance with accounting principles consistent with those applied during the preparation of the most recent annual separate financial statements, except for changes in standards and interpretations endorsed by the European Union which apply to the reporting periods beginning on or after 1 January 2012.

Accounting policies applied by the Company were presented in the separate financial statements of ENEA S.A. for the financial year ended 31 December 2011.

Polish zloty has been used as a reporting currency of these condensed interim separate financial statements. The data in the condensed interim separate financial statements have been presented in PLN thousand (PLN '000), unless stated otherwise.

4. New accounting standards and interpretations

The standards applicable to annual periods beginning on 1 January 2012 as endorsed by the EU have been revised. However, the changes have not had any material effect on the preparation of these condensed interim separate financial statements.

5. Material estimates and assumptions

The preparation of these condensed interim separate financial statements in conformity with IFRS-EU requires the Management Board to make certain judgments, estimates and assumptions that affect the application of the adopted accounting policies and the amounts reported in the condensed interim separate financial statements and notes thereto. The adopted assumptions and estimates are based on the Management Board's best knowledge of the current and future activities and events. The actual figures, however, can be different from those assumed. The estimates adopted for the needs of preparation of these condensed interim separate financial statements are consistent with the estimates adopted during preparation of the separate financial statements for the previous financial year. The estimates presented in the previous financial years do not exert any significant influence on the current interim period.

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Condensed interim separate financial statements for the period from 1 January to 30 June 2012.

*(all amounts in PLN'000, unless specified otherwise)***6. Composition of the Group – list of subsidiaries, associates and jointly-controlled entities**

	Name and address of the Company	Share of ENEA S.A. in the total numbers of votes in % 30.06.2012	Share of ENEA S.A. in the total numbers of votes in % 31.12.2011
1.	ENERGOMIAR Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
2.	BHU S.A. <i>Poznań, Strzeszyńska 58</i>	92.62	92.62
3.	ENEA Centrum S.A. <i>Poznań, Górecka 1</i>	100	100
4.	Hotel „EDISON” Sp. z o.o. <i>Baranowo near Poznań</i>	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. <i>Lipno, Gronówko 30</i>	100	100
7.	ENERGO-TOUR Sp. z o.o. <i>Poznań, Marcinkowskiego 27</i>	99.92	99.92
8.	ENEOS Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
9.	ENTUR Sp. z o.o. <i>Szczecin, Malczewskiego 5/7</i>	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrawiskowe ENERGETYK Sp. z o.o. <i>Inowrocław, Wilkońskiego 2</i>	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. <i>Samociążek, 86-010 Koronowo</i>	99.996	99.996
12.	Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. Oborniki, Wybudowanie 56	93.99	91.02
13.	„IT SERWIS” Sp. z o.o. <i>Zielona Góra, Zacisze 28</i>	100	100
14.	„Auto – Styl” Sp. z o.o. <i>Zielona Góra, Zacisze 15</i>	100	100
15.	ENEA Operator Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
16.	ENEA Wytwarzanie S.A. <i>Świerże Górne, Kozienice commune, Kozienice 1</i>	100	100
17.	Miejska Energetyka Ciepła Piła Sp. z o.o. <i>64-920 Piła, Kaczorska 20</i>	65.03	65.03
18.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. <i>Ostrów Wlkp., Chłapowskiego 51</i>	-	49
19.	Elektrociepłownia Białystok S.A. <i>Białystok, Gen. Andersa 3</i>	99.996	99.94
20.	DOBITT Energia Sp. z o.o. <i>Gorzewo 8, 56-420 Bierutów</i>	100	100
21.	Annacond Enterprises Sp. z o.o. <i>Warszawa, Jana III Sobieskiego ¼</i>	61	61
22.	Windfarm Polska Sp. z o.o. <i>Koszalin, Wojska Polskiego 24-26</i>	100	-
23.	ELKO Trading Sp. z o.o. <i>Świerże Górne, Kozienice commune, Kozienice 1</i>	100*	100*
24.	”Ecebe” Sp. z o.o. <i>Augustów, Wojciech 8</i>	99.996**	99.94**

The notes presented on pages 10 to 24 constitute an integral part of the condensed interim separate financial statements.

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

25.	Energo-Invest-Broker S.A. <i>Toruń, Jęczmienna 21</i>	***	***
26.	Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Sp. k. <i>Samociążek 92, 86-010 Koronowo</i>	_*****	100%****

* - indirect subsidiary held by interests in ENEA Wytwarzanie S.A.

** - indirect subsidiary by shares in Elektrociepłownia Białystok S.A.

*** - an associate of ENEA Wytwarzanie S.A.

**** - indirect subsidiary held by interests in Elektrownie Wodne Sp. z o.o. and ENEA Centrum S.A.

***** - on 2 January 2012 a legal merger of the company and Elektrownie Wodne Sp. z o.o. took place.

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

On 2 January 2012 a legal merger of Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Sp. k. and Elektrownie Wodne Sp. z o.o. took place.

On 16 February 2012 ENEA S.A. concluded a sales contract for 269,000 shares of Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. (“WIRBET”), which is 49% of share capital of WIRBET. On 22 March 2012 ownership of shares was transferred.

On 13 March 2012 the Extraordinary Shareholders’ Meeting of Elektrownie Wodne Sp. z o.o. decided to increase the share capital by PLN 49 thousand, up to PLN 239,898.5 thousand, by way of issuing 98 new shares. The new shares in the Company’s share capital were acquired by ENEA S.A. for a right of perpetual usufruct contributed in kind. On 13 March 2012 the contract transferring the right of perpetual usufruct was signed. The increased share capital of Elektrownie Wodne Sp. z o.o. was registered in the National Court Register on 5 April 2012.

On 8, 9 and 15 March 2012 ENEA S.A. signed agreements for purchase of 984 shares (0.05% of shares and votes at the General Meeting of Shareholders) in Elektrociepłownia Białystok S.A., with the register office in Białystok, which nominal value amounts to PLN 10 per share, for the total amount of PLN 325 thousand. Payment period was 30 days from the date of an agreement and the acquisition was completed in April 2012.

On 16 April 2012 ENEA S.A. acquired all 50 shares of Windfarm Polska Sp. z o.o., with the nominal value of PLN 1,000 per share.

On 25 May 2012 Elektrownia “Kozienice” S.A. changed its name in the National Court Register to ENEA Wytwarzanie S.A.

On 6 June 2012 ENEA S.A. acquired 308 employee shares in Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. with the registered office in Oborniki for the total amount of PLN 393 thousand, representing the second tranche (out of total four tranches) of repurchase of employee shares.

7. Property, plant and equipment

During the 6-month period ended 30 June 2012, the Company acquired property, plant and equipment for the total amount of PLN 10,938 thousand (during the period of 12 months ended 31 December 2011 it was PLN 29,986 thousand).

During the 6-month period ended 30 June 2012, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 83 thousand (during the period of 12 months ended 31 December 2011 it was PLN 4,221 thousand).

As at 30 June 2012 the total impairment loss on the carrying amount of property, plant and equipment amounted to PLN 1,592 thousand (as at 31 December 2011: PLN 1,592 thousand).

8. Intangible assets

During the 6-month period ended 30 June 2012, the Company did not acquire intangible assets – certificates of origin (during the period of 12 months ended 31 December 2011: PLN 0 thousand).

During the 6-month period ended 30 June 2012 intangible assets of PLN 1,160 thousand were transferred from fixed assets under construction (PLN 687 thousand during the period of 12 months ended 31 December 2011).

9. Investments in subsidiaries, associates and joint ventures

	30.06.2012	31.12.2011
Opening balance	8 522 698	7 874 545
Reclassification to non-current assets held for sale	(2 309)	(15 575)
Acquisition of investments	55 878	665 131
Disposal of investments	-	(9 230)
Settlement of the acquisition of Windfarm Polska Sp. z o.o.	(224 910)	(4 523)
(Increase)/decrease of impairment loss	-	12 350
Closing balance	8 351 354	8 522 698
Impairment loss		
Opening balance	27 505	39 855
Recognized	-	2 908
Reversed	-	(1 505)
Utilized	-	(13 753)
Closing balance	27 505	27 505

During the 6-month period ended 30 June 2012 the Company increased its shares in its subsidiaries Elektrownie Wodne Sp. z o.o., Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o., Elektrociepłownia Białystok S.A. and Annacond Enterprises Sp. z o.o. by increasing capital or partial repurchase of minority interests for the total amount of PLN 877 thousand (in the 12-month period ended 31 December 2011 the Company acquired shares in subsidiaries for the total amount of PLN 665,131 thousand).

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

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

In connection with the settlement of Windfarm acquisition, part of the amount paid in 2011 as an advance payment, in the amount of PLN 224,910 thousand, has been reclassified and as at 30 June 2012 is presented within long-term other financial assets.

During the 6-month period ended 30 June 2012 the Company reclassified shares in "Auto-Styl" Sp. z o.o. in the amount of PLN 2,309 thousand to non-current assets held for sale.

10. Other financial assets

In the Windfarm's acquisition transaction (described in Note 9) the Company acquired also denominated in EUR receivables from a loan granted to Windfarm by its previous shareholder and denominated in EUR receivables due to supplies of turbines and wind farm construction in the total amount of PLN 369,137 thousand. In this condensed interim separate financial statements the total value of acquired receivables is presented as long-term other financial assets.

11. Non-current assets held for sale

	30.06.2012	31.12.2011
Opening balance	17 818	-
Reclassification from investments in subsidiaries, associates and joint ventures	2 309	15 575
Reclassification from financial assets available for sale	-	2 243
Sale of investments	(4 942)	-
Closing balance	15 185	17 818

During the 6-month period ended 30 June 2012 the Company reclassified shares in „Auto-Styl” Sp. z o.o. in the amount of PLN 2,309 thousand from investments in subsidiaries, associates and joint ventures.

During the 6-month period ended 30 June 2012 the Company sold shares in Towarowa Gielda Energii S.A. and Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych "WIRBET" S.A.

12. Impairment allowance on trade and other receivables

	30.06.2012	31.12.2011
Opening balance of impairment allowance on receivables	82 104	82 343
Recognized	5 754	13 383
Reversed	(7 301)	(7 063)
Utilized	90	(6 559)
Closing balance of impairment allowance on receivables	80 647	82 104

During the 6-month period ended 30 June 2012 the impairment allowance on the carrying amount of trade and other receivables decreased by PLN 1,457 thousand (during the period of 12 months ended 31 December 2011 the impairment allowance decreased by PLN 239 thousand).

13. Cash and cash equivalents

	30.06.2012	31.12.2011
Cash in hand and at bank	559 085	707 076
- cash in hand	116	192
- cash at bank	558 969	706 884
Other cash	465	534
- cash in transit	465	534
Total cash and cash equivalents	559 550	707 610
Cash disclosed in the statement of cash flows	559 550	707 610

As at 30 June 2012 the restricted cash amounted to PLN 5,144 thousand and comprised cash at bank (cash blocked due to a security deposit, a deposit for receivables and a transaction deposit).

As at 31 December 2011 the restricted cash amounted to PLN 9,262 thousand.

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

The Company possesses a portfolio of investment managed by a financial institution dedicated to the professional management of cash. In accordance with the agreement, funds are invested only in low risk securities, in line with the table below:

Type of assets	Minimum exposure	Maximum exposure
Debt instruments underwritten or guaranteed by the State Treasury and the National Bank of Poland	0%	100%
Bank deposits	0%	40%

As at 30 June 2012 the funds amounted to PLN 730,836 thousand (treasury bills and bonds of PLN 443,074 thousand and deposits in banks specified by the Company – PLN 287,762 thousand).

The investment portfolio is treated as financial assets measured at fair value through profit or loss.

The strategy is to maximize profit at a minimum risk.

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*(all amounts in PLN'000, unless specified otherwise)***15. Deferred income tax**

Changes in the deferred tax asset (after the net-off of the asset and liability):

	<u>30.06.2012</u>	<u>31.12.2011</u>
Opening balance	(56 833)	(40 137)
Amount debited/(credited) to profit	3 756	(16 942)
Change recognized in other comprehensive income	(159)	246
Closing balance	(53 236)	(56 833)

During the 6-month period ended 30 June 2012, the Company's profit before tax was debited with PLN 3,756 thousand as a result of a decrease in the deferred tax asset (during the period of 12 months ended 31 December 2011 the Company's profit before tax was credited with PLN 16,942 thousand due to an increase of the asset).

16. Provision for certificates of origin

	<u>30.06.2012</u>	<u>31.12.2011</u>
Certificates of origin	(76 364)	(56 119)
Advance payments for certificates of origin	(5 352)	(645)
Provision for the costs of redemption of certificates of origin	232 698	249 710
Provision for certificates of origin	150 982	192 946

17. Provisions for liabilities and other charges

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

	<u>30.06.2012</u>	<u>31.12.2011</u>
Long-term	-	-
Short-term	50 755	53 878
Balance as at the reporting date	50 755	53 878

	Provision for non-contractual use of property	Provision for projected loss due to compensation proceedings	Other	Total
Balance as at 01.01.2011	5 551	12 832	25 146	43 529
Provisions made	12 766	5 258	10	18 034
Provisions used	-	(1 753)	-	(1 753)
Reversal of provisions	(1 387)	(3 527)	(1 018)	(5 932)
Balance as at 31.12.2011	16 930	12 810	24 138	53 878
Provisions made	6 575	6 663	-	13 238
Provisions used	-	(1 025)	(13 845)	(14 870)
Reversal of provisions	-	(942)	(549)	(1 491)
Balance as at 30.06.2012	23 505	17 506	9 744	50 755

The notes presented on pages 10 to 24 constitute an integral part of the condensed interim separate financial statements.

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A description of material claims and the related contingent liabilities has been presented in note 22.3. and 22.4.

During the 6-month period ended 30 June 2012 the provisions for projected losses due to compensation proceedings and penalties decreased by PLN 3,123 thousand, in connection with using the provision for a contractual penalty of PLN 13,845 thousand and increasing provisions for non-contractual use of property and other provisions together by PLN 13,238 thousand (during the period of 12 months ended 31 December 2011 the provisions for projected losses due to compensation proceedings and penalties increased by PLN 10,349 thousand).

18. Dividend

On 29 June 2012 the General Shareholders' Meeting of ENEA S.A. adopted Resolution no. 7 concerning net profit distribution for the financial period from 1 January 2011 to 31 December 2011 under which the dividend for shareholders amounts to PLN 211,892 thousand, PLN 0.48 per share (the dividend paid in 2011 for the financial period from 1 January 2010 to 31 December 2010 amounted to PLN 194,235 thousand, PLN 0.44 per share). The dividend had not been paid to the shareholders by 30 June 2012.

19. Related party transactions

The Company concludes transactions with the following related parties:

(i) Companies from the ENEA Group

	01.01.2012 - 30.06.2012	01.01.2011 - 30.06.2011
Purchases, including:	1 958 177	999 843
investment purchases	7 752	3 166
materials	347	439
services	74 822	915 773
other (including energy)	1 875 256	80 465
 Sales, including:	 51 764	 7 550
energy	39 465	2 354
services	5 634	469
other	6 665	4 727
	30.06.2012	31.12.2011
Receivables	68 640	11 010
Liabilities	339 485	309 546

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(ii) Transactions concluded between the Company and members of its governing bodies fall within three categories:

- those resulting from employment contracts with Members of the Management Board of the Parent and related to the appointment of Members of Supervisory Boards;
- those resulting from loans of the Company's Social Benefit Fund granted to Members of Parent's Management and Supervisory Boards, employed by ENEA S.A.;
- resulting from other civil law agreements.

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

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2012 - 30.06.2012	01.01.2011 - 30.06.2011	01.01.2012 - 30.06.2012	01.01.2011 - 30.06.2011
Remuneration under employment contract	-	446	-	-
Remuneration under managerial and consultancy agreements	1 679	-	-	-
Remuneration relating to appointment of members of management or supervisory bodies	-	-	184	216
Remuneration due to the position held in management boards and/or supervisory boards of subsidiaries	511	99	-	-
Other employee benefits (in particular electricity allowance)	-	113	-	-
TOTAL	2 190	658	184	216

During the 6-month period ended 30 June 2012 the loans granted from the Company's Social Benefits Fund to the members of the Supervisory Board amounted to PLN 24 thousand (PLN 5 thousand during the 12-month period ended 31 December 2012). During this period the repayments of these loans amounted to PLN 4 thousand (PLN 13 thousand during the 12-month period ended 31 December 2012). As at 30 June 2012 the balance of loans granted from Company's Social Benefits Fund amounts to PLN 41 thousand (PLN 21 thousand as at 31.12.2011). There are no loans granted to the members of the Management Board.

Other transactions resulting from civil law agreements concluded between ENEA S.A. and members of the Company's governing bodies concern only private use of company cars by Members of the Management Board of ENEA S.A.

(iii) Transactions with entities whose shares are held by the State Treasury of the Republic of Poland

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

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The transactions concern mainly:

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

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

20. Commitments under contracts binding as at the reporting date

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

	30.06.2012	31.12.2011
Acquisition of property, plant and equipment	2 083	4 845
Acquisition of intangible assets	497	254
Acquisition of shares	-	207 590
	2 580	212 689

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

Sales of electricity during the year are subject to seasonal fluctuations. They increase during the winter months and decrease in summer. This depends on the temperature and the length of a day. The extent of fluctuations depends on low temperature and shorter days in winter and higher temperature and longer days in summer. Seasonal sales of electricity apply to a more considerable degree to small clients (44.73% of the sales value), rather than to the industrial sector.

22. Contingent liabilities and proceedings before courts, arbitration or public administration bodies

22.1. Guarantees for credit facilities and loans as well as other sureties granted by the Company

In the 6-month period ended 30 June 2012 the Company did not give any guarantees or sureties for credit facilities or loans. On 12 July 2012 ENEA S.A. entered into an annex to the contract of surety no. ZAM/DF/40/1072/2011 of 27 July 2011 with Clearing House of Giełdy Towarowe S.A. which extends the duration of the surety for the liabilities of ELKO Trading Sp. z o.o. till 7 July 2013.

22.2. Pending proceedings before courts of general jurisdiction

Actions brought by the Company

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

As at 30 June 2012, the total of 8,662 cases brought by the Company were pending before common courts of law for the total amount of PLN 17,628 thousand (7,677 cases for the total amount of PLN 17,530 thousand as at 31 December 2011).

None of the cases can significantly affect the Company's net profit.

Actions brought against the Company

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

As at 30 June 2012, the total of 170 cases against the Company were pending before common courts of law for the total amount of PLN 17,506 thousand (141 cases for the total amount of PLN 36,949 thousand as at 31 December 2011). Provisions related to the court cases have been presented in note 17.

22.3. Proceedings before public administration bodies

As described in the financial statements for the year ended 31 December 2011, in 2008 the President of the Energy Regulatory Office concluded that ENEA failed to comply with the obligation to purchase electricity produced in the energy cogenerated with heat in 2006, imposing a fine of PLN 7,594 thousand. On 30 May 2012 the Court of Appeal in Warsaw overruled the sentence of the Regional Court in Warsaw – Court of Competition and Consumer Protection of 27 September 2011 and passed the case for re-proceeding to the court of first instance, leaving settlement of the cost of the appeal proceeding to the court of first instance.

23. Bond issue programme

On 21 June ENEA S.A. (the “Issuer”) executed a Programme Agreement with five banks acting as issue guarantors, namely Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. The Agreement relates to Bond Issue Programme up to the amount of PLN 4 bln (the “Programme”). The Programme was concluded for the term of 10 years. The Programme finishes on 15 June 2022 and the availability period expires on 31 December 2017. The bonds to be issued within the Programme will be unsecured.

The Programme will finance current operations and investment needs of the Issuer and its material subsidiaries, in particular will finance the construction of a new coal fired power unit of a minimum capacity of 900 MWe and a maximum capacity of 1,000 MWe, which is planned to be built by ENEA Wytwarzanie S.A. – a subsidiary of ENEA S.A. (former Elektrownia “Kozienice” S.A.).

The Programme Agreement anticipates a possibility of issuing bonds in numerous series, the nominal value of each series will not be lower than PLN 100 mln and the nominal value of one bond will amount to PLN 1 mln. These will be dematerialised bearer bonds. Within the Bond Issue Programme the Issuer will be entitled to issue bonds of the total value not exceeding the Programme value, i.e. PLN 4 bln. In each year of the Programme availability issue limits will be in force which were adapted to the investment needs of the ENEA Group.

The interest rate of the bonds is floating and determined annually based on WIBOR 6M rate plus a fixed margin. The bonds will bear interest from the issue date (inclusive) till the redemption date (exclusive).

According to the Programme Agreement the Company is obligated to maintain a determined level of a financial ratio: net debt/EBITDA based on data derived from consolidated financial statements. As at the balance sheet date the condition is met.

24. Post balance sheets events**24.1. Signing of a framework agreement on the exploration for and extraction of shale gas**

On 4 July 2012 the Company signed a framework agreement on the exploration for and extraction of shale gas (the “Agreement”). The parties to the Agreement are ENEA S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. (“PGNiG”), KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A. (hereafter jointly referred to as the “Parties”).

The subject of cooperation of the Parties based on the Agreement will be the exploration, evaluation and extraction of shale gas in geological formations for which concessions have been granted for the exploration and

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evaluation of deposits of crude oil and natural gas in relation to the Wejherowo concession held by PGNiG (the "Wejherowo Concession"). With respect to the Wejherowo Concession, there will be close cooperation involving an area of approximately 160 km² (the "Area of Cooperation"). The Agreement also provides for preferential treatment of the Parties with regard to the possibility of cooperation in relation to the remaining area of the Wejherowo Concession (with the exception of a situation where PGNiG on its own engages in exploration, evaluation or extraction of shale gas and excluding the area in the vicinity of Opalino and Lubocino where PGNiG is already conducting exploratory work).

The Agreement provides for cooperation based on the targeted structure of a limited partnership that, following a successful exploration, will extract shale gas. The Parties foresee the transfer of the concession for the extraction of shale gas to such limited partnership after it has been obtained by PGNiG. Each of the Parties participates in control over the realisation of the project in particular through participation in the operating committee formed for this purpose. Estimated expenditures on exploration, evaluation and extraction with respect to the first three zones (the Kochanowo, Częstkowo and Tępcz pads) within the Area of Cooperation are projected to be in the amount of PLN 1.72 bln. Details regarding the terms of cooperation, including a detailed project budget and timeline, the shares of the Parties in financing the expenditures arising from the agreed-on budget, shares in the project's profits and the principles of responsibility, including contractual penalties in the case of the failure, in particular by PGNiG, to fulfil certain obligations resulting from the Agreement, will be determined by the Parties within four months from the date the Agreement is signed. Should such specific arrangements not be forthcoming, the Agreement may be terminated by each of the Parties. If within three months after reaching such arrangements the Parties have not received all of the required corporate approvals, or if by 30 December 2012 the required antimonopoly clearances have not been received, the Agreement will expire.

24.2. Bond issue programme – Elektrociepłownia Białystok S.A.

On 23 July 2012 ENEA SA (here as: Guarantor) concluded with Elektrociepłownia Białystok S.A. (here as: Bond Issuer) and Financial Authority (Organiser, Issue Agent, Paying Agent and Depositary) an Agreement on the Bond Issue Programme for PLN 98.5 mln. On the same day ENEA S.A. executed the Guarantee Agreement with Elektrociepłownia Białystok S.A. The above mentioned agreements were concluded for the term of 7 years. The Bond Issue Programme determined based on the Agreement predicts multiple issues of bonds performed by the Bond Issuer in the mode of directing of the proposal for purchase of the bonds to the Guarantor. The Bond Issuer will be entitled to issue bonds within one year of a date of execution of the Agreement.

The subject of the Guarantee Agreement is the Guarantor's obligation to purchase Bonds issued by the Issuer within the Bond Issue Programme.

Bonds issued within the Bond Issue Programme are bonds within the meaning of the Act on Bonds of 29 June 1995 (Journal of Laws of 2011 No. 120, item 1300, as amended).

Bonds issued within the Bond Issue Programme have a floating rate of interest.

On 27 July 2012 ENEA S.A. purchased bonds from first issue for the value of PLN 80 mln.

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24.3. Resolution concerning net profit distribution and dividend payment by subsidiary ENEA Wytwarzanie S.A.

On 18 July 2012 the General Shareholders' Meeting of ENEA Wytwarzanie S.A., with registered office in Świerże Górne adopted the resolution concerning:

- net profit distribution for the financial year 2011 under which the dividend for shareholders amounts to PLN 161,154 thousand; the payment of dividend may be in cash or in non-cash form,
- determination of the subject of non-cash dividend being the 100% of shares of ELKO Trading Sp. z o.o. and determination of non-cash dividend's components valuation method.

On 27 July 2012 the General Shareholders' Meeting of ENEA Wytwarzanie S.A. approved the valuation of non-cash dividend's components, stating the value of shares of ELKO Trading Sp. z o.o. as PLN 129,623 thousand.

On 30 July 2012 the Supervisory Board of ENEA S.A. agreed for the ENEA S.A. to acquire shares of ELKO Trading Sp. z o.o. as a non-cash dividend from ENEA Wytwarzanie S.A.

The agreement between ENEA S.A. and ENEA Wytwarzanie S.A. concerning transfer of shares of ELKO Trading Sp. z o.o. will be signed on 17 September 2012. ENEA S.A. will become a direct owner of 100% of shares of ELKO Trading Sp. z o.o., previously held indirectly through interests in ENEA Wytwarzanie S.A.