Extended consolidated quarterly report of the ENEA Group for the first quarter of 2012

Poznań, 14 May 2012

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Selected consolidated financial data of the ENEA Group

	in PLN'000		in EUR '000	
	3 months ended 31.03.2012	3 months ended 31.03.2011	3 months ended 31.03.2012	3 months ended 31.03.2011
Net sales revenue	2 645 780	2 472 230	633 720	622 070
Operating profit	285 151	282 795	68 300	71 158
Profit before tax	319 916	311 846	76 627	78 468
Net profit for the reporting period	249 426	247 362	59 743	62 242
Net cash flows from operating activities	176 321	272 887	42 233	68 665
Net cash flows from investing activities	(519 461)	(254 410)	(124 422)	(64 015)
Net cash flows from financing activities	(8 482)	(5 147)	(2 032)	(1 295)
Total net cash flows	(351 622)	13 330	(84 221)	3 354
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.57	0.56	0.14	0.14
Diluted earnings per share (in PLN per share)	0.57	0.56	0.14	0.14
	Balance as at 31 March 2012	**Balance as at 31 December 2011**	**Balance as at 31 March 2012**	**Balance as at 31 December 2011**
Total assets	13 652 412	13 699 894	3 280 568	3 101 769
Total liabilities	2 914 573	3 220 132	700 349	729 064
Non-current liabilities	1 459 918	1 447 783	350 807	327 790
Current liabilities	1 454 655	1 772 349	349 542	401 274
Equity	10 737 839	10 479 762	2 580 219	2 372 705
Share capital	588 018	588 018	141 296	133 132
Book value per share (in PLN per share)	24.32	23.74	5.84	5.37
Diluted book value per share (in PLN per share)	24.32	23.74	5.84	5.37

The above financial data for Q1 2012 and 2011 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 March 2012 – PLN/EUR 4.1616 (as at 31 December 2011 - PLN/EUR 4.4168);
- individual items of the statement of comprehensive income and the statement of cash flows – as per the arithmetic mean of the average exchange rates determined by the National Bank of Poland as at the last day of each month of the financial period from 1 January to 31 March 2012 – 4.1750 PLN/EUR (for the period from 1 January to 31 December 2011 – 3.9742 PLN/EUR).

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION OF ENEA GROUP FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

To the Shareholders of ENEA S.A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ENEA Group, with its parent company's registered office in Poznań, ul. Górecka 1, as at 31 March 2012, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for three month period then ended, and notes to the condensed consolidated interim financial information ("the condensed consolidated interim financial information"). Management of the Parent Entity is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information, based on our review.

Scope of Review

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34.

On behalf of KPMG Audyt Sp. z o.o.
registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

....
Certified Auditor No. 10176
Michał Karwatka

Signed on the Polish original

....
Certified Auditor No. 90061
Partner with power of attorney
Marek Gajdziński

14 May 2012
Poznań

Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 31 March 2012

Poznań, 14 May 2012

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These condensed interim consolidated 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, 14 May 2012

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

Consolidated Statement of Financial Position

		As at	
	Note	**31.03.2012**	**31.12.2011**
ASSETS			
Non-current assets			
Property, plant and the equipment	8	9 027 152	9 076 871
Perpetual usufruct of land		70 256	69 496
Intangible assets	9	243 925	267 176
Investment property	10	30 084	32 219
Investments in subsidiaries and associates	11	481 268	278 854
Financial assets available for sale		81 830	70 490
Financial assets measured at fair value through profit or loss		1 572	1 557
Trade and other receivables		217	237
		9 936 304	**9 796 900**
Current assets			
Inventory	13	375 665	340 685
Trade and other receivables		1 229 911	1 052 119
Current income tax receivables		11 566	15 004
Financial assets held to maturity		656 600	531 883
Financial assets measured at fair value through profit or loss	15	555 329	723 439
Cash and cash equivalents	14	866 739	1 218 361
Non-current assets classified as held for sale		20 298	21 503
		3 716 108	**3 902 994**
TOTAL ASSETS		**13 652 412**	**13 699 894**

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

EQUITY AND LIABILITIES	Note	As at 31.03.2012	As at 31.12.2011
Equity			
Equity attributable to shareholders of the Parent Company			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Share-based payments reserve		1 144 336	1 144 336
Revaluation reserve (financial instruments)		58 216	49 565
Other capitals		(21 710)	(21 710)
Retained earnings		5 307 117	5 058 001
		10 708 441	**10 450 674**
Non–controlling interests		29 398	29 088
Total equity		**10 737 839**	**10 479 762**
LIABILITIES			
Non-current liabilities			
Credit facilities and loans	16	68 974	73 379
Finance lease liabilities		2 130	2 274
Deferred income from subsidies and connection fees	17	664 208	671 814
Provision for deferred tax	18	126 612	105 266
Liabilities due to employee benefits		460 726	454 363
Financial liabilities measured at fair value through profit or loss		617	1 451
Provisions for other liabilities and charges	20	141 651	139 236
		1 459 918	**1 447 783**
Current liabilities			
Credit facilities and loans	16	36 927	45 516
Trade and other liabilities		912 305	1 199 077
Financial lease liabilities		2 302	2 424
Deferred income from subsidies and connection fees	17	117 397	113 207
Current income tax liabilities		77 846	52 301
Liabilities due to employee benefits		149 846	182 246
Liabilities due to cash settled share-based payments		354	508
Financial liabilities measured at fair value through profit or loss		1 376	1 723
Provision for certificates of origin	19	94 419	104 810
Provisions for other liabilities and charges	20	57 054	69 742
Liabilities related to non-current assets classified as held for sale		4 829	795
		1 454 655	**1 772 349**
Total liabilities		**2 914 573**	**3 220 132**
TOTAL EQUITY AND LIABILITY		**13 652 412**	**13 699 894**

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

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

Consolidated Statement of Comprehensive Income

	For the period	
	3 months ended 31.03.2012	**3 month ended 31.03.2011**
Sales revenue	2 697 942	2 530 027
Excise tax	(52 162)	(57 797)
Net sales revenue	**2 645 780**	**2 472 230**
Other operating revenue	30 104	25 452
Depreciation/amortization	(204 435)	(156 645)
Costs of employee benefits	(248 920)	(225 795)
Consumption of materials and supplies and costs of goods sold	(412 249)	(361 077)
Energy purchase for sale	(1 174 453)	(1 134 437)
Transmission services	(180 095)	(179 762)
Other external services	(89 339)	(75 220)
Taxes and charges	(61 756)	(54 786)
Profit/(loss) on sale and liquidation of property, plant and equipment	2 627	(291)
Impairment loss on property, plant and equipment	(106)	-
Other operating expenses	(22 007)	(26 874)
Operating profit	**285 151**	**282 795**
Financial expenses	(10 164)	(6 963)
Financial revenue	45 457	34 142
Share of profit/losses of equity-accounted associates	(528)	1 872
Profit before tax	**319 916**	**311 846**
Income tax	(70 490)	(64 484)
Net profit for the reporting period	**249 426**	**247 362**
Other comprehensive income		
Net change in fair value of available for sale financial assets reclassified to profit or loss	(696)	-
Net change in fair value of available for sale financial assets	11 342	7 399
Income tax related to other comprehensive income	(1 995)	(1 406)
Other comprehensive income, net of tax	**8 651**	**5 993**
Total comprehensive income for the period	**258 077**	**253 355**
Including net profit:		
attributable to shareholders of the Parent Company	249 116	246 439
attributable to non-controlling interests	310	923
Including comprehensive income:		
attributable to shareholders of the Parent Company	257 767	252 432
attributable to non-controlling interests	310	923
Net profit attributable to shareholders of the Parent Company	249 116	246 439
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (in PLN per share)	**0.57**	**0.56**
Diluted earnings per share (in PLN per share)	**0.57**	**0.56**

The consolidated statement of the comprehensive income should be analyzed with the notes which constitute an integral part of the condensed interim consolidated financial statements.

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

Consolidated Statement of Changes in Equity

		Share capital (face value)	Revaluation of share capital	**Total share capital**	**Treasury shares**	**Share-based payments reserve**	**Share premium**	**Revaluation reserve (financial instruments)**	**Other capitals**	**Retained earnings**	**Capital attributable to non-controlling interests**	**Total equity**
Balance as at	**01.01.2012**	441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**49 565**	**(21 710)**	**5 058 001**	**29 088**	**10 479 762**
Net profit										249 116	310	249 426
Other comprehensive income								8 651				8 651
Balance as at	**31.03.2012**	441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**58 216**	**(21 710)**	**5 307 117**	**29 398**	**10 737 839**

		Share capital (face value)	Revaluation of share capital	**Total share capital**	**Treasury shares**	**Share-based payments reserve**	**Share premium**	**Revaluation reserve (financial instruments)**	**Other capitals**	**Retained earnings**	**Capital attributable to non-controlling interests**	**Total equity**
Balance as at	**01.01.2011**	441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**50 922**	**(22 110)**	**4 458 944**	**23 897**	**9 876 471**
Net profit										246 439	923	247 362
Other comprehensive income								5 993				5 993
Balance as at	**31.03.2011**	441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**50 922**	**(22 110)**	**4 705 383**	**24 820**	**10 129 826**

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

Consolidated Statement of Cash Flows

	3 months ended 31.03.2012	3 months ended 31.03.2011
Cash flows from operating activities		
Net profit for the reporting period	249 426	247 362
Adjustments:		
Income tax expense	70 490	64 484
Depreciation/amortization	204 435	156 645
(Profit)/loss on sale and liquidation of property, plant and equipment	(2 627)	(1 181)
Impairment loss on property, plant and equipment	106	997
(Profit)/loss on sale of financial assets	(8 084)	2
Interest income	(38 082)	(31 294)
Interest expense	5 436	2 090
Share of the (profit)/loss of associates	528	(1 872)
Exchange (gains)/losses on credit facilities and loans	(3 076)	386
(Profit)/loss on valuation of financial instruments	2 261	-
Other adjustments	8 598	18 803
	239 985	**209 060**
Income tax paid	(26 458)	(115 696)
Interest received	27 393	12 707
Interest paid	(4 531)	(1 353)
Changes in working capital		
Inventory	(37 914)	(4 685)
Trade and other receivables	(162 362)	(24 099)
Trade and other liabilities	(50 936)	16 807
Liabilities due to employee benefits	(25 624)	(24 933)
Deferred income from subsidies and connection fees	(8 969)	(28 277)
Provisions for certificates of origin	(10 391)	(7 359)
Liabilities due to cash settled share-based payments	(154)	(5)
Provisions for other liabilities and charges	(13 144)	(6 642)
	(309 494)	**(79 193)**
Net cash flows from operating activities	**176 321**	**272 887**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(387 785)	(339 805)
Proceeds from disposal of property, plant and equipment	5 626	1 385
Acquisition of financial assets	(545 861)	(320 573)
Proceeds from disposal of financial assets	612 401	430 194
Investments in subsidiaries, associates and joint ventures	(203 842)	(24 742)
Other outflows / proceeds from investing activities	-	(869)
Net cash flows from investing activities	**(519 461)**	**(254 410)**
Cash flows from financing activities		
Credit facilities and loans received	1 181	2 986
Credit facilities and loans repaired	(7 723)	(6 459)
Payments of finance lease liabilities	(1 124)	(1 236)
Other adjustments	(816)	(438)
Net cash flows from investing activities	**(8 482)**	(5 147)
Net increase/(decrease) in cash	**(351 622)**	**13 330**
Cash and cash equivalents at the beginning of the reporting period	1 218 361	899 627
Cash and cash equivalents at the end of the reporting period	**866 739**	**912 957**

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

Notes to the condensed interim consolidated financial statements

1. General information about ENEA S.A. and the ENEA Group

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

The main activities of the ENEA Group ("Group") are:
- production of electricity (Elektrownia "Kozienice" S.A., Elektrownie Wodne Sp. z o.o., Elektrociepłownia Białystok S.A.);
– trade in electricity (ENEA S.A.);
- distribution of electricity (ENEA Operator Sp. z o.o.).

As at 31 March 2012 the shareholding structure of the Parent, was the following: the State Treasury of the Republic of Poland – 51.61% of shares, Vattenfall AB – 18.67%, other shareholders – 29.72%.

As at 31 March 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.

As at 31 March 2012 the Group comprised the parent ENEA S.A. ("Company", "Parent"), 20 subsidiaries, 2 indirect subsidiary and 1 associate.

These condensed interim consolidated financial statements have been prepared as a going concern. There are no circumstances indicating that the Group's ability to continue as a going concern might be at risk.

2. Statement of compliance

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

The Management Board of the Parent 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 consolidated financial statements of the ENEA Group in accordance with IFRS-EU as of 31 March 2012. The presented statements and explanations have been prepared using due diligence. These condensed interim consolidated financial statements have been reviewed by a certified auditor.

3. Accounting principles

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

The accounting principles applied by the Group were presented in the consolidated financial statements of the ENEA Group for the financial year ended 31 December 2011.

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

These condensed interim consolidated financial statements should be read together with the consolidated financial statements of the ENEA Group for the financial year ended 31 December 2011.

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 consolidated financial statements.

5. Material estimates and assumptions

The preparation of these condensed interim consolidated 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 consolidated 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 consolidated financial statements are consistent with the estimates adopted during preparation of the consolidated 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.

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

6. Composition of the Group – list of subsidiaries, associates and jointly-controlled entities

No.	Name and address of the Company	Share of ENEA S.A. in the total number of votes, in % 31.03.2012	Share of ENEA S.A. in the total number of votes, in % 31.12.2011
1.	ENERGOMIAR Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, Strzeszyńska 58*	92,62	92,62
3.	ENEA Centrum S.A. *Poznań, Górecka 1*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo near Poznań*	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
7.	ENERGO-TOUR Sp. z o.o. *Poznań, Marcinkowskiego 27*	99.92	99.92
8.	ENEOS Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
9.	ENTUR Sp. z o.o. *Szczecin, Malczewskiego 5/7*	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, Wilkońskiego 2*	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
12.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. *Oborniki, Wybudowanie 56*	91.02	91.02
13.	„ITSERWIS" Sp. z o.o. *Zielona Góra, Zacisze 28*	100	100
14.	„Auto – Styl" Sp. z o.o. *Zielona Góra, Zacisze 15*	100	100
15.	ENEA Operator Sp. z o.o. *Poznań,, Strzeszyńska 58*	100	100
16.	Elektrownia „Kozienice" S.A. *Świerże Górne, Kozienice, Kozienice 1*	100	100
17.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, Kaczorska 20*	65.03	65.03
18.	Elektrociepłownia Białystok S.A. *Białystok, Gen. Andersa 3*	99.94	99.94
19.	DOBITT Energia Sp. z o.o. *Gorzesław 8, 56-420 Bierutów*	100	100
20.	Annacond Enterprises Sp. z o.o. *Warszawa, Jana III Sobieskiego 1/4*	61	61
21.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., Chłapowskiego 51*	-	49

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

22.	ELKO Trading Sp. z o.o. *Świerże Górne, Kozienice, Kozienice 1*	100*	100*
23.	„Ecebe" Sp. z o.o. *Augustów, Wojciech 8*	99.94**	99.94**
24.	Energo-Invest-Broker S.A. Toruń, ul. Jęczmienna 21	-***	-***
25.	Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Sp. k. Samociążek 92, 86-010 Koronowo	-*****	100%****

* - indirect subsidiary held by interests in Elektrownia "Kozienice" S.A.
** - indirect subsidiary held byinterests in Elektrociepłownia Białystok S.A.
*** - an associate of Elektrownia "Kozienice" 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. At the same time ENEA S.A. sold 280,000 shares acting as a proxy on behalf of other shareholders of WIRBET: Tauron Dystrybucja S.A., ENERGA S.A., PGE Obrót S.A. 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 in Elektrociepłownia Białystok (0.05% of shares and votes at the General Meeting of Shareholders), 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.

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

7. Segment reporting

Segment results for the period from 1 January to 31 March 2012 are as follows:

	Trade	**Distribution**	**Production**	**Other segments**	**Eliminations**	**Total**
Net sales revenue	1 137 670	722 121	716 822	69 167	-	2 645 780
Inter-segment sales	75 611	-	102 005	83 012	(260 628)	-
Total net sales revenue	**1 213 281**	**722 121**	**818 827**	**152 179**	**(260 628)**	**2 645 780**
Total expenses	(1 171 084)	(576 469)	(684 691)	(143 227)	245 684	(2 329 787)
Segment profit/loss	**42 197**	**145 652**	**134 136**	**8 952**	**(14 944)**	**315 993**
Unassigned general and administrative expenses						(30 842)
Operating profit						**285 151**
Financial expenses						(10 164)
Financial revenue						45 457
Net share of profit/loss of associates						(528)
Income tax						(70 490)
Net profit						**249 426**
Non-controlling interests						310

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

Segment results for the period from 1 January to 31 March 2011 are as follows:

	Trade	Distribution	Production	Other segments	Eliminations	Total
Net sales revenue	1 073 142	671 703	647 565	79 820	-	2 472 230
Inter-segment sales	1 599	-	48 413	79 793	(129 805)	-
Total net sales revenue	**1 074 741**	**671 703**	**695 978**	**159 613**	**(129 805)**	**2 472 230**
Total expenses	(996 515)	(544 979)	(589 963)	(158 058)	122 181	(2 167 334)
Segment profit/loss	**78 226**	**126 724**	**106 015**	**1 555**	**(7 624)**	**304 896**
Unassigned general and administrative expenses						(22 101)
Operating profit						**282 795**
Financial expenses						(6 963)
Financial revenue						34 142
Net share of profit/loss of associates						1 872
Income tax						(64 484)
Net profit						**247 362**
Non-controlling interests						923

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

Segment reporting (cont'd)

Other segment reporting information as at 31 March 2012:

	Trade	Distribution	Production	Other segments	Eliminations	Total
Property, plant and equipment	6 140	5 339 454	3 206 925	309 619	(150 418)	8 711 720
Trade and other receivables	726 643	321 711	178 434	126 713	(243 432)	1 110 069
Total:	732 783	5 661 165	3 385 359	436 332	(393 850)	9 821 789
ASSETS excluded from segmentation						3 830 623
- including property, plant and equipment						315 432
- including trade and other receivables						120 059
TOTAL ASSETS						**13 652 412**
Trade and other liabilities	372 257	291 382	358 324	97 182	(235 989)	883 156
Equity and liabilities excluded from segmentation						12 769 256
- including trade and other liabilities						29 149
TOTAL EQUITY AND LIABILITIES						**13 652 412**
Capital expenditures for fixed assets and intangible assets	6	40 414	68 397	6 222	(46 726)	68 313
Capital expenditures for fixed assets and intangible assets excluded from segmentation						74 268
Depreciation/amortization of fixed assets and intangible assets	133	94 042	102 114	7 597	(7 831)	196 055
Depreciation/amortization of fixed assets and intangible assets excluded from segmentation						8 380
Impairment allowance on receivables as at 31 March 2012	78 729	7 129	73 497	5 250	-	164 605

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

Segment reporting (cont'd)

Other segment reporting information as at 31 December 2011:

	Trade	Distribution	Production	Other segments	Eliminations	Total
Property, plant and equipment	6 223	5 266 063	3 263 745	306 425	(137 710)	8 704 746
Trade and other receivables	514 223	374 233	109 740	219 529	(175 216)	1 042 509
Total:	520 446	5 640 296	3 373 485	525 954	(312 926)	9 747 255
ASSETS excluded from segmentation						3 952 639
- including property, plant and equipment						372 125
- including trade and other receivables						9 847
TOTAL ASSETS						**13 699 894**
Trade and other liabilities	234 241	504 552	368 627	177 148	(175 216)	1 109 352
Equity and liabilities excluded from segmentation						12 590 542
- including trade and other liabilities						92 899
TOTAL EQUITY AND LIABILITIES						**13 699 894**
Capital expenditures for fixed assets and intangible assets	-	774 838	447 787	80 471	(39 721)	1 263 375
Capital expenditures for fixed assets and intangible assets excluded from segmentation						32 196
Depreciation/amortization of fixed assets and intangible assets	703	352 663	325 173	29 898	(3 186)	705 251
Depreciation/amortization of fixed assets and intangible assets excluded from segmentation						6 340
Impairment allowance on receivables as at 31 December 2011	81 193	6 275	74 561	6 202	-	168 231

Segment revenue is generated from sales to external clients and transactions with other segments, which are directly attributable to a given segment with a relevant portion of the Company's revenue that may be reasonably attributed to the segment.

Segment costs are the costs consisting of costs of sales to external clients and costs of transactions with other Group segments, which result from operations of a given segment and may be directly allocated to the segment with a relevant portion of the Company's costs that may be reasonably allocated to the segment.

Market prices are used in inter-segment transactions, which allow individual entities to earn a margin sufficient to carry out independent operations in the market. Trade in electricity and transmission services are governed by prices specified in line with the Energy Law of 10 April 1997 and secondary legislation thereto.

8. Property, plant and equipment

During the 3-month period ended 31 March 2012, the Group acquired property, plant and equipment for the total amount of PLN 135,277 thousand (during the period of 12 months ended 31 December 2011 it was PLN 1,078,067 thousand).

During the 3-month period ended 31 March 2012, the Group sold and liquidated property, plant and equipment for the total net amount of PLN 1,079 thousand (during the period of 12 months ended 31 December 2011 it was PLN 31,194 thousand).

During the 3 months ended 31 March 2012, impairment loss on the carrying amount of property, plant and equipment decreased by PLN 248 thousand (during the 3 months ended 31 March 2011 impairment loss on the carrying amount of property, plant and equipment increased by PLN 2,263 thousand).

As at 31 March 2012 the total impairment loss on the carrying amount of property, plant and equipment amounted to PLN 12,179 thousand (as at 31 December 2011: PLN 12,427 thousand).

As at 31 March 2012 the Group transferred assets of Auto-Styl Sp. z o.o., a subsidiary, of PLN 6,676 thousand to non-current assets held for sale. It also transferred liabilities of the subsidiary in the amount of PLN 4,361 thousand to liabilities related to non-current assets held for sale.

9. Intangible assets

During the 3-month period ended 31 March 2012 the Group acquired intangible assets for the total amount of PLN 7,304 thousand (during the period of 12 months ended 31 December 2011 it was PLN 217,504 thousand, PLN 198,094 thousand is related to CO_2 emission allowances).

During the 3-month period ended 31 March 2012 the Group did not sell or liquidate any considerable intangible assets, except for the redemption of CO_2 emission allowances for the amount of PLN 11,673 thousand (during the period of 12 months ended 31 December 2011 the Group did not sell or liquidate any considerable intangible assets, except for the redemption of CO_2 emission allowances for the amount of PLN 182,608 thousand).

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

10. Investment property

During the 3-month period ended 31 March 2012 the Group acquired investment properties for the total amount of PLN 182 thousand. The Group also reclassified from this category to property, plant and equipment investment properties for the amount of PLN 2,284 thousand (during the period of 12 months ended 31 December 2011 the Group acquired investment properties for the total amount of PLN 28 thousand, the Group also reclassified from property, plant and equipment to this category investment properties for the amount of PLN 17,904 thousand).

11. Investments in subsidiaries and associates

On 16 April 2012 ENEA S.A. concluded final shares purchase transaction of Windfarm Polska Sp. z o.o. ("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 includes payment for the shares, the acquisition of loans granted by the former shareholder to Windfarm and payment of liabilities of Windfarm related to wind farm construction amounting to PLN 476,152 thousand.

In 2011 and in the first quarter of 2012, according to the preliminary Windfarm shares purchase agreement, ENEA S.A. paid in advance PLN 476,152 thousand (payments made in 2011 amounted to PLN 272,310 thousand and in the first quarter of 2012 – PLN 203,842 thousand).

As at the date of these condensed interim consolidated financial statements, in connection with the recent completion of wind farm construction, the Company does not have sufficient financial data to perform initial purchase price allocation.

As at 31 March 2012 the total amount of payments made in advance for the purchase of shares in Windfarm was presented in the statement of financial position as Investments in subsidiaries and associates.

12. Impairment allowance on trade and other receivables

	31.03.2012	31.12.2011
Opening balance of impairment allowance on receivables	**168 231**	**155 597**
Acquisition of subsidiaries	-	4 664
Recognized	5 451	34 876
Reversed	(8 588)	(18 679)
Utilized	(489)	(8 227)
Closing balance of impairment allowance on receivables	**164 605**	**168 231**

During the 3-month period ended 31 March 2012 the impairment allowance on the carrying amount of trade and other receivables decreased by PLN 3,626 thousand (during the period of 12 months ended 31 December 2011 the impairment allowance increased by PLN 12,634 thousand).

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

13. Inventory

As at 31 March 2012 the total impairment allowance on the carrying amount of inventories was PLN 9,867 thousand (PLN 9,879 thousand as at 31 December 2011).

During the 12-month period ended 31 March 2012 the impairment allowance on the carrying amount decreased by PLN 12 thousand (during the period of 12 months ended 31 December 2011 the impairment allowance increased by PLN 3,131 thousand).

14. Restricted cash

As at 31 March 2012 the restricted cash of ENEA S.A. amounted to PLN 9,328 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 of ENEA S.A. amounted to PLN 9,262 thousand.

15. 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 31 March 2012 the funds amounted to PLN 545,032 thousand (treasury bills and bonds of PLN 331,047 thousand and deposits in banks specified by the Company – PLN 213,985 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.

16. Credit facilities and loans

	31.03.2012	31.12.2011
	Carrying amount	**Carrying amount**
Long-term		
Bank credit facilities	58 264	59 402
Loans	10 710	13 977
	68 974	**73 379**
Short-term		
Bank credit facilities	35 548	43 859
Loans	1 379	1 657
	36 927	**45 516**
Total	**105 901**	**118 895**

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

During the 3-month period ended 31 March 2012 the net increase in the carrying amount of credit facilities and loans decreased by PLN 12,994 thousand (during the period of 12 months ended 31 December 2011 the carrying amount of credit facilities and loans increased by PLN 4,135 thousand).

17. Deferred income from subsidies and connection fees

	31.03.2012	**31.12.2011**
	Carrying amount	**Carrying amount**
Long-term		
Deferred income due to subsidies	158 424	159 020
Deferred income due to connection fees	505 784	512 794
	664 208	**671 814**
Short-term		
Deferred income due to subsidies	19 695	15 139
Deferred income due to connection fees	97 702	98 068
	117 397	**113 207**

Deferred income schedule

	31.03.2012	**31.12.2011**
Up to 1 year	117 397	113 207
1 to 5 years	124 887	125 380
Over 5 years	539 321	546 434
	781 605	**785 021**

During the 3-month period ended 31 March 2012 the carrying amount of the settlement of income due to subsidies and connection fees decreased by PLN 3,416 thousand net (in the period of 12 months ended 31 December 2011 the carrying amount decreased by PLN 50,564 thousand).

18. Deferred income tax

Changes in the provision for deferred income tax (after the net-off of the asset and liability) are as follows:

	31.03.2012	**31.12.2011**
Opening balance	105 266	80 453
Acquisition of subsidiaries	-	16 056
Amount debited/(credited) to profit or loss	14 351	9 075
Amount debited/(credited) to other comprehensive income	1 995	(318)
Closing balance	**121 612**	**105 266**

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

During the 3-month period ended 31 March 2012, the Company's profit before tax was debited with PLN 14,351 thousand as a result of an increase in the deferred tax liability (during the period of 12 months ended 31 December 2011 the Company's profit before tax was debited with PLN 9,075 thousand due to an increase in the liability).

19. Certificates of origin

Changes in the provisions for certificates of origin:

	31.03.2012	31.12.2011
Opening balance	104 810	92 646
Acquisition of subsidiaries	-	57
Increase in provisions	26 431	12 779
Utilized provisions	(243)	(329)
Released provisions	(36 579)	(343)
Closing balance	**94 419**	**104 810**

20. Provisions for liabilities and other charges

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

	31.03.2012	31.12.2011
Long-term	141 651	139 236
Short-term	57 054	69 742
Balance as at the reporting date	**198 705**	**208 978**

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

Changes in provision for liabilities and other charges
for the period ended 31 March 2012

	Provision for non-contractual use of property	Provision for projected losses due to compensation proceedings	Provision for the cost of disposal or storage of ash and slag mixture	Provision for land reclamation	Provision for the payment for using environment	Provision for purchasing CO_2 emission allowances	Other	TOTAL
Opening balance	58 548	67 222	1 376	9 856	2 094	2 836	67 046	208 978
Unwind of discount and changes in discount rate	-	-	-	-	-	-	-	-
Provisions made	4 781	13 617	6	96	598	-	976	20 074
Provisions used	-	-	(57)	-	(1 452)	-	(17 116)	(18 625)
Reversal of provisions	(6 243)	(5 479)	-	-	-	-	-	(11 722)
Closing balance	**57 086**	**75 360**	**1 325**	**9 952**	**1 240**	**2 836**	**50 906**	**198 705**

for the period ended 31 December 2011

	Provision for non-contractual use of property	Provision for projected losses due to compensation proceedings	Provision for the cost of disposal or storage of ash and slag mixture	Provision for land reclamation	Provision for the payment for using environment	Provision for purchasing CO_2 emission allowances	Other	TOTAL
Opening balance	53 324	74 631	2 334	9 890	17 663	907	8 644	167 393
Unwind of discount and changes in discount rate	-	-	-	(429)	-	-	-	(429)
Provisions made	23 180	14 789	324	395	5 332	2 836	75 683	122 539
Provisions used	-	(1 678)	-	-	(20 887)	(907)	(984)	(24 456)
Reversal of provisions	(17 956)	(20 520)	(1 282)	-	(14)	-	(16 297)	(56 069)
Closing balance	**58 548**	**67 222**	**1 376**	**9 856**	**2 094**	**2 836**	**67 046**	**208 978**

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

Comparable data was changed in the above table. Provisions in the amount of PLN 13,698 thousand, presented in the 2011 consolidated financial statements as other items, are provisions for anticipated losses arising from compensation proceedings.

A description of material claims and the related contingent liabilities has been presented in note 25.2., 25.4., 25.5. and 25.6.

21. Related party transactions

The Group companies subject to consolidation conclude transactions with the following related parties:

- the Group companies subject to consolidation – transactions are eliminated at the consolidation stage;
- transactions concluded between the Group 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 Board;
  - those resulting from loans from the Company's Social Benefit Fund granted to Members of the Management Board of the Parent and Supervisory Boards employed by ENEA S.A.;
  - resulting from other civil law agreements.
- transactions with entities whose shares are held by the State Treasury of the Republic of Poland..

Transactions with members of the Group's governing bodies:

	Management Board of the Company		**Supervisory Board of the Company**	
Item	**01.01.2012 - 31.03.2012**	**01.01.2011 - 31.03.2011**	**01.01.2012 - 31.03.2012**	**01.01.2011 - 31.03.2011**
Remuneration under employment contract	-	225	-	-
Remuneration under managerial and consultancy agreements	476	-	-	-
Remuneration relating to appointment of members of management or supervisory bodies	311	-	80	110
Remuneration due to the position held in supervisory boards of subsidiaries	-	41	-	-
Other employee benefits (in particular electricity allowance)	-	31	-	-
TOTAL	**787**	**297**	**80**	**110**

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

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

Body	**Balance as at 01.01.2012**	**Granted since 01.01.2012**	**Repayments till 31.03.2012**	**Balance as at 31.03.2012**
Management Board	-	-	-	-
Supervisory Board	21	24	(2)	**43**
TOTAL	**21**	**24**	**(2)**	**43**

Body	**Balance as at 01.01.2011**	**Granted since 01.01.2011**	**Repayments till 31.12.2011**	**Balance as at 31.12.2011**
Management Board	-	-	-	-
Supervisory Board	29	5	(13)	**21**
TOTAL	**29**	**5**	**(13)**	**21**

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.

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

The transactions concern mainly:

- purchase of coal, 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.

22. Long-term contracts for the sale of electricity (LTC)

As the European Commission recognized long-term contracts for the sale of power and electricity (LTC) concluded with a state entity – PSE S.A. as disallowed public aid, the Polish Parliament passed an act in order to eliminate such contracts. Pursuant to the provisions of the Act on principles of financing the costs incurred by producers following early termination of long-term contracts for the sale of power and electricity of 29 June 2007 ("LTC Termination Act"), since 1 April 2008 the Group (Elektrownia "Kozienice" S.A.) has been entitled to compensation for stranded costs resulting from early termination of long-term contracts. Based on the aforementioned Act, the Group will be entitled to compensation until 2014.

LTC are settled as follows:

- by 31 August each year companies file applications for advance payments relating to the settlements;

- by 31 July of the following year the President of the Energy Regulatory Office determines the value of the annual stranded cost adjustment (adjustment of advance payments);

- by 31 August of the year following the end of the adjustment period the President of the Energy Regulatory Office determines the value of the final adjustment (31 August 2015 in the case of the Group).

The Group has developed a calculation model based on which it applies to the President of the Energy Regulatory Office for advance payments. Determination of the amounts due is not straightforward, as it depends on a number of factors, including interpretation of statutory provisions.
The Group decided to recognize as revenue only the amounts resulting from the decision on the annual stranded cost adjustment.

a/ 2008 settlements

In 2008 Elektrownia "Kozienice" S.A. received advance payments for stranded costs of PLN 93,132 thousand from Zarządca Rozliczeń S.A. The amount of PLN 80,976 thousand was recognized in the 2008 financial statements as revenue due to compensation. On 5 August 2009 Elektrownia "Kozienice" S.A received a Decision of the President of the Energy Regulatory Office dated 31 July 2009 determining the amount of the annual stranded cost adjustment (i.e. advance payments received earlier from Zarządca Rozliczeń S.A.) for Elektrownia "Kozienice" S.A. for 2008. Pursuant to the Decision, the amount of the annual stranded cost adjustment (i.e. the amount of advance payments to be returned to Zarządca Rozliczeń S.A.) was PLN 89,537 thousand, which implies that revenue due to compensation for 2008 is lower than the amount of PLN 77,381 thousand recognized by Elektrownia "Kozienice" S.A. in its financial statements for the year 2008 (and thus, in the consolidated financial statements of the ENEA Group).

According to the Management Board of Elektrownia "Kozienice" S.A. and ENEA S.A., the majority of assumptions made by the President of the Energy Regulatory Office in the Decision and the interpretation of the Act on principles of financing the costs incurred by producers following early termination of long-term contracts for the sale of power and electricity of 29 June 2007 are incorrect or inappropriately applied. Consequently, on 19 August 2009 Elektrownia "Kozienice" S.A. filed an appeal to the Regional Court in Warsaw - Court of Competition and Consumer Protection. The appeal also contained an application for suspension of decision enforcement until the case is decided. On 23 September 2009, the Regional Court in Warsaw - Court of Competition and Consumer Protection issued a decision whereby it suspended enforcement of the decision appealed against in excess of the amount of PLN 44,768 thousand and dismissed the motion for the further amount. Therefore, on 30 September 2009, the Management Board of Elektrownia "Kozienice" S.A. decided to return the advance payment in the amount resulting from the Decision of the President of the Energy Regulatory Office which had not been suspended by the Court.

On 2 October 2009 Elektrownia "Kozienice" S.A. lodged a complaint against the above decision to the Court of Appeals in Warsaw, VI Civil Division. On 19 May 2010 the Court of Appeals changed the decision of the

Court of Competition and Consumer Protection of 23 September 2009 and suspended enforcement of the decision of the President of the Energy Regulatory Office of 31 July 2009 on the annual stranded cost adjustment in whole. The Court of Appeals emphasized that the Court of Competition and Consumer Protection did not have legal grounds to refuse partial suspension of the enforcement of the decision. Therefore, if it had found grounds for suspending enforcement of the decision, it should have suspended the enforcement of the decision in whole. Consequently, on 27 May 2010 Elektrownia "Kozienice" S.A. requested Zarządca Rozliczeń S.A. to return PLN 40,577 thousand with interest due. However, Zarządca Rozliczeń refused to do so claiming that the only legal basis for the return might be a change of the decision of the President of the Energy Regulatory Office of 31 July 2009. On 5 July 2010 Elektrownia "Kozienice" S.A. filed the final pre-trial demand for payment of PLN 40,577 thousand with interest due to Zarządca Rozliczeń S.A. In a letter dated 12 July 2010 Zarządca Rozliczeń S.A. upheld its original decision and refused to return the amount in question.

The Management Board of Elektrownia "Kozienice" S.A. decided not to recognize further revenue from compensation and to adjust the revenue from compensation recognized in 2008 by PLN 77,380 thousand. The above adjustment was recognized in the statement of comprehensive income for the period from 1 January to 31 December 2009 as sales revenue (amount reducing the sales revenue). If in the future the Court issues a decision on the appeal against the decision of the President of the Energy Regulatory Office obliging Elektrownia "Kozienice" S.A. to return an amount lower than that specified in the decision of the President of the Energy Regulatory Office, it will increase the financial profit of the Group.

b/ 2009 settlements.

On 29 July 2010 the President of the Energy Regulatory Office issued a decision whereby the amount of the annual stranded cost adjustment for 2009 to be received by Elektrownia "Kozienice" S.A. from Zarządca Rozliczeń S.A. is PLN 15,580 thousand. This decision is also unfavorable for the Group and on 17 August 2010 the Group appealed against it to the Court of Competition and Consumer Protection, Regional Court in Warsaw. On 30 September 2010 Elektrownia "Kozienice" S.A. received the amount of annual adjustment for 2009 of PLN 15,580 thousand from Zarządca Rozliczeń S.A. The above amount has been recognized in the consolidated financial statements for 2010 as sales revenue.

c/ 2010 and 2011 settlements

In 2010 the Company requested an advance payment to cover stranded costs of PLN 0. In 2010 revenue due to compensation for 2010 were not recognized (the financial statements recognize only the annual adjustment for 2009). On 29 July 2011 the President of the Energy Regulatory Office determined the annual adjustment of stranded costs for 2010 at PLN 2,472 thousand. This decision is also unfavorable for the Company and on 18 August 2011 the Company appealed against it to the Regional Court of Competition and Consumer Protection in Warsaw. On 30 September 2011 Elektrownia "Kozienice" S.A. received the amount of annual adjustment for 2010 of PLN 2,472 thousand from Zarządca Rozliczeń S.A. Formal issues and procedures are still being carried out.

The Company requested for an advance payment to cover stranded costs of PLN 3,500 thousand for 2011. By 5 January 2012 Zarządca Rozliczeń S.A. made advance payments for four quarters of 2011 for the total amount of PLN 3,500 thousand. Between January and December 2011 the Company recognized revenue due to compensation only up to the annual adjustment of stranded costs for 2010, i.e. PLN 2,472 thousand.
The Company requested for an advance payment to cover stranded costs of PLN 0 for 2012. During the 3-month period ended 31 March 2012 the Company did not recognize revenue due to compensation.

Assuming that the appeal against the decision of the President of the Energy Regulatory Office concerning annual adjustments for 2008 and 2009 are favorable for Elektrownia "Kozienice" S.A.:
- the annual adjustment for 2009 is estimated at PLN 111,100 thousand (+);

On 1 December 2010, Court of Competition and Consumer Protection held a hearing regarding LTC 2008. The Court decided to adjourn the case until the Court of Appeals issues a valid decision whether Zarządca Rozliczeń may receive the status of a concerned party in the proceedings. On 22 June 2011 the Court of Appeals dismissed the complaint of Zarządca Rozliczeń S.A. against the decision of the Court of Competition and Consumer Protection of 21 October 2010 and the refusal to admit Zarządca Rozliczeń to case concerning the 2008 LCT as a party concerned. This way it was not granted the status of a party to the proceedings in the 2008 LCT case. On 19 January 2011 the court heard case XVII Amz 53/10 concerning the complaint of Elektrownia "Kozienice" against the decision of the President of the Energy Regulatory Office of 26 July 2010 refusing access to some documents included in the files of the 2009 LCT. The Court dismissed the complaint. Formal issues and procedures are still being carried out.

The hearing on the matter of appeal against the decision of the Energy Regulatory Office, determining the annual adjustment for 2008, was set by the Court for Competition and Consumer Protection at 20 February 2012.
During the Court session on 20 February 2012, the Regional Court in Warsaw – Court for Competition of Consumer Protection postponed the hearing due to sudden sickness of one of the judges of the adjudicating panel, and set the new date of hearing at 20 April 2012.

On 20 April 2012, the Regional Court in Warsaw – Court for Competition and Consumer Protection announced a ruling on annual adjustment of stranded costs for 2008. Pursuant to that ruling, the Decision of the President of Energy Regulatory Office of 31 July 2009 was amended so that the amount of annual adjustment of stranded costs for Elektrownia "Kozienice" for 2008 was determined as PLN -4,192 thousand instead of the original amount of PLN -89,537 thousand. President of the Energy Regulatory Office was charged with all costs of proceeding. As on 30 September 2009 the Management Board of Elektrownia "Kozienice" decided to return the advance payment of PLN 44,768 thousand, i.e. the part of the amount arising from the Decision of the President of Energy Regulatory Office of 31 July 2009 which was not suspended by the Court through the decision of 23 September 2009; when the verdict becomes final, Elektrownia "Kozienice" should receive reimbursement of the amount of PLN 40,577 thousand.
The date of hearing on the matter of annual adjustment for 2009 was set as 13 June 2012 and the date of hearing on the matter of annual adjustment for 2010 has not yet been set.

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

The current non-existence of final court resolutions on the appeals filed limits the possibility of determining probability of receiving the above amounts (estimated according to the current knowledge and data) within annual adjustments of stranded costs.

As at the effective date of preparation of these condensed interim consolidated financial statements, it is not possible to clearly identify the final amounts of annual adjustments for 2008, 2009 or 2010 (the outcome of proceedings on the matter of appeal against the decision of the President of Energy Regulatory Office, determining the annual adjustments for 2008, 2009 and 2010). The full amount of acceptable public aid granted as compensation for stranded costs will be defined in the decision of the President of Energy Regulatory Office determining the amount of the final adjustment, to be issued in 2015. Considering the foregoing, it should be stated that the incomes from long-term contracts based on annual adjustments set by the President of Energy Regulatory Office may change on the basis of the above referenced decision of the President of Energy Regulatory Office, determining the amount of final adjustment.

23. Commitments under contracts binding as at the reporting date

Contractual liabilities incurred as at thereporting date but not yet recognized in the statement of financial position:

	31.03.2012	31.12.2011
Acquisition of property, plant and equipment	662 609	739 408
Acquisition of intangible assets	10 633	10 522
	673 242	**749 930**

24. Explanations of the seasonal and the cyclical nature of the Group's business

Sales of electricity and distribution services 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 (44.80% of the sales value), rather than to the industrial sector.

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

25.1. Guarantees for credit facilities and loans as well as other sureties granted by ENEA S.A. and subsidiaries

In the reporting period the Company and its subsidiaries did not give any guarantees or sureties for credit facilities or loans.

25.2. Pending proceedings before courts of general jurisdiction

Actions brought by the Group

Actions which ENEA S.A. and ENEA Operator Sp. z o.o. brought to courts of general jurisdiction 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 grid and other specialized services (the so-called nonelectricity cases).

Actions brought to courts of general jurisdiction by Elektrownia "Kozienice" S.A. are connected mainly with claims for receivables due to breaches of forwarding agreements and liquidated damages from biomass suppliers.

As of 31 March 2012, the total of 9,836 cases brought by the Group were pending before common courts for the total amount of PLN 7,825 thousand (9,198 cases for the total amount of PLN 58,844 thousand as at 31 December 2011).

None of the cases can significantly affect the Group's profit/loss.

Actions brought against the Group

Actions against the Group 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 Group's use of real property where electrical devices are located. The Group considers actions concerning non-contractual use of real property not owned by the Group as particularly important (note 25.5).

Court proceedings against Elektrownia "Kozienice" S.A. are related to claims for salaries/wages and damages brought by former employees for PLN 485 thousand and Gospodarstwo Ogrodnicze w Ryczywole Kamila Lewek Wiśniewska Jacek Pospieszył spółka cywilna. The claim concerns remedying damages resulting from the operation of the plant owned by Elektrownia located on the land adjacent to the plot of Gospodarstwo Ogrodnicze, by way of paying PLN 5,082 thousand. Other claims include e.g. the claim of Centrum Konsultingu Menedżerskiego Gordion Sp. z o.o following a claim to institute amicable proceedings - the amount claimed is PLN 5,018 thousand. During the conciliatory session on 17 June 2010 the parties failed to reach an agreement and Centrum Konsultingu Menadżerskiego Gordion Sp. z o.o. filed a claim to the Regional Court in Lublin.

On 30.03.2012, a court settlement was executed before the Regional Court in Lublin between Elektrownia "Kozienice" S.A. and Centrum Konsultingu Menadżerskiego Gordion sp. z o.o. Elektrownia "Kozienice" agreed to pay PLN 200,000.00 to Gordion to satisfy Gordion's financial claims for compensation and redress as filed in the suit and in the motion of 10.10.2011; Gordion waived the remaining portion of its financial claims; interest on Gordion's financial claims were redeemed; Elektrownia "Kozienice" agreed to publish a public announcement in *Puls Biznesu* and on the following Web portals: www.pb.pl, www.wnp.pl, www.cire.pl, www.Gazetaprawna.pl and www.elko.com.pl, at its sole cost and expense, on the terms specified in detail in the settlement. Elektrownia Kozienice agreed to return half of the court fee paid on the case to Gordion. Other costs were mutually offset. As a consequence of the settlement, the Regional Court issued a decision to discontinue the proceedings on 30.03.2012 – this decision is not yet valid.

As at 31 March 2012 there were 704 cases pending before common courts which have been brought against the Group for the total amount of PLN 85,506 thousand (671 cases for the total amount of PLN 92,696 thousand as at 31 December 2011). Provisions related to the court cases have been presented in note 20.

25.3. Arbitration proceedings

As at 31 March 2011 there were no pending proceedings before competent arbitration bodies..

25.4. Proceedings before Public Administration Bodies

Pursuant to a decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 which closed the proceedings for charging customers with a double subscription fee for January 2008, ENEA S.A. was obliged to pay a fine of PLN 160 thousand. The Company appealed against the decision on 30 September 2008. On 31 August 2009 the Regional Court in Warsaw – Court of Competition and Consumer Protection reduced the fine to PLN 10 thousand. On 25 September 2009, ENEA appealed against the judgment issued by the Court of Competition and Consumer Protection to the Court of Appeals in Warsaw applying for reversal of the decision in whole. On 27 April 2010 the Court reversed the judgment and remanded the case for reconsideration. On 27 January 2011 the Court of Competition and Consumer Protection dismissed the appeal of ENEA S.A. against the decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 and upheld the PLN 10 thousand fine imposed on the Company. Having obtained the grounds for the decision, on 20 April 2011 the Proxy of ENEA S.A. appealed against the decision to the Court of Appeals in Warsaw, VI Civil Law Division. The date of the hearing was set at 8 February 2012. On 7 March 2012 paid a fine of PLN 10 thousand, according to the decision of the Court of Competition and Consumer Protection on 27 January 2011.

On 27 November 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 17 December 2008, ENEA filed an appeal to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. On 15 December 2009 the Court of Competition and Consumer Protection issued a judgment favorable for the Company, changing the decision of the President of the Energy Regulatory Office of 27 November 2008 and discontinuing the administrative proceedings. The President of the Energy Regulatory Office appealed against the decision to the Court of Appeals in Warsaw. On 24 November 2010 (VI ACa 327/10) the Court of Appeal reversed the decision of the Regional Court in Warsaw –

Court of Competition and Consumer Protection of 15 December 2009 appealed against by the President of the Energy Regulatory Office and remanded the case for reconsideration and settling the costs of the appeal proceedings. On 27 September 2011 the Regional Court of Competition and Consumer Protection in Warsaw dismissed the appeal of ENEA against the decision of the President of the Office of Competition and Consumer Protection on imposing a fine on ENEA. An appeal against the decision of 27 September 2011 was filed on 18 November 2011.

On 28 December 2009 the President of the Energy Regulatory Office issued a decision on ENEA's failure to comply with the obligation to purchase electricity produced in the energy cogeneration with heat in the first half of 2007, imposing a fine of PLN 2,150 thousand on the Company. On 19 January 2010, ENEA filed an appeal against the decision of the President of the Energy Regulatory Office to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. On 6 March 2012 the Regional Court in Warsaw – the Court of Competition and Consumer Protection reversed the decision of the President of the Energy Regulatory Office on 28 December 2009. The reversed decision imposed a fine for failing to comply with the obligation to purchase electricity produced in the energy cogeneration with heat. Above decision is pending appeal.

On 11 February 2009 Elektrownia "Kozienice" applied to the Customs Office in Radom for ascertainment and refund of overpaid excise on electricity for the months from January 2006 to December 2008 in the amount of PLN 694,6 million with return correction.
On 24 November 2009 the Company applied to the Customs Office in Radom for ascertainment and refund of overpaid excise on electricity for subsequent months, i.e. January 2009 and February 2009 in the amount of PLN 34.6 million, including PLN 247 thousand of excise on renewable energy.

Excise adjustments, excluding excise on renewable energy, stem from the differences in the Polish and EU regulations concerning tax on electricity in the period from 1 January 2006 to 28 February 2009.

Proceedings related to overpaid tax for 2006: Elektrownia "Kozienice" appealed to the Provincial Administrative Court in Warsaw against the decisions of the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for individual months of 2006 and the amounts specified in the original tax return were correct.

Proceedings related to overpaid tax for 2007: Elektrownia "Kozienice" appealed to the Provincial Administrative Court in Warsaw against the decisions of the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for individual months of 2007 and the amounts specified in the original tax return were correct.

Proceedings related to overpaid tax for 2008 - the Head of the Customs Office in Radom issued decisions determining the overpaid amount of excise only with respect to renewable electricity for individual months of 2008 in the total amount of PLN 2.6 million. As for the period when Polish regulations were inconsistent with those of the European Union, he refused returning overpaid tax and specified tax liabilities in amounts reduced by the excise on energy from renewable resources for the period in question. The Company appealed against the decisions to the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for individual months in 2008 and specifying the tax liability for the months at amounts resulting from the initial returns of the Company, less excise on green energy.

Elektrownia "Kozienice" appealed to the Provincial Administrative Court in Warsaw against the decisions of the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for individual months of 2008 and which set the tax liability for a certain period.

Proceedings related to overpaid tax for January 2009 and February 2009 – the Head of the Customs Office in Radom issued decisions determining the overpaid amount of excise only with respect to renewable electricity for January 2009 and February 2009 at PLN 247 thousand. As for the period when Polish regulations were inconsistent with those of the European Union, he refused returning overpaid tax and specified tax liabilities in amounts reduced by the excise on energy from renewable resources for the period in question. The Company appealed
against the decisions to the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for individual months in 2009 and specifying the tax liability for the months at amounts resulting from the initial returns of the Company, less excise on green energy.

The Company appealed to the Provincial Administrative Court in Warsaw against the decisions of the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for January and February 2009 and which set the tax liability for a certain period.

The Administrative Court in Warsaw, VIII Division in Radom, gave rulings which accepted the complaints of Elektrownia "Kozienice" S.A. and overruled the decisions of the Director of the Customs Chamber in Warsaw and earlier decisions of the Head of the Radom Customs Office on the amounts of excise duty for the period from January 2006 to February 2009. The Head of the Customs Chamber in Warsaw filed last resort appeals against the rulings in question.

The Administrative Court in Warsaw, VIII Division in Radom, gave rulings which dismissed the complaints of Elektrownia "Kozienice" S.A. concerning the decisions of the Director of the Customs Chamber in Warsaw and earlier decisions of the Head of the Radom Customs Office on the refusal to return the overpaid excise duty for the period from January 2006 to February 2009. Last resort appeals against the above rulings have been filed.

Elektrownia "Kozienice" S.A. received decisions of the Marshal of the Mazowieckie Province concerning the use of the environment - emission of gas and fumes for the first and second half of 2008. The decision 132 imposed a fine of PLN 2,888,542.00 thousand, decision 133, of PLN 2,177,780.00. Elektrownia „Kozienice" S.A. appealed against the above decisions to the Self-government Appeal Court in Warsaw. The Self-government Appeal Court sustained the decisions of the Marshal of the Mazowieckie Region. The representative of Elektrownia "Kozienice" appealed against both decisions (of 23 December 2010, ref. No. KOA/2563/Oś/10 and KOA/2562/Oś/10) to the Provincial Administrative Court in Warsaw. On 1 April 2011 the Provincial Administrative Court in Warsaw heard both cases, ref. No. IV SA/Wa 296/11 and IV SA/Wa 297/11. The court dismissed both appeals of Elektrownia "Kozienice". On 16 June 2011 the representative of Elektrownia "Kozienice" filed last resort appeals to the Supreme Administrative Court against both rulings of the Provincial Administrative Court on cases No. IV SA/Wa 296/11 and IV SA/Wa 297/11. The Supreme Administrative Court has not yet set dates of the hearing of appeals.

Due to the nature of the Group's business, there were many other proceedings before the public administration bodies as of 31 March 2012.

A vast majority of the proceedings have been instigated at the request of the Group, which has applied to relevant administration bodies for:

- instigation of administrative enforcement in order to recover receivables for illegal consumption of electricity,
- building permits with respect to new facilities and modernization of the existing ones,
- permit for occupation of a road lane by electricity equipment,
- determination of fees for perpetual usufruct of land,
- designation of land for electrical devices.

Some of the proceedings are complaints submitted to government and local government administration bodies or administrative courts with respect to decisions issued in the above cases.

The result of these proceedings is unlikely to have a significant impact on the Group's net profit.

Due to the nature of operations of ENEA Operator Sp. z o.o. (operations in the regulated monopoly market) there have been numerous court actions brought against the Company by the President of the Energy Regulatory Office and the President of the Office for Competition and Consumer Protection at the request of buyers of electricity supplied by the Group. The President of the Energy Regulatory Office, as a key central administration body appointed to regulate operations of companies in the energy sector, settles disputes related to a refusal to conclude agreements for connection to the grid or provision of transmission services, or to the provisions thereof.

As of 31 March 2012 the President of the Energy Regulatory Office carried out a series of explanatory and administrative proceedings against the Group.

The result of these proceedings is unlikely to have a significant impact on the Group's net profit.

25.5. Risk related to the legal status of property used by the Group

The risk related to the legal status of the property used by the Group results from the fact that the Group does not have all legal titles to use the land where transmission networks and the related devices are located. The Group

may have to incur costs related to non-contractual use of property in the future. Considering the legal status, there is a risk of additional costs related to compensation claims for non-contractual use of land, rental fee or, rarely, claims related to the change of facility location (restoring land to its previous condition).
Decisions related to these issues are important as they considerably affect the Group's strategy towards persons who lodged pre-trial claims related to devices located on their land in the past and the approach to the legal status of devices in case of new investments.

The Group recognized a provision for all claims lodged by owners of property located near transmission networks and devices based on best estimates of expenditures necessary to settle the claims adopted by the Management Board. The Group does not recognize provisions for possible claims which have not been yet filed by owners of land used non-contractually. The Group does not keep any record and it has no knowledge of the legal status of land, therefore is it unable to reliably estimate the maximum amount of possible claims arising from non-contractual use of land.

25.6. Risk related to participation in costs incurred due to the use of woodland managed by the National Forests for the needs of electricity lines

The Act of 17 December 2010 amending the act on forests and the act on environmental protection (Journal of Laws of 2010, No. 34, item 2572 as amended), which came into force in March 2011 laid legal grounds for establishing transmission easement for consideration on real property owned by the State Treasury and managed by National Forests by forest district offices for the benefit of energy companies. In accordance with the Act, the consideration depends on the amount of taxes and charges incurred by the National Forests with relation to the part of the real property the use of which is limited due to the easement.
In preparation for implementation of the statutory provisions, the Group carried out a physical count of land managed by the National Forests with elements of the energy distribution system owned by the Group and created a relevant provision for the potential payments to the National Forests. The Group started talks with the National Forests aimed at determining the scope of transmission easement and the amount of related expenses. Agreements concluded with particular forest district offices will allow for resolving issues related to locating electricity networks in the woodlands and will enable the Company to use these networks appropriately. Obtaining a title to use land in the woodlands will facilitate exploitation, renovation and modernization of electricity lines and carrying out new investment projects. Better access to the network and appropriate cutting of trees and branches will reduce the risk of breakdowns and improve the security of electricity supplies.

Regardless of the aforementioned actions aimed at general regulation of the legal status of land owned by the National Forests, individual forest district offices lodged claims against the Group due to its non-contractual use of land. The claims have been accounted for in the provision referred to in note 20.

26. Changes in excise tax

On 1 March 2009, an amendment to the Act on Excise Duty of 23 January 2004 came into force. Polish excise regulations required an amendment in order to comply with the EU laws. Based on the amendment, the excise obligation arises when electricity is supplied to end customers (not at the time of electricity production).

Consequently, since 1 March 2009 ENEA S.A. has been obliged to pay excise duty (before it was paid by Elektrownia "Kozienice" S.A.).

On 12 February 2009 the European Court of Justice issued a ruling stating that the previous Polish regulations determining the time of chargeability of excise on electricity did not comply with the regulations of the EU Energy Directive.

On 11 February 2009 Elektrownia "Kozienice" S.A. applied to the Customs Office in Radom for ascertainment and refund of overpaid excise in the amount of PLN 694.6 million for the period from January 2006 to December 2008. Additionally, on 24 November 2009 the Company applied to the Customs Office in Radom for ascertainment and refund of overpaid excise on electricity in the amount of PLN 34.6 million for January and February 2009.

As the outcome is not certain, the excise refund applied for has not been recognized in these condensed interim consolidated financial statements.

Selected separate financial data

	in PLN '000		in EUR '000	
	3 months ended 31 March 2012	3 months ended 31 March 2011	3 months ended 31 March 2012	3 months ended 31 March 2011
Net sales revenue	1 615 411	1 550 385	386 925	390 112
Operating profit	2 737	56 628	656	14 249
Profit before tax	35 542	78 662	8 513	19 793
Net profit for the reporting period	22 925	61 821	5 491	15 556
Net cash flows from operating activities	(133 644)	(202 483)	(32 011)	(50 949)
Net cash flows from investing activities	(222 342)	267 920	(53 256)	67 415
Net cash flows from financing activities	(765)	(959)	(183)	(241)
Total net cash flows	(356 751)	64 478	(85 449)	16 224
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.05	0.14	0.01	0.04
Diluted earnings per share (in PLN / EUR)	0.05	0.14	0.01	0.04

	Balance as at 31 March 2012	Balance as at 31 December 2011	Balance as at 31 March 2012	Balance as at 31 December 2011
Total assets	11 215 037	11 161 111	2 694 886	2 526 968
Total liabilities	986 792	955 255	237 118	216 278
Non-current liabilities	115 285	115 785	27 702	26 215
Current liabilities	871 507	839 470	209 416	190 063
Equity	10 228 245	10 205 856	2 457 767	2 310 690
Share capital	588 018	588 018	141 296	133 132
Book value per share (in PLN per share)	23.17	23.12	5.57	5.23
Diluted book value per share (in PLN per share)	23.17	23.12	5.57	5.23

The above financial data for Q1 2012 and 2011 were translated into EUR in line with the following principles:
- individual assets and liabilities – at the average exchange rate as of 31 March 2012 – PLN/EUR 4.1616 (as at 31December 2011 – PLN/EUR 4.4168),
- individual items from the statement of comprehensive income and the statement of cash flows – as per the arithmetic mean of the average exchange rates determined by the National Bank of Poland as at the last day of each month of the financial period from 1 January to 31 March 2012 – PLN/EUR – 4.1750 (for the period from 1 January to 31 March 2011 – PLN/EUR 3.9742).

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION OF ENEA S.A. FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

To the Shareholders of ENEA S.A.

Introduction

We have reviewed the accompanying condensed separate statement of financial position of ENEA S.A., with its registered office in Poznań, ul. Górecka 1, as at 31 March 2012, the condensed separate statements of comprehensive income, changes in equity and cash flows for three month period then ended, and notes to the condensed interim financial information ("the condensed separate interim financial information"). Management is responsible for the preparation and presentation of this condensed separate interim financial information in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this condensed separate interim financial information, based on our review.

Scope of Review

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial information as at 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34.

On behalf of KPMG Audyt Sp. z o.o.
registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

....
Certified Auditor No. 10176
Michał Karwatka

Signed on the Polish original

....
Certified Auditor No. 90061
Partner with power of attorney
Marek Gajdziński

14 May 2012
Poznań

Condensed interim separate financial statements of ENEA S.A. for the period from 1 January to 31 March 2012

Poznań, 14 May 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, 14 May 2012

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

Separate Statement of Financial Position

	Note	Balance as at 31.03.2012	Balance as at 31.12.2011
ASSETS			
Non-current assets			
Property, plant and equipment	8	180 963	178 785
Perpetual usufruct of land		2 086	1 471
Intangible assets	9	3 704	3 114
Investment property	10	17 561	17 512
Investments in subsidiaries, associates and joint ventures	11	8 724 280	8 522 698
Deferred tax asset	16	44 376	56 833
Financial assets available for sale		19 363	19 365
Financial assets held to maturity		343 645	142 193
Financial assets measured at fair value through profit or loss		1 572	1 557
		9 337 550	**8 943 528**
Current assets			
Trade and other receivables		955 806	765 420
Current income tax receivables		10 605	14 065
Financial assets measured at fair value through profit or loss	15	545 032	712 670
Cash and cash equivalents	14	350 859	707 610
Non-current assets classified as held for sale	12	15 185	17 818
		1 877 487	**2 217 583**
TOTAL ASSETS		**11 215 037**	**11 161 111**

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

	Note	Balance as at 31.03.2012	Balance as at 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)		11 453	11 989
Reserve capital		1 062 349	1 062 349
Retained earnings		2 794 416	2 771 491
Total equity		**10 228 245**	**10 205 856**
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		4 991	5 548
Deferred income from subsidies and connection fees		30 757	30 853
Liabilities due to employee benefits		79 537	79 384
		115 285	**115 785**
Current liabilities			
Trade and other liabilities		649 269	572 092
Finance lease liabilities		2 785	3 136
Settlement of income due to subsidies and connection fees		2 269	2 343
Liabilities due to employee benefits		13 994	14 567
Liabilities due to cash settled share-based payments		354	508
Provision for certificates of origin	17	156 470	192 946
Provisions for other liabilities and charges	18	46 366	53 878
		871 507	**839 470**
Total liabilities		**986 792**	**955 255**
TOTAL EQUITY AND LIABILITIES		**11 215 037**	**11 161 111**

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

Separate Statement of Comprehensive Income

	For the period	
	3 months ended 31 March 2012	**3 months ended 31 March 2011**
Sales revenue	1 667 405	1 608 175
Excise tax	(51 994)	(57 790)
Net sales revenue	**1 615 411**	**1 550 385**
Other operating revenue	5 701	4 337
Depreciation/amortization	(4 138)	(4 381)
Costs of employee benefits	(15 313)	(16 825)
Consumption of materials and supplies and costs of goods sold	(1 216)	(1 267)
Energy purchase for sale	(1 080 351)	(967 504)
Transmission and distribution services	(447 406)	(468 962)
Other external services	(54 807)	(29 365)
Taxes and charges	(3 257)	(3 413)
Profit/(loss) on sale and liquidation of property, plant and equipment	2 190	112
Other operating expenses	(14 077)	(6 489)
Operating profit	**2 737**	**56 628**
Financial expenses	(3 953)	(1 718)
Financial revenue	36 758	23 752
Profit before tax	**35 542**	**78 662**
Income tax	(12 617)	(16 841)
Net profit for the reporting period	**22 925**	**61 821**

Other comprehensive income:		
Net change in fair value of available for sale financial assets reclassified to profit or loss	(696)	-
Income tax related to other comprehensive income	160	-
Other comprehensive income, net of tax	**(536)**	**-**
Total comprehensive income for the period	**22 389**	**61 821**

Earnings attributable to the Company's shareholders	22 925	61 821
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (in PLN per share)	**0.05**	**0.14**
Diluted earnings per share (in PLN per share)	**0.05**	**0.14**

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

Separate Statement of Changes in Equity

	Share capital (face value)	Revaluation of share capital	**Total share capital**	**Share premium**	**Share-based payments reserve**	**Revaluation reserve (financial instruments)**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance as at 1 January 2012	441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**11 989**	**1 062 349**	**2 771 491**	**10 205 856**
Net profit								22 925	**22 925**
Other comprehensive income						(536)			**(536)**
Balance as at 31 March 2012	441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**11 453**	**1 062 349**	**2 794 416**	**10 228 245**

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

	Share capital (face value)	Revaluation of share capital	**Total share capital**	**Share premium**	**Share-based payments reserve**	**Revaluation reserve (financial instruments)**	**Reserve capital**	**Retained earnings**	**Total equity**
Balance as at 1 January 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								61 821	**61 821**
Balance as at 31 March 2011	441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**10 941**	**892 198**	**2 842 529**	**10 105 695**

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

Separate Statement of Cash Flows

	3 months ended 31 March 2012	3 months ended 31 March 2011
Cash flows from operating activities		
Net profit for the reporting period	22 925	61 821
Adjustments:		
Income tax expense	12 617	16 841
Depreciation/amortization	4 138	4 381
(Profit)/loss on sale and liquidation of property, plant and equipment	(2 190)	(1 584)
Impairment loss on property, plant and equipment	-	997
(Profit)/loss on disposal of financial assets	(10 925)	2
Interest income	(28 107)	(21 197)
Interest expense	3 555	732
(Profit)/loss on valuation of financial instruments	2 261	-
	(18 651)	**172**
Income tax paid	3 459	(26 085)
Interest received	15 130	6 469
Interest paid	(2 807)	(575)
Changes in working capital		
Trade and other receivables	(189 403)	182
Trade and other liabilities	80 811	(229 949)
Liabilities due to employee benefits	(420)	(1 544)
Deferred income from subsidies and connection fees	(546)	(570)
Provisions for certificates of origin	(36 476)	(11 221)
Liabilities due to cash settled share-based payments	(154)	(5)
Provisions for other liabilities and charges	(7 512)	(1 178)
	(153 700)	(244 285)
Net cash flows from operating activities	**(133 644)**	**(202 483)**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(12 169)	(31 752)
Proceeds from disposal of property, plant and equipment and intangible assets	2 317	257
Proceeds from disposal of financial assets	191 401	325 400
Acquisition of financial assets	(200 000)	(26 000)
Investments in subsidiaries, associates and joint ventures	(203 891)	(35)
Other outflows / proceeds from investing activities	-	50
Net cash flows from investing activities	**(222 342)**	**267 920**
Cash flows from financing activities		
Payments of finance lease liabilities	(765)	(959)
Net cash flows from financing activities	**(765)**	**(959)**
Net increase/(decrease) in cash	**(356 751)**	**64 478**
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	**350 859**	**430 597**

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

(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 31 March 2012 the shareholding structure of ENEA S.A. was the following: the State Treasury of the Republic of Poland – 51.61% of shares, Vattenfall AB – 18.67%, other shareholders – 29.72%.

As at 31 March 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. ("ENEA", "Company").

ENEA S.A. is the parent company in the ENEA S.A. Capital Group ("Group"). As at 31 March 2012 the Group comprised also 20 subsidiaries, 2 indirect subsidiaries and 1 associate.
The Company prepared condensed interim consolidated financial statements as at 31 March 2012 and for the three month period then ended. These condensed interim separate financial statements should be read together with the condensed interim consolidated financial statements of ENEA Group.

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 31 March 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 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.

These condensed interim separate financial statements should be read together with the separate financial statements of ENEA S.A. for the financial year ended 31 December 2011.

4. New accounting standards and interpretations

The standards applicable to annual periods beginning on 1 January 2011 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.

(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 % 31.03.2012**	**Share of ENEA S.A. in the total numbers of votes in % 31.12.2011**
1.	ENERGOMIAR Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, Strzeszyńska 58*	92.62	92.62
3.	ENEA Centrum *Poznań, Górecka 1*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo near Poznań*	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań,Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
7.	ENERGO-TOUR Sp. z o.o. *Poznań,Marcinkowskiego 27*	99.92	99.92
8.	ENEOS Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
9.	ENTUR Sp. z o.o. *Szczecin,Malczewskiego 5/7*	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, Wilkońskiego 2*	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	99.996	99.996
12.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, Wybudowanie 56	91.02	91.02
13.	„IT SERWIS" Sp. z o.o. *Zielona Góra, Zacisze 28*	100	100
14.	„Auto – Styl" Sp. z o.o. *Zielona Góra, Zacisze 15*	100	100
15.	ENEA Operator Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
16.	Elektrownia „Kozienice" S.A. *Świerże Górne, Kozienice, Kozienice 1*	100	100
17.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, Kaczorska 20*	65.03	65.03
18.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp.,Chłapowskiego 51*	-	49
19.	Elektrociepłownia Białystok S.A. *Białystok, Gen. Andersa 3*	99.94	99.94
20.	DOBITT Energia Sp. z o.o. Gorzesław 8, 56-420 Bierutów	100	100
21.	Annacond Enterprises Sp. z o.o. Warszawa, Jana III Sobieskiego ¼	61	61

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

22.	ELKO Trading Sp. z o.o. Świerże Górne, Kozienice, Kozienice 1	100*	100*
23.	”Ecebe” Sp. z o.o. Augustów, Wojciech 8	99.94**	99.94**
24.	Energo-Invest-Broker S.A. Toruń, Jęczmienna 21	-***	-***
25.	Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Sp. k. Samociążek 92, 86-010 Koronowo	-*****	100%****

* - indirect subsidiary held by interests in Elektrownia „Kozienice” S.A.
** - indirect subsidiary by shares in Elektrociepłownia Białystok S.A.
*** - an associate of Elektrownia “Kozienice” 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. At the same time ENEA S.A. sold 280,000 shares acting as a proxy on behalf of other shareholders of WIRBET: Tauron Dystrybucja S.A., ENERGA S.A., PGE Obrót S.A. 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, 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.

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

7. Segment reporting

Segment results for the period from 1 January to 31 March 2012 are as follows:

	Trade	Other segments	Total
Net sales revenue*	1 599 737	15 674	1 615 411
Inter-segment sales	-	-	-
Total net sales revenue	**1 599 737**	**15 674**	**1 615 411**
Total expenses **	(1 570 805)	(11 027)	(1 581 832)
Segment profit/loss	**28 932**	**4 647**	**33 579**
Unassigned general and administrative expenses			(30 842)
Operating profit			**2 737**
Financial expenses			(3 953)
Financial revenue			36 758
Income tax			(12 617)
Net profit			**22 925**

* - Net sales revenue in Trade segment includes net revenue from sales of distribution services of PLN 447,406 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment

** - total expenses:
- include the costs of sales of distribution services of PLN 447,367 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment
- include also other operating revenue and expenses

Segment results for the period from 1 January to 31 March 2011 are as follows:

	Trade	Other segments	Total
Net sales revenue *	1 537 728	12 657	1 550 385
Inter-segment sales	-	-	-
Total net sales revenue	**1 537 728**	**12 657**	**1 550 385**
Total expenses **	(1 459 748)	(11 908)	(1 471 656)
Segment profit/loss	**77 980**	**749**	**78 729**
Unassigned general and administrative expenses			(22 101)
Operating profit			**56 628**
Financial expenses			(1 718)
Financial revenue			23 752
Income tax			(16 841)
Net profit			**61 821**

* - Net sales revenue in Trade segment includes net revenue from sales of distribution services of PLN 468,924 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment

** - - total expenses:
- include the costs of sales of distribution services of PLN 468,962 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment
- include also other operating revenue and expenses

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

Segment reporting (cont'd)

Other segment reporting information as at 31 March 2012:

Balance as at 31 March 2012	Trade	Other segments	Total
Property, plant and equipment	6 114	129 265	135 379
Trade and other receivables*	919 602	9 008	928 610
Total:	**925 716**	**138 273**	**1 063 989**
ASSETS excluded from segmentation			10 151 048
- including property, plant and equipment			45 584
- including trade and other receivables			27 196
TOTAL ASSETS			**11 215 037**
Trade and other liabilities **	637 180	4 495	641 675
Equity and liabilities excluded from segmentation			10 573 362
- including trade and other liabilities			7 594
TOTAL EQUITY AND LIABILITIES			**11 215 037**
Capital expenditures for fixed assets and intangible assets	-	3 390	3 390
Capital expenditures for fixed assets and intangible assets excluded from segmentation			4 774
Depreciation/amortization of fixed assets and intangible assets	109	3 500	3 609
Depreciation/amortization of fixed assets and intangible assets excluded from segmentation			529
Impairment allowance on receivables as at 31 March 2012	78 729	771	79 500

***** - trade and other receivables in Trade segment includes receivables from sales of distribution services of PLN 286,712 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment

****** - trade and other liabilities in Trade segment includes liabilities for costs of distribution services of PLN 286,712 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment

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

Segment reporting (cont'd)

Other segment reporting information as at 31 December 2011:

Balance as at 31 December 2011	Trade	Other segments	Total
Property, plant and equipment	6 223	114 946	121 169
Trade and other receivables*	746 966	8 403	755 369
Total:	**753 189**	**123 349**	**876 538**
ASSETS excluded from segmentation			10 284 573
- including property, plant and equipment			57 616
- including trade and other receivables			10 051
TOTAL ASSETS			**11 161 111**
Trade and other liabilities**	500 113	4 493	504 606
Equity and liabilities excluded from segmentation			10 656 505
- including trade and other liabilities			67 486
TOTAL EQUITY AND LIABILITIES			**11 161 111**
Capital expenditures for fixed assets and intangible assets	-	26 728	26 728
Capital expenditures for fixed assets and intangible assets excluded from segmentation			3 258
Depreciation/amortization of fixed assets and intangible assets	703	14 320	15 023
Depreciation/amortization of fixed assets and intangible assets excluded from segmentation			1 622
Impairment allowance on receivables as at 31 December 2011	81 193	911	82 104

***** - trade and other receivables in Trade segment includes receivables from sales of distribution services of PLN 265,872 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment

****** - trade and other liabilities in Trade segment includes liabilities for costs of distribution services of PLN 265,872 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group in Distribution segment

Segment revenue is generated from sales to external clients and transactions with other segments, which are directly attributable to a given segment with a relevant portion of the Company's revenue that may be reasonably attributed to the segment.

Segment costs are the cost consisting of costs of sales to external clients and costs of transactions with other Group segments, which result from operations of a given segment and may be directly allocated to the segment with a relevant portion of the Company's costs that may be reasonably allocated to the segment.

Market prices are used in inter-segment transactions, which allow individual entities to earn a margin sufficient to carry out independent operations in the market. Trade in electricity and transmission services are governed by prices specified in line with the Energy Law of 10 April 1997 and secondary legislation thereto.

8. Property, plant and equipment

During the 3-month period ended 31 March 2012, the Company acquired property, plant and equipment for the total amount of PLN 8,164 thousand (during the period of 12 months ended 31 December 2011 it was PLN 29,986 thousand).

During the 3-month period ended 31 March 2012, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 74 thousand (during the period of 12 months ended 31 December 2011 it was PLN 4,221 thousand).

As at 31 March 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).

9. Intangible assets

During the 3-month period ended 31 March 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 3-month period ended 31 March 2012 intangible assets of PLN 834 thousand were transferred from fixed assets under construction (PLN 687 thousand during the period of 12 months ended 31 December 2011).

During the 3-month period ended 31 March 2012, the Company did not sell or liquidate intangible assets (during the period of 12 months ended 31 December 2011: PLN 0 thousand).

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

10. Investment property

	31.03.2012	31.12.2011
Opening balance	**18 703**	**-**
Acquisition	182	6 765
Reclassification to/from property, plant and equipment	-	11 938
Disposal (gross value)	-	-
Liquidation (gross value)	-	-
Closing balance	**18 885**	**18 703**
Opening balance of accumulated depreciation	**(1 191)**	**-**
Acquisition (accumulated depreciation)	-	-
Liquidation (accumulated depreciation)	-	-
Depreciation for the period	(133)	(1 191)
Closing balance of accumulated depreciation	**(1 324)**	**(1 191)**
Net value opening balance	**17 512**	**-**
Net value closing balance	**17 561**	**17 512**

11. Investments in subsidiaries, associates and joint ventures

	31.03.2012	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	203 891	665 131
Disposal of investments	-	(9 230)
Other changes	-	(4 523)
Impairment loss	-	12 350
Closing balance	**8 724 280**	**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 3-month period ended 31 March 2012 the Company acquired shares in its subsidiary Elektrownie Wodne Sp. z o.o. for the amount of PLN 49 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).

On 16 April 2012 ENEA S.A. concluded final shares purchase transaction of Windfarm Polska Sp. z o.o. ("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 includes payment for the shares, the acquisition of loans granted by the former shareholder to Windfarm and payment of liabilities of Windfarm related to wind farm construction amounting to PLN 476,152 thousand.

In 2011 and in the first quarter of 2012, according to the preliminary Windfarm shares purchase agreement, ENEA S.A. paid in advance PLN 476,152 thousand (payments made in 2011 amounted to PLN 272,310 thousand and in the first quarter of 2012 – PLN 203,842 thousand).

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

As at the date of these condensed interim separate financial statements, in connection with the recent completion of wind farm construction, the Company does not have sufficient financial data to perform initial purchase price allocation.

As at 31 March 2012 the total amount of payments made in advance for the purchase of shares in Windfarm was presented in the statement of financial position as Investments in subsidiaries, associates and joint ventures.

During the 3-month period ended 31 March 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 in line with IFRS 5.

12. Non-current assets held for sale

	31.03.2012	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 3-month period ended 31 March 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 3-month period ended 31 March 2012 the Company sold shares in Towarowa Giełda Energii S.A. and Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych "WIRBET" S.A.

13. Impairment allowance on trade and other receivables

	31.03.2012	31.12.2011
Opening balance of impairment allowance on receivables	**82 104**	**82 343**
Recognized	3 228	13 383
Reversed	(5 927)	(7 063)
Utilized	95	(6 559)
Closing balance of impairment allowance on receivables	**79 500**	**82 104**

During the 3-month period ended 31 March 2012 the impairment allowance on the carrying amount of trade and other receivables decreased by PLN 2,604 thousand (during the period of 12 months ended 31 December 2011 the impairment allowance decreased by PLN 229 thousand).

14. Cash and cash equivalents

	31.03.2012	31.12.2011
Cash in hand and at bank	**350 197**	**707 076**
- cash in hand	156	192
- cash at bank	350 041	706 884
Other cash	**662**	**534**
- cash in transit	662	534
Total cash and cash equivalents	**350 859**	**707 610**
Cash disclosed in the statement of cash flows	**350 859**	**707 610**

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

As at 31 March 2012 the restricted cash amounted to PLN 9,328 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.

15. 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 31 March 2012 the funds amounted to PLN 545,032 thousand (treasury bills and bonds of PLN 331,047 thousand and deposits in banks specified by the Company – PLN 213,985 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.

16. Deferred income tax

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

	31.03.2012	31.12.2011
Opening balance	**(56 833)**	**(40 137)**
Amount debited/(credited) to profit	12 617	(16 942)
Change recognized in other comprehensive income	(160)	246
Closing balance	**(44 376)**	**(56 833)**

During the 3-month period ended 31 March 2012, the Company's profit before tax was debited with PLN 12,617 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 in the asset).

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

17. Provision for certificates of origin

	31.03.2012	31.12.2011
Certificates of origin	(24 366)	(56 119)
Advance payments for certificates of origin	(2 779)	(645)
Provision for the costs of redemption of certificates of origin	183 615	249 710
Provision for certificates of origin	**156 470**	**192 946**

18. Provisions for liabilities and other charges

Provisions for projected losses due to compensation proceedings and penalties

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

	31.03.2012	31.12.2011
Long-term	-	-
Short-term	46 366	53 878
Balance as at the reporting date	**46 366**	**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	2 854	4 028	-	**6 882**
Provisions used	-	-	(14 394)	**(14 394)**
Reversal of provisions	-	-	-	-
Balance as at 31.03.2012	**19 784**	**16 838**	**9 744**	**46 366**

A description of material claims and the related contingent liabilities has been presented in note 22.2., 22.3. and 22.4.

During the 3-month period ended 31 March 2012 the provision for liabilities and other charges decreased by net amount of PLN 7,512 thousand, mainly due to utilization of a provision for contractual penalty (during the period of 12 months ended 31 December 2011 the provision for liabilities and other charges increased by PLN 10,349 thousand).

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

19. Related party transactions

The Company concludes transactions with the following related parties:

(i) Companies from the ENEA Group

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Purchases, including:	**1 114 044**	**539 346**
investment purchases	5 678	1 289
materials	181	244
services	481 460	489 033
other (including energy)	626 725	48 780
Sales, including:	**28 473**	**4 374**
energy	21 780	1 599
services	2 235	236
other	4 458	2 539

	31.03.2012	31.12.2011
Receivables	14 743	11 010
Liabilities	452 479	309 546

(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 from the Company's Social Benefit Fund granted to Members of the Management Board of the Parent 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 - 31.03.2012	01.01.2011 - 31.03.2011	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Remuneration under employment contract	-	225	-	-
Remuneration under managerial and consultancy agreements	476	-	-	-
Remuneration relating to appointment of members of management or supervisory bodies	311	-	80	110
Remuneration due to the position held in supervisory boards of subsidiaries	-	41	-	-
Other employee benefits (in particular electricity allowance)	-	31	-	-
TOTAL	**787**	**297**	**80**	**110**

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

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

No.	Body	Balance as at 01.01.2012	Granted since 01.01.2012	Repayments till 31.03.2012	Balance as at 31.03.2012
1.	Management Board	-	-	-	**-**
2.	Supervisory Board	21	24	(2)	**43**
	TOTAL	**21**	**24**	**(2)**	**43**

No.	Body	Balance as at 01.01.2011	Granted since 01.01.2011	Repayments till 31.12.2011	Balance as at 31.12.2011
1.	Management Board	-	-	-	**-**
2.	Supervisory Board	29	5	(13)*	**21**
	TOTAL	**29**	**5**	**(13)**	**21**

* - including PLN 6 thousand – loan amount not disclosed due to expiration of the mandate of a Member of the Supervisory 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.
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.

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

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:

	31.03.2012	**31.12.2011**
Acquisition of property, plant and equipment	3 398	4 845
Acquisition of intangible assets	190	254
Acquisition of shares	-	207 590
	3 588	**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 (44.80% of the sales value), rather than to the industrial sector.

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

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

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

Guarantees and sureties as at 31 March 2012

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Term	Relation between the Company and the entity which incurred the liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 204 thousand (EUR 49 thousand)	31-08-2017	subsidiary
2.	ELKO Trading Sp. z o.o.	PLN 50 000 thousand	31-07-2012	indirect subsidiary

Guarantees and sureties as at 31 December 2011

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Term	Relation between the Company and the entity which incurred the liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 216 thousand (EUR 49 thousand)	31-08-2017	subsidiary
2.	ELKO Trading Sp. z o.o.	PLN 50 000 thousand	31-07-2012	indirect subsidiary

In the reporting period the Company did not give any guarantees or sureties for credit facilities or loans.

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 31 March 2012, the total of 8,200 cases brought by the Company were pending before common courts of law for the total amount of PLN 18,892 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 financial profit/loss.

Actions brought against the Company

Actions against the Company are brought both by natural and legal persons. They mainly refer to such issues as compensation for interrupted delivery of electricity, identification of illegal electricity consumption and compensation for the Company's use of real property where electrical devices are located. The Company considers actions concerning non-contractual use of real property not owned by the Company as particularly important (note 22.5).

As at 31 March 2012, the total of 119 cases against the Company were pending before common courts of law for the total amount of PLN 26,583 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 18.

22.3. Arbitration proceedings

As at 31 March 2012 there were no pending proceedings before competent arbitration bodies.

22.4. Proceedings before Public Administration Bodies

Pursuant to a decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 which closed the proceedings for charging customers with a double subscription fee for January 2008, ENEA S.A. was obliged to pay a fine of PLN 160 thousand. The Company appealed against the decision on 30 September 2008. On 31 August 2009 the Regional Court in Warsaw – Court of Competition and Consumer Protection reduced the fine to PLN 10 thousand. On 25 September 2009, ENEA appealed against the judgment issued by the Court of Competition and Consumer Protection to the Court of Appeals in Warsaw applying for reversal of the decision in whole. On 27 April 2010 the Court reversed the judgment and remanded the case for reconsideration. On 27 January 2011 the Court of Competition and Consumer Protection dismissed the appeal of ENEA S. A. against the decision of the President of the Office of Competition and Consumer Protection of

12 September 2008 and upheld the PLN 10 thousand fine imposed on the Company. Having obtained the grounds for the decision, on 20 April 2011 the Proxy of ENEA S.A. appealed against the decision to the Court of Appeals in Warsaw, VI Civil Law Division. The date of the hearing was set at 8 February 2012. On 7 March 2012 paid a fine of PLN 10 thousand, according to the decision of the Court of Competition and Consumer Protection on 27 January 2011.

On 27 November 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 17 December 2008, ENEA filed an appeal to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. On 15 December 2009 the Court of Competition and Consumer Protection issued a judgment favorable for the Company, changing the decision of the President of the Energy Regulatory Office of 27 November 2008 and discontinuing the administrative proceedings. The President of the Energy Regulatory Office appealed against the decision to the Court of Appeals in Warsaw. On 24 November 2010 (VI ACa 327/10) the Court of Appeal reversed the decision of the Regional Court in Warsaw – Court of Competition and Consumer Protection of 15 December 2009 appealed against by the President of the Energy Regulatory Office and remanded the case for reconsideration and settling the costs of the appeal proceedings. On 27 September 2011 the Regional Court of Competition and Consumer Protection in Warsaw dismissed the appeal of ENEA against the decision of the President of the Office of Competition and Consumer Protection on imposing a fine on ENEA. An appeal against the decision of 27 September 2011 was filed on 18 November 2011.

On 28 December 2009 the President of the Energy Regulatory Office issued a decision on ENEA's failure to comply with the obligation to purchase electricity produced in the energy cogenerated with heat in the first half of 2007, imposing a fine of PLN 2,150 thousand on the Company. On 19 January 2010, ENEA filed an appeal against the decision of the President of the Energy Regulatory Office to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. On 6 March 2012 the Regional Court in Warsaw – the Court of Competition and Consumer Protection reversed the decision of the President of the Energy Regulatory Office on 28 December 2009. The reversed decision imposed a fine for failing to comply with the obligation to purchase electricity produced in the energy cogeneration with heat. Above decision is pending appeal.

22.5. Risk related to the legal status of property used by the Company

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

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

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

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

The Company does not recognize a provision for claims which have not been filed yet by owners of land used non-contractually. The value of the potential claims may be significant, considering the area of land used non-contractually. The Company does not keep any record and it has no knowledge of the legal status of land, therefore is it unable to reliably estimate the maximum amount of possible claims arising from non-contractual use of land.

22.6. Risk related to participation in cost incurred due to the use of woodland managed by the National Forests for the needs of electricity lines.

On 30 June 2007 ownership of all electricity lines was transferred to ENEA Operator Sp. z o.o. Therefore, the Act of 17 December 2010 amending the act on forests and the act on environmental protection (Journal of Laws of 2010, No. 34, item 2572 as amended), which came into force in March 2011 and laid legal grounds for establishing transmission easement for consideration on real property owned by the State Treasury and managed by National Forests for the benefit of energy companies do not directly affect ENEA S.A.
According to ENEA S.A. in line with the applicable provisions of law, claims regarding the use of woodland managed by the National Forests for the purpose of locating electricity lines owned by ENEA S.A. before 30 June 2007 which were older than 3 years have expired.
Still, there is no consistent judicature concerning the statute of limitations of the claims in question, which has resulted in a number of court decisions disadvantageous for the Company. Moreover, individual forest district offices have laid claims for damages due to non-contractual use of real property against ENEA S.A. (pending court proceedings have been presented in note 22.2). Therefore, it is advisable to recognize a provision for pre-court claims due to the use of woodland managed by the National Forests for the needs of electricity lines which had belonged to ENEA S.A. before 30 June 2007. The provision should be created to minimize the financial risk resulting from possible future court decisions disadvantageous for the Company.

The provision amount has been estimated based on the document provided to the Group by the National Forests, which specifies the amount of potential compensation for claims against ENEA S.A. The provision has been recognized in note 18.