

**Condensed interim consolidated financial statements of
the ENEA Capital Group
for the period from 1 January to 30 June 2011**

Poznań, 29 August 2011

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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 Board	Maciej Owczarek
Member of the Board	Maksymilian Górniak
Member of the Board	Hubert Rozpędek
Member of the Board	Krzysztof Zborowski

Poznań, 29 August 2011

Consolidated Balance Sheet

	As at	
	30.06.2011	31.12.2010
ASSETS		
Non-current assets		
Property, land and equipment	8 678 883	8 308 650
Land perpetual usufruct right	71 809	29 208
Intangible assets	197 894	145 141
Investment property	8 272	8 203
Investments ion associated entities measured with equity method	11 502	170 220
Financial assets available for sale	76 927	74 867
Financial assets measured at fair value through profit or loss	1 377	1 411
Trade and other receivables	175	168
	9 046 839	8 737 868
Current assets		
Inventory	316 285	242 058
Trade and other receivables	949 017	922 460
Current income tax receivables	1 494	1 819
Financial asset sheld to maturity	479 563	250 934
Financial assets measured at fair value through profit or loss	1 359 914	1 781 939
Cash and cash equivalents	944 201	899 627
	4 050 474	4 098 837
Non-current assets held for sale	-	-
Total assets	13 097 313	12 836 705

	As at	
	30.06.2011	31.12.2010
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of the Parent		
Share capital	588 018	588 018
Share premium	3 632 464	3 632 464
Share-based capital	1 144 336	1 144 336
Revaluation reserve (financial instruments)	52 854	50 922
Other capitals	(21 722)	(22 110)
Retained earnings	4 678 658	4 458 944
	10 074 608	9 852 574
Minority interest	24 032	23 897
Total equity	10 098 640	9 876 471
LIABILITIES		
Non-current liabilities		
Credit facilities and loans	79 690	72 362
Trade and other liabilities	-	2
Finance lease liabilities	1 726	1 742
Settlement of income due to subsidies and connection fees	715 878	713 215
Provision for deferred income tax	102 919	80 453
Liabilities due to employee benefits	437 213	428 134
Provisions for other liabilities and charges	86 200	78 068
	1 423 626	1 373 976
Current liabilities		
Credit facilities and loans	44 934	42 398
Trade and other liabilities	1 038 800	1 017 805
Finance lease liabilities	2 115	2 134
Settlement of income due to subsidies and connection fees	114 371	122 370
Current income tax liabilities	43 447	72 159
Liabilities due to employee benefits	165 294	146 864
Liabilities due to an equivalent of the right to acquire shares free of charge	532	557
Provision for certificates of origin	100 003	92 646
Provisions for other liabilities and charges	65 551	89 325
	1 575 047	1 586 258
Total liabilities	2 998 673	2 960 234
Total equity and liabilities	13 097 313	12 836 705

Consolidated Statement of Comprehensive Income

	6 months ended	6 months ended
	30.06.2011	30.06.2010
Sales revenue	4 861 665	4 051 787
Excise duty	(115 989)	(133 960)
Net sales revenue	4 745 676	3 917 827
Other operating revenue	56 358	23 495
Amortization/depreciation	(326 866)	(324 478)
Costs of employee benefits	(463 892)	(481 334)
Consumption of materials and supplies and costs of goods sold	(748 500)	(727 754)
Energy purchase for sale	(2 124 106)	(1 359 393)
Transmission services	(355 351)	(344 837)
Other external services	(181 588)	(172 504)
Taxes and charges	(105 228)	(94 856)
(Profit) / loss on sale and liquidation of property, plant and equipment	3 045	1 016
Other operating expenses	(61 319)	(43 669)
Operating profit	438 229	393 513
Financial expenses	(8 037)	(19 357)
Financial revenue	82 942	78 231
Revenue from dividends	741	696
Share in profits/losses of associates measured using the equity method	8 459	4 500
Profit before tax	522 334	457 583
Income tax	(108 221)	(92 891)
Net profit for the reporting period	414 113	364 692
Other items of comprehensive income		
Measurement of financial assets available for sale	2 385	2 848
Income tax related to other items of comprehensive income	(453)	(541)
Other items of net comprehensive income	1 932	2 307
Comprehensive income for the period	416 045	366 999
Including net profit:		
attributable to shareholders of the Parent	413 949	363 996
attributable to minority interests	164	696
Including comprehensive income:		
attributable to shareholders of the Parent	415 881	366 303
attributable to minority interests	164	696
Net profit attributable to shareholders of the Parent	413 949	363 996
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0,94	0,83
Diluted earnings per share (in PLN per share)	0,94	0,83

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

ENEA Capital Group

Condensed Interim Consolidated Financial Statements for the period from 1 January to 30 June 2011

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

	Share capital (face value)	Revaluation of share capital	Total share capital	Treasury shares	Share-based capital	Share premium	Revaluation reserve (financial instruments)	Other capitals	Retained earnings	Capital attributable to minority 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
Comprehensive income							1 932		413 949	164	416 045
Dividends									(194 235)		(194 235)
Put option on minority interest in subsidiaries								388			388
Settlement of acquisition of shares in subsidiaries										(29)	(29)
Balance as at 30.06.2011	441 443	146 575	588 018	-	1 144 336	3 632 464	52 854	(21 722)	4 678 658	24 032	10 098 640

	Share capital (face value)	Revaluation of share capital	Total share capital	Treasury shares	Share-based capital	Share premium	Revaluation reserve (financial instruments)	Other capitals	Retained earnings	Capital attributable to minority interests	Total equity
Balance as at 01.01.2010	441 443	146 575	588 018	-	1 144 336	3 632 464	20 756	(22 110)	3 985 386	23 778	9 372 628
Comprehensive income							2 307		363 996	696	366 999
Dividends									(167 748)		(167 748)
Balance as at 30.06.2010	441 443	146 575	588 018	-	1 144 336	3 632 464	23 063	(22 110)	4 181 634	24 474	9 571 879

The consolidated statement of changes in equity should be read together with the notes, which constitute an integral part of the condensed interim consolidated financial statements.

Consolidated Cash Flow Statement

	6 months ended 30.06.2011	6 months ended 30.06.2010
Cash flows from operating activities		
Net profit for the reporting period	414 113	364 692
Adjustments:		
Income tax disclosed in the income statement	108 221	92 891
Depreciation/amortization	326 866	324 478
(Profit) / loss on sale and liquidation of property, plant and equipment	(4 517)	(1 016)
Impairment loss on property, plant and equipment	1 273	-
(Profit) / loss on sale of financial assets	(712)	(110)
Interest income	(79 076)	(75 918)
Dividend income	(741)	(696)
Interest expense	4 245	5 522
Share in the (profit) / loss of associates	(8 459)	(4 500)
Exchange (gains) / losses on credit facilities and loans	(166)	(2 031)
Other adjustments	41 016	2 042
	387 950	340 662
Income tax paid	(143 885)	(133 864)
Interest received	33 490	25 578
Interest paid	(4 014)	(3 542)
Changes in working capital		
Inventory	(32 206)	63 690
Trade and other receivables	(3 678)	1 454
Trade and other liabilities	(3 796)	(69 872)
Liabilities due to employee benefits	16 011	54 979
Settlement of income due to subsidies and connection fees	(35 984)	(11 977)
Provisions for certificates of origin	7 300	31 843
Liabilities due to an equivalent of the right to acquire shares free of charge	(25)	(24)
Other provisions	(13 331)	(342)
	(65 709)	69 751
Net cash flows from operating activities	621 945	663 277
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(500 714)	(370 752)
Proceeds from disposal of property, plant and equipment	5 613	7 194
Acquisition of financial assets	(670 582)	(59 783)
Proceeds from disposal of financial assets	910 202	30 083
Acquisition of subsidiaries adjusted by acquired cash	(301 047)	-
Dividends received	-	14 321
Other outflows	746	(4 355)
Net cash flows from investing activities	(555 782)	(383 292)
Cash flows from financing activities		
Credit facilities and loans received	3 312	841
Credit facilities and loans repaid	(19 541)	(19 118)
Dividend paid to Parent's shareholders	-	(167 748)
Payment of finance lease liabilities	(2 330)	(2 124)
Other adjustments	(3 030)	(11)
Net cash flows from financing activities	(21 589)	(188 160)
Net increase (decrease) in cash	44 574	91 825
Opening balance of cash	899 627	902 543
Closing balance of cash	944 201	994 368

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

Notes to the Condensed Interim Consolidated Financial Statements

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

Name (business name):	ENEA Spółka Akcyjna
Legal form:	joint-stock company
Country:	Poland
Registered office:	Poznań
Address:	ul. Nowowiejskiego 11, 60-967 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

The main activities of the ENEA Capital Group (“Group”, “Capital Group”) are:

- production of electricity (Elektrownia “Kozienice” S.A., Elektrownie Wodne Sp. z o.o.);
- trade in electricity (ENEA S.A.);
- distribution of electricity (ENEA Operator Sp. z o.o.);

As at 30 June 2011 the shareholding structure of ENEA S. A., the Parent, was the following: the State Treasury of the Republic of Poland – 52.13% of shares, Vattenfall AB – 18.67%, other shareholders – 29.20%.

As at 30 June 2010 the statutory share capital of ENEA S.A. equalled 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 30 June 2011 the Capital Group comprised the parent ENEA S.A. (“Company”, “Parent”), 20 subsidiaries, 3 indirect subsidiary and 3 associates.

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 (IFRS-EU), 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 Capital Group in accordance with IFRS-EU as at 30 June 2011. 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 after 1 January 2011.

The accounting principles applied by the Group were presented in the consolidated financial statements of the ENEA Capital Group for the financial year ended 31 December 2010.

The Polish zloty has been used as the measurement and 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 Capital Group for the financial year ended 31 December 2010.

4. New Accounting Standards and Interpretations

The standards applicable to annual periods beginning after 1 January 2011 as endorsed by the EU have been revised. However, the changes have not had any 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.

6. Composition of the Capital 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 30.06.2011	% share of ENEA S.A. in the total number of votes 31.12.2010
1.	ENERGOMIAR Sp. z o.o. Poznań, ul. Strzeszyńska 58	100	100
2.	BHU S.A. Poznań, ul. Strzeszyńska 58	92.55	91.47
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. Poznań, ul. Św. Wojciech 7/9	100	100
4.	Hotel „EDISON” Sp. z o.o. Baranowo k/Poznania	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. Poznań, ul. 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, ul. Marcinkowskiego 27	99.92	99.92
8.	ENEOS Sp. z o.o. Poznań, ul. Strzeszyńska 58	100	100
9.	ENTUR Sp. z o.o. Szczecin, ul. Malczewskiego 5/7	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. Inowrocław, ul. Wilkońskiego 2	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. Samociążek, 86-010 Koronowo	100	100
12.	Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. Oborniki, ul. Wybudowanie 56	90.92	87.99
13.	„ITSERWIS” Sp. z o.o. Zielona Góra, ul. Zacisze 28	100	100
14.	„Auto – Styl” Sp. z o.o. Zielona Góra, ul. Zacisze 15	100	100
15.	FINEA Sp. z o.o. in liquidation Poznań, ul. Warszawska 43	100	100
16.	ENE A Operator Sp. z o.o. Poznań, ul. Strzeszyńska 58	100	100
17.	Elektrownia „Kozienice” S.A. Świerże Górne, gmina Kozienice, Kozienice 1	100	100
18.	Miejska Energetyka Ciepła Piła Sp. z o.o. 64-920 Piła, ul. Kaczorska 20	65.03	64.064
19.	Kozienice II Sp. z o.o. Świerże Górne, gmina Kozienice, Kozienice 1	-	100
20.	Elektrociepłownia Białystok S.A. Białystok, ul. Gen. Andersa 3	99.94	30.36
21.	DOBITT Energia Sp. z o.o. Gorzewo 8, 56-420 Bierutów	100	-
22.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. Ostrów Wlkp., ul. Chłapowskiego 51	49	49
23.	Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. Śrem, ul. Staszica 6	41.65	41.65
24.	ELKO Trading Sp. z o.o. Świerże Górne, gmina Kozienice, Kozienice 1	_*	_*
25.	Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa Samociążek 92, 86-010 Koronowo	_*_*	-
26.	„Ecebe” Sp. z o.o. Augustów, ul. Wojciech 8	_*_*_*	-
27.	Energo-Invest-Broker S.A. Toruń, ul. Jęczmienna 21	_*_*_*_*	-

*100% of shares in ELKO Trading Sp. z o.o. is held by Elektrownia „Kozienice” S.A.

** 99% of total rights and obligations in Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa is vested in Elektrownie Wodne Sp. z o.o., and 1% in Energetyka Poznańska Biuro Usług Technicznych S.A.

***100% of shares in Ecebe is held by Elektrociepłownia Białystok S.A.

**** an associate of Elektrownia Kozienice S.A.

Changes in the Capital Group Structure in the Period Covered by these Condensed Interim Consolidated Financial Statements

On 27 December 2010, the Extraordinary Shareholders' Meeting of BHU S.A. adopted Resolution to increase the share capital of the Company by PLN 2,072 thousand, up to PLN 16,375.1 thousand, by way of issuing 20,720 K series shares, by a private placement. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in kind.

The increased share capital of BHU S.A. was registered in the National Court Register on 21 January 2011.

On 30 December 2010 the Extraordinary Shareholders' Meeting decided to increase the share capital of MEC Piła Sp. z o.o. by PLN 773 thousand up to PLN 28,689 thousand, by way of creating 773 new shares with the face value of PLN 1,000 each. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in kind.

The increased share capital of MEC Piła Sp. z o.o. was registered in the National Court Register on 24 February 2011.

On 27 January 2011 an auction was announced for the sale of shares in Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. The auction included 6,860 ordinary registered shares of Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. with the face value of PLN 1,000 each and the total value of PLN 6,860 thousand, accounting for 41.65% of its share capital. The total market value of the shares – corresponding to the starting price – is PLN 9,611,820,40 and has been based on measurement carried out as at 30 June 2010. Since none of the potential investors paid the deposit within the deadline, no buyer was selected in the tender and ENEA S.A. remained the holder of the shares. On 21 February 2011 ENEA S.A. received a letter from Centrozap S.A. (a holder of 51% of shares in PEC Śrem S.A.) declaring the will to buy the block in question, but due to corporate procedures only after 16 May 2011. At the same time, Centrozap S.A. accepted the starting price published in the tender announcement.

The preliminary agreement on the sale of shares was concluded on 26 May 2011 under which the Parties are obliged to conclude the Final Agreement by 14 July 2011.

The increase the share capital of Elektrownie Wodne Sp. z o.o. by PLN 26,000 thousand, up to PLN 239,841 thousand was registered in the National Court Register on 7 February 2011. All new shares in the Company's share capital were assumed by the existing shareholder – ENEA S.A. and covered in full by a contribution in kind in the form of an organized part of the enterprise of ENEA S.A. operating under the business name: ENEA S. A. Oddział Elektrownia Biogazowa Liszkowo.

On 15 February 2011 the Extraordinary Shareholders' Meeting decided to increase the share capital of Hotel EDISON Sp. z o.o. by PLN 35 thousand up to PLN 21,271,5 thousand, by way of creating 70 new shares with

the face value of PLN 500 each. All shares in the increased share capital of Hotel EDISON Sp. z o.o. will be acquired by the existing sole shareholder - ENEA S.A. and fully covered with a cash contribution. The increase in the share capital awaits registration in the National Court Register.

Business combination of Elektrownia "Kozienice" S. A. (the Acquirer) and Kozienice II Sp. z o. o. (the Acquiree) by transfer of all the assets of the Acquiree to the Acquirer and simultaneous increase in the share capital of the Acquirer (by way of the issue of shares targeted at ENEA S.A.) was registered on 30 March 2011. As a result of the business combination, the share capital of Elektrownia "Kozienice" S.A. was increased by PLN 12,482 thousand up to PLN 462,482 thousand by way of issuing 1,248,244 series B ordinary bearer shares with the face value of PLN 10 each.

The purpose of the business combination was to benefit from many years of experience and potential in managing and investing in production assets of Elektrownia "Kozienice".

On 30 March 2011 the Group acquired all rights and obligations in ZU-AN Sp. z o. o. sp. k. for the total amount of PLN 28,383 thousand. PLN 28,117 thousand was paid by Elektrownie Wodne Sp. z o.o. - PLN 1,773 was paid after the balance sheet date - and PLN 266 thousand by Energetyka Poznańska Biuro Usług Technicznych S.A. The name of the Acquiree is Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa. 99% of total rights and obligations is vested in Elektrownie Wodne Sp. z o. o. (limited partner), and 1% in Energetyka Poznańska Biuro Usług Technicznych S.A. (general partner).

On 11 May 2011 ENEA S. A. acquired 100% shares in DOBITT Energia Sp. z o. o. for PLN 3,350 thousand and at the same time the share capital was increased by PLN 9,075 thousand up to PLN 9,175 thousand. The increase in the share capital awaits registration in the National Court Register.

On 1 June 2011 ENEA S. A. acquired 1,283,214 shares in Elektrociepłownia Białystok S. A. with the value of PLN 10 per share for the total amount of PLN 347,751 thousand.

On 8 June 2011 the Extraordinary Shareholders' Meeting of FINEA Sp. z o.o. in liquidation approved distribution of liquidation amounts. On 13 June 2011 a motion to remove the entity was filed to the National Court Register and it awaits registration.

On 27 May and on 6 and 8 June 2011 ENEA S. A. acquired 304 employee shares in Przedsiębiorstwo Energetyki Ciepłej Sp. z o. o. with the registered office in Oborniki for the total amount of PLN 387.6 thousand.

On 29 December 2010 the Extraordinary Shareholders' Meeting of Energo-Invest-Broker S. A. adopted the following resolutions: Resolution 1 approving the acquisition of 55.625% of shares in EIB S.A. held by PGE Górnictwo i Energetyka Konwencjonalna S.A. for redemption, Resolution 2 decreasing the share capital of the Company due to redemption of own shares acquired, Resolution 3 on redemption of own shares acquired for redemption.

On 28 April 2011 District Court for Toruń, VII Business Division of the National Court Register issued

a decision to register the decrease in the share capital from PLN 500 thousand to PLN 221,9 thousand due to redemption of 1,780 shares previously held by PGE Górnictwo i Energetyka Konwencjonalna S. A. After redemption the number of shares in EIB S.A. was decreased to 1,420. As a result the share of Elektrownia "Kozienice" S.A. in the share capital of the Company changed from 12,5% to 28,17%.

In accordance with IAS 28 point 23, the excess of the share of the fair value of net assets over the cost of PLN 2,908 thousand was recognized in these condensed interim consolidated financial statements as a revenue of the period in which EIB became an associate measured using the equity method.

ENEA Capital Group

Condensed Interim Consolidated Financial Statements for the period from 1 January to 30 June 2011

*(all amounts in PLN '000, unless stated otherwise)***7. Segment Reporting**

Segment reporting for the period from 1 January to 30 June 2011:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	1 964 021	1 305 288	1 376 643	99 724		4 745 676
Inter-segment sales	2 354		77 699	219 169	(299 222)	-
Total net sales revenue	1 966 375	1 305 288	1 454 342	318 893	(299 222)	4 745 676
Total expenses	(1 863 516)	(1 115 803)	(1 243 141)	(312 274)	280 491	(4 254 243)
Segment profit/loss	102 859	189 485	211 201	6 619	(18 731)	491 433
Unassigned Group costs (general and administrative expenses)						(53 204)
Operating profit						438 229
Financial expenses						(8 037)
Financial revenue						82 942
Dividend income						741
Net profit sharing/loss coverage in associated entities						8 459
Income tax						(108 221)
Net profit						414 113
Share in minority interest profit						164

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Segment reporting for the period from 1 January to 30 June 2010:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	2 068 057	1 264 260	464 614	120 896	-	3 917 827
Inter-segment sales	153 944	-	735 596	198 469	(1 088 009)	-
Total net sales revenue	2 222 001	1 264 260	1 200 210	319 365	(1 088 009)	3 917 827
Total expenses	(2 083 073)	(1 083 604)	(1 073 936)	(308 140)	1 071 069	(3 477 684)
Segment profit/loss	138 928	180 656	126 274	11 225	(16 940)	440 143
Unassigned Group costs (general and administrative expenses)						(46 630)
Operating profit						393 513
Financial expenses						(19 357)
Financial revenue						78 231
Dividend income						696
Net profit sharing/loss coverage in associated entities						4 500
Income tax						(92 891)
Net profit						364 692
Share in minority interest profit						696

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*(all amounts in PLN '000, unless stated otherwise)***Segment reporting (cont'd)**

Other segment reporting information as at 30 June 2011:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	18 301	4 873 818	3 272 196	297 187	(106 437)	8 355 065
Trade and other receivables	622 400	319 778	110 403	134 762	(239 438)	947 905
Total	640 701	5 193 596	3 382 599	431 949	(345 875)	9 302 970
ASSETS excluded from segmentation						3 794 343
- including property, plant and equipment						323 818
- including trade and other receivables						1 287
TOTAL: ASSETS						13 097 313
Trade and other liabilities	131 924	384 035	348 078	120 862	(239 438)	745 461
Equity and liabilities excluded from segmentation						12 351 852
- including trade and other liabilities						293 339
TOTAL: EQUITY AND LIABILITIES						13 097 313
Capital expenditure for fixed assets and intangible assets	-	171 724	76 113	18 594	(6 652)	259 779
Capital expenditure for fixed assets and intangible assets excluded from segmentation						54 781
Depreciation/amortization	445	172 483	134 643	14 895	(2 919)	319 547
Amortization/depreciation excluded from segmentation						7 319
Revaluation write-down on receivables as at 30 June 2011	79 233	17 091	63 071	6 474	-	165 869

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*(all amounts in PLN '000, unless stated otherwise)***Segment reporting (cont'd)**

Other segment reporting information as at 31 December 2010:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	18 746	4 862 914	2 874 885	350 681	(93 663)	8 013 563
Trade and other receivables	463 869	332 995	241 263	201 648	(327 554)	912 221
Total:	482 615	5 195 909	3 116 148	552 329	(421 217)	8 925 784
ASSETS excluded from segmentation						3 910 921
- including property, plant and equipment						295 087
- including trade and other receivables						10 407
TOTAL: ASSETS						12 836 705
Trade and other liabilities	359 389	434 131	314 518	154 808	(327 554)	935 292
Equity and liabilities excluded from segmentation						11 901 413
- including trade and other liabilities						82 515
TOTAL: EQUITY AND LIABILITIES						12 836 705
Capital expenditure for fixed assets and intangible assets	-	506 275	420 513	76 984	(27 734)	976 038
Capital expenditure for fixed assets and intangible assets excluded from segmentation						66 206
Depreciation/amortization	610	360 890	252 311	34 010	(3 132)	644 689
Amortization/depreciation excluded from segmentation						7 983
Revaluation write-down on receivables as at 31 December 2010	81 578	12 271	55 840	5 908	-	155 597

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 Group's revenue that may be reasonably attributed to a given segment.

Segment costs include costs of goods sold 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 a given segment with a relevant portion of the Group's costs that may be reasonably allocated to a given 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. Prices specified in the Energy Law of 10 April 1997 and in the related secondary legislation apply to trade in electricity and provision of transmission services.

Supplementary Reporting – Geographical Segments

The Group operates in one geographical region, in Poland, and therefore it does not distinguish geographical segments.

8. Property, Plant and Equipment

During the 6 months ended 30 June 2011 the Group acquired property, plant and equipment for the total amount of PLN 282,969 thousand (PLN 928,953 thousand during the 12 months ended 31 December 2010).

During the 6 months ended 30 June 2011 the Group sold and liquidated property, plant and equipment for the total net amount of PLN 2,874 thousand (PLN 54,500 thousand during the 12 months ended 31 December 2010).

As at 30 June 2011 the total revaluation write-down on the carrying amount of property, plant and equipment totalled PLN 14,778 thousand (PLN 6,773 thousand as at 31 December 2010).

Impairment Test (Property, Plant and Equipment)

Property, plant and equipment related to distribution was last tested for impairment on 31 December 2008. The test did not reveal any impairment of property, plant and equipment related to distribution as at 31 December 2008.

As at 31 December 2009, 31 December 2010 and 30 June 2011 there were no reasons to carry out another impairment test of property, plant and equipment related to distribution.

9. Intangible Assets

During 6 months ended 30 June 2011 the Group acquired intangible assets for the total amount of PLN 31,591 thousand (PLN 113,291 thousand during the 12 months ended 31 December 2010).

During the 6 months ended 30 June 2011 the Group did not sell or liquidate any considerable intangible assets (during the 12 months ended 31 December 2010 the Group did not sell or liquidate any considerable intangible assets, either).

10. Investment Property

During the 6 months ended 30 June 2011 the Group did not acquire any investment property (during the 12 months ended 31 December 2010 the Group acquired investment property for PLN 81 thousand).

11. Investments in Associates and Jointly-Controlled Entities

During the 6 months ended 30 June 2011 the Group did acquired shares in associates for PLN 1,499 thousand (during the 12 months ended 31 December 2010 the Group acquired shares in associates and jointly-controlled entities for the total amount of PLN 3,000 thousand). Acquisition of an associate of Elektrownia Kozienice S.A.-Energo-Invest-Broker S. A. (details in note 6).

On 1 June 2011 ENEA S. A. acquired 1,283,214 shares in Elektrociepłownia Białystok S. A. with the value of PLN 10 per share for the total amount of PLN 347,751 thousand. The company, earlier an associate, became a subsidiary of ENEA S.A. This resulted in a decrease in “investments in associates measured using the equity method” to PLN 165,396 thousand.

As at 31 December 2010, following verification of bases and an impairment test of the shares in the combined heat and power plants which are associates (Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. and Elektrociepłownia Białystok S.A.), the Group impaired the shares in Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. by PLN 7,959 thousand.

12. Impairment Loss on Trade and Other Receivables

	30.06.2011	31.12.2010
Opening balance of revaluation write-down on receivables	155 597	150 632
Acquisition of subsidiaries	533	-
Recognized	25 718	27 869
Derecognized	(14 637)	(22 427)
Assigned	(1 342)	(477)
Closing balance of revaluation write-down on receivables	165 869	155 597

During the 6 months ended 30 June 2011 the revaluation write-down on the carrying amount of trade and other receivables increased by PLN 10,272 thousand (during the 12 months ended 31 December 2010 the revaluation write-down increased by PLN 4,965 thousand).

13. Inventory

As at 30 June 2011 the total revaluation write-down on the carrying amount of inventories was PLN 8,640 thousand (PLN 6,748 thousand as at 31 December 2010).

During the 6 months ended 30 June 2011 the revaluation write-down on the carrying amount increased by PLN 1,892 thousand (during the 12 months ended 31 December 2010 the revaluation write-down increased by PLN 471 thousand).

14. Restricted Cash

As at 30 June 2011 the restricted cash amounted to PLN 5,501 thousand and comprised:

- cash at bank (blocked on the account in relation to a security deposit, deposit for receivables and transaction deposit).

As at 31 December 2010 the restricted cash amounted to PLN 10,341 thousand.

15. Investment Portfolio

ENEA S.A. fulfilled the conditions necessary to release funds due to the issue of shares at the WSE from the ESCROW account. Therefore, on 6 February 2009 the funds were transferred to a specialized financial institution dealing with professional cash management. In accordance with the Agreement, the funds are invested only in safe 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%	30%

As at 30 June 2011 the funds amounted to PLN 1,357,038 thousand (treasury bills and bonds of PLN 1,217,038 thousand) and deposits (in banks selected by the Company – PLN 140,000 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. Settlement of Acquisition of New Subsidiaries

On 30 March 2011 the Group acquired 100% of rights and obligations in ZU-AN Sp. z o. o. sp. k. for the total amount of PLN 28,383 thousand. As at the date of preparation of these condensed interim consolidated financial statements, the Group had not completed the process of allocating the acquisition price to identifiable net assets acquired. Therefore, the Group decided to carry out the initially assumed settlement. The Capital Group assumed that the difference between the cost of a company and net book value of assets related to the acquired shares

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results from the difference between the fair value of property, plant and equipment and their book value as at the date of acquiring the company. Any adjustments of the estimated values resulting from the end of the initial settlement will be made within 12 months of the date of acquisition of the entity.

Settlement of acquisition of ZU-AN Sp. z o.o. sp.k.

Share in rights and obligations	100%
Net book value of assets	8 573
Adjustment to fair value of property, plant and equipment	19 810
Cost	28 383

On 11 May 2011 ENEA S. A. bought 100% shares in DOBITT Energia Sp. z o. o. for PLN 3,350 thousand. As at the date of preparation of these condensed interim consolidated financial statements, the Group had not completed the process of allocating the acquisition price to identifiable net assets acquired. Therefore, the Group decided to carry out the initially assumed settlement. The Capital Group assumed that the difference between the cost of a company and net book value of assets related to the acquired shares results from the difference between the fair value of property, plant and equipment and their book value as at the date of acquiring the company. Any adjustments of the estimated values resulting from the end of the initial settlement will be made within 12 months of the date of acquisition of the entity.

Settlement of acquisition of Dobitt Energia Sp. z o.o.

Number of shares (%)	100%
Net book value of shares	214
Adjustment to fair value of property, plant and equipment	3 136
Cost	3 350

On 1 June 2011 ENEA S. A. acquired 1,283,214 shares in Elektrociepłownia Białystok S. A. with the value of PLN 10 per share for the total amount of PLN 347,751 thousand. The company, earlier an associate, became a subsidiary of ENEA S.A. As at the date of preparation of these condensed interim consolidated financial statements, the Group had not completed the process of allocating the acquisition price to identifiable net assets acquired. Therefore, the Group decided to carry out the initially assumed settlement. The Capital Group assumed that the difference between the cost of a company and net book value of assets related to the acquired shares results from the difference between the fair value of property, plant and equipment and intangible assets and their book value as at the date of acquiring the company. Any adjustments of the estimated values resulting from the end of the initial settlement will be made within 12 months of the date of acquisition of the entity.

Settlement of acquisition of Elektrociepłownia Białystok S.A.

Number of shares (%)	99.94%
Net book value of shares	435 723
Adjustment to fair value of intangible assets and property, plant and equipment	74 400
Cost	347 751
Value of existing shares	162 059
Non-controlling interest	313

17. Equity Related to Share-Based Payments and Liabilities due to the Equivalent of the Right to Acquire Shares Free of Charge

On the basis of the Act on commercialization and privatization of 30 August 1996 (Act on commercialization and privatization) employees of the ENEA Capital Group are entitled to acquire 15% of the shares in ENEA S.A. free of charge (“plan”).

Employees eligible to acquire shares free of charge are individuals who were employed by the ENEA S.A. Capital Group at the time of commercialization (i.e. in 1993 and 1996) and filed a written declaration to acquire shares within 6 months of the commercialization date.

As the first share was sold on general terms to investors by the State Treasury on 10 February 2010, after the lapse of three months the eligible individuals acquired the right to receive shares free of charge.

Pursuant to Resolution No. 441/2010 of 29 June 2010 the Management Board of ENEA S.A. determined the number of ENEA shares disposed of free of charge for the benefit of eligible individuals, attributable to each group specified based on the length of service as per Article 11 of the Ordinance of the Minister of the Treasury of 29 January 2003 laying down detailed principles for classification of eligible employees into groups, determining the number of shares attributable to each group and the conditions for acquisition of shares by eligible employees. In compliance with the aforementioned Ordinance, the Management Board of the Company provided the Minister of the Treasury with a list of eligible individuals and the number of shares assigned. The Minister of the Treasury made an announcement regarding the disposal of employee shares in a national and local newspaper and it is now entering into agreements for the disposal of shares free of charge with eligible individuals (most of the agreements have been already concluded). The right to acquire the shares in ENEA S.A. free of charge may be executed until 16 May 2012. After the deadline the title shall expire.

The Management Board of ENEA S.A. assigned 33,239,235 shares to eligible individuals. The lockup period for the shares acquired by eligible individuals free of charge is two years starting from the date of disposal of the first shares by the State Treasury on general terms.

Pursuant to IFRS 2, the costs of the plan should be recognized in the period when eligible employees perform work and the cost of work should be determined as at the Grant Date, i.e. as at the date when all significant conditions for granting shares to employees are determined.

The value of the employee stock ownership plan was determined by the Company based on the measurement of shares in ENEA S.A. as at the date of drawing up the consolidated financial statements for the financial years ended 31 December 2007, 31 December 2006 and 31 December 2005, included in the prospectus of ENEA S.A.

The value of the plan was estimated at PLN 901 million. The ENEA SA Capital Group recognized the total costs of the plan as a prior year adjustments in equity of the earliest period presented in the consolidated financial statements, i.e. as at 1 January 2005, and it did not revalue the costs as at any of the dates ending the subsequent financial periods.

According to the Management Board, IFRS do not lay down detailed principles for accounting for a plan displaying the features specified in the Act on Commercialization and Privatization. In particular, they do not allow for unambiguous interpretation of a situation where the total number of shares due to staff employed at the moment of commercialization, i.e. before the Grant Date, was determined but the number of shares to be granted to particular employees was not specified. In such a case an employee working in subsequent periods, by the Grant Date, is likely to be granted a higher number of shares. This, however, will not take place by way of an issue of additional shares but as a result of a reduction of the number of shares for other staff members.

Moreover, according to the Management Board, the key purpose of the plan was to grant employees compensation for work before the date of commercialization of the enterprise (i.e. in the past). Consequently, the total fixed number of shares for employees was determined and could not be changed with relation to work in subsequent periods.

Considering the above, the Management Board of ENEA S.A. decided that the value of the plan would not be changed. As a result, the value of the plan as at 30 June 2011 remained at the level of PLN 921 million.

Pursuant to the Act of 7 September 2007 on the acquisition of shares from the State Treasury as a result of the energy sector consolidation process, the Eligible Employees of Elektrownia "Kozienice" S.A. were supposed to submit a declaration of the intention to exchange the equivalent for the right to acquire shares in ENEA S.A. free of charge by 18 January 2008. Following the examination of the declarations submitted as well as the result of the complaint procedure, the value of shares to be accounted for as an equivalent was PLN 291.127 thousand (PLN 514.920 thousand as at 31 December 2007). Exchange of the value of the equivalent for subscription rights worth PLN 224.042 thousand was disclosed in the Company's equity under "Share-based capital".

As at 30 June 2011, a part of the equivalent was paid to the Eligible Employees of Elektrownia "Kozienice" S.A. As at 30 June 2011 the remaining liability due to the equivalent amounted to PLN 532 thousand (PLN 557 thousand as at 31 December 2010).

18. Credit Facilities and Loans

	30.06.2011	31.12.2010
	Carrying amount	Carrying amount
Long-term		
Bank credit facilities	48 815	66 006
Loans	30 875	6 356
	79 690	72 362
Short-term		
Bank credit facilities	41 512	41 285
Loans	3 422	1 113
	44 934	42 398
Total	124 624	114 760

During the 6 months ended 30 June 2011 the net increase in the carrying amount of credit facilities and loans was PLN 9,864 thousand (during the 12 months ended 31 December 2010 the carrying amount of credit facilities and loans decreased by PLN 42,247 thousand).

19. Settlement of Income due to Subsidies and Connection Fees

	30.06.2011	31.12.2010
	Carrying amount	Carrying amount
Long-term		
Deferred income due to subsidies	188 893	210 797
Deferred income due to connection fees	526 985	502 418
	715 878	713 215
Short-term		
Deferred income due to subsidies	15 597	14 767
Deferred income due to connection fees	98 774	107 603
	114 371	122 370
Deferred income schedule		
	30.06.2011	31.12.2010
Up to 1 year	114 371	122 370
1 to 5 years	101 886	93 686
Over 5 years	613 992	619 529
	830 249	835 585

During the 6 months ended 30 June 2011 the carrying amount of the settlement of income due to subsidies and connection fees decreased by PLN 5,336 net (in the 12 months ended 31 December 2010 the carrying amount decreased by PLN 13,745 thousand).

20. Deferred Income Tax

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

	30.06.2011	31.12.2010
Opening balance	80 453	112 366
Acquisition of subsidiaries	13 905	-
Amount debited/(credited) to profit	8 092	(36 309)
Amount debited/(credited) to other items of comprehensive income	469	4 396
Closing balance	102 919	80 453

During the 6 months ended 30 June 2011 the Group's profit before tax was debited with PLN 8,092 thousand as a result of an increase in the deferred tax liability (during the 12 months ended 31 December 2010 the Group's profit before tax was credited with PLN 36,309 thousand due to a decrease in the liability).

21. Certificates of origin

	30.06.2011	31.12.2010
Certificates of origin	(133 002)	(119 538)
Advance payments for certificates of origin	(3 175)	(2 610)
Provision for costs of redemption of certificates of origin	236 180	214 794
Provision for certificates of origin	100 003	92 646

22. Provisions for liabilities and other charges

	30.06.2011	31.12.2010
Opening balance	135 472	87 738
Increase in provisions	14 724	66 124
Applied provisions	(100)	-
Release of unused provision	(15 421)	(18 390)
Closing balance	134 675	135 472

Provisions for liabilities are determined in reasonable, reliably estimated amounts. Individual provisions are recognized for projected losses related to court action brought against the Group. The amount recognized as a provision is the best estimate of the expenditure required to settle a claim. The cost of provisions is recognized under other operating expenses.

A description of material claims and the related contingent liabilities has been presented in notes 28.2, 28.4, 28.5 and 28.6.

During the 6 months ended 30 June 2011 the provision for projected losses due to compensation proceedings decreased by PLN 797 thousand (during the 12 months ended 31 December 2010 it increased by PLN 47,734 thousand).

	30.06.2011	31.12.2010
Opening balance	31 921	23 979
Increase in provisions	2 070	93 582
Applied provisions	(15 293)	(83 454)
Release of unused provision	(1 622)	(2 186)
Closing balance	17 076	31 921

During the 6 months ended 30 June 2011, other provisions decreased by PLN 14,845 thousand (during the 12 months ended 31 December 2010 they increased by PLN 7,942 thousand).

Provision for Land Reclamation

After closing or filling a slag and ash dump, the Group is obliged to carry out appropriate land reclamation. As the Group has large unfilled dumps, land reclamation is planned for 2060. Future estimated costs of land reclamation were discounted to their present value using a 6.06% discount rate. The value of the provision for land reclamation is reviewed as at 31 December and 30 June, unless there are significant changes in estimation assumptions.

As at 30 June 2011 the provision amounted to PLN 9,477 thousand (PLN 9,890 thousand as at 31 December 2010).

Provision for the Cost of Disposal or Storage of Ash and Slag Mixture

The Group produces two types of waste in the process of burning coal: ash and ash and slag mixture. As the Group incurs costs related to mixture disposal, it recognizes a relevant provision. Future estimated costs of disposal or storage of ash and slag mixture were discounted to their present value using a 6.06% discount rate. The provision for costs of disposal or storage of ash and slag mixture is reviewed as at 31 December and 30 June, unless significant changes in estimation assumptions occur.

As at 30 June 2011 the provision amounted to PLN 1,231 thousand (PLN 2,334 thousand as at 31 December 2010).

Provision for Purchasing CO₂ Emission Rights

As at 30 June 2011 the provision determined based on the market price of CO₂ emission rights totalled PLN 0 thousand (as at 31 December 2010 it was PLN 906 thousand). As at 30 June 2011 the Group recognized CO₂ emission rights under intangible assets which totalled PLN 133,301 thousand.

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 I and II half of 2008. The decision 132 imposed a fine of PLN 2,889 thousand, decision 133, of PLN 2,178 thousand.

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. As at 30 June 2011 the provision for the environmental fee totalled PLN 2,830 thousand.

23. Dividend

On 29 June 2011 the General Shareholders’ Meeting of ENEA S.A. adopted Resolution 7 concerning net profit distribution for the financial period from 1 January 2010 to 31 December 2010 whereby the dividend for the shareholders amounted to PLN 194,235 thousand (PLN 0.44 per share). The dividend had not been paid by 30 June 2011.

24. Related-Party Transactions

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

- the Capital 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 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.;
 - those resulting from 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:

No.	Item	Management Board of the Company:		Supervisory Board of the Company	
		01.01.2011 - 30.06.2011	01.01.2010 - 30.06.2010	01.01.2011 - 30.06.2011	01.01.2010 - 30.06.2010
1.	Remuneration under employment contracts	446	607	-	-
2.	Remuneration relating to appointment of members of management or supervisory bodies	-	-	216	208
3.	Remuneration due to the position held in supervisory boards of subsidiaries	99	148	-	-
4.	Remuneration due to other employee benefits (electricity allowance)	113	91	-	-
TOTAL		658	846	216	208

Members of the Management Board and Supervisory Board are subject to the provisions of the Act of 3 March 2000 on remuneration of persons managing certain legal entities (companies with the majority interest of the State Treasury). Pursuant to the Act, the maximum monthly remuneration cannot exceed six average monthly remunerations in the enterprise sector, excluding profit bonuses in Q4 of the preceding year, announced by the President of the Central Statistical Office. The amount of the annual bonus cannot exceed three average monthly remunerations in the year preceding the bonus granting.

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

No.	Company body	Balance as at 01.01.2011	Granted on 01.01.2011	Maturing on 30.06.2011	Balance as at 30.06.2011
1.	Management Board.	-	-	-	-
2.	Supervisory Board	29	5	(4)	30
	TOTAL	29	5	(4)	30

No.	Company body	Balance as at 01.01.2010	Granted on 01.01.2010	Maturing on 31.12.2010	Balance as at 31.12.2010
1.	Management Board.	21	-	(21)	-
2.	Supervisory Board	29	11	(11)	29
	TOTAL	50	11	(32)	29

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

The Group also concludes business transactions with entities of the central and local administration and entities controlled 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 produced in the CHP system, transmission and distribution services provided by the Group to companies whose shares are held by the State Treasury;
- sale of electricity, distribution services, connection to the grid and other related fees, provided 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 on an arm's length basis and their conditions do not differ from those applied in transactions with other entities. The Group does not keep a register which would allow it to aggregate the values of all transactions with state institutions and entities whose shares are held by the State Treasury.

25. 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 and annual settlements. 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. obtained from Zarządca Rozliczeń S.A. advances for stranded costs totalling PLN 93,132 thousand, out of which PLN 80,976 thousand was recognized in the 2008 financial statements as revenue from compensation. On 5 August 2009 Elektrownia “Kozienice” S.A. received a Decision of the President of the Energy Regulatory Office of 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 was lower than the amount recognized by Elektrownia “Kozienice” S.A. in its financial statements for the year 2008 (and thus, in the consolidated financial statements of the ENEA Capital Group) by of PLN 77,381 thousand.

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. filed 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, 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 orphaned 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 unfavourable 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. By 30 June 2011 the President of the Energy Regulatory Office had not issued a decision concerning the amount of the annual stranded cost adjustment for 2010. In 2010 Elektrownia Kozienice S.A. requested an advance payment to cover stranded costs of PLN 3,500 thousand. On 5 April 2011 Zarządca Rozliczeń S. A. made an advance payment for Q1 2011 totalling PLN 875 thousand and on 5 July 2011 the Company received the advance payment for Q2 2011 in the amount of PLN 875 thousand. In the first half of 2011, the revenue due to compensation for 2011 were not recognized.

Assuming that the appeal against the decision of the President of the Energy Regulatory Office concerning annual adjustments for 2008 and 2009 are favourable for Elektrownia "Kozienice" S.A.:

- the annual adjustment for 2009 is estimated at PLN 111,100 thousand (+);

On 1 December 2010 the Court of Competition and Consumer protection heard the case concerning the 2008 LCT. 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 of Elektrownia Kozienice against the decision of the President of the Energy Regulatory Office of 26 July 2010. Formal issues and procedures are still being carried out.

As no judicial decisions have been issued with respect to the appeals filed by the Company, the possibility to determine the probability of obtaining the aforementioned amounts (estimated based on the current knowledge and available data) in relation to the annual stranded cost adjustments is limited.

As at the date of preparation of these condensed interim consolidated financial statements it was not possible to clearly specify the final annual adjustments for 2008 and 2009 (the result of the appeal against the decision of the President of the Energy Regulatory Office concerning annual adjustment for 2008 and 2009 are not known). The full amount of the admissible public aid due to compensation of stranded costs will be defined in the decision of the President of the Energy Regulatory Office concerning the amount of final adjustment, which will be issued in 2015. In view of the above, it should be reserved that the LTC revenue recognized so far, which have been based on the annual adjustments determined by the President of the Energy Regulatory Office, may change as a result of the above decision of the President of the Office concerning the final adjustment.

26. Future Liabilities under Contracts Concluded as at the Balance Sheet Date

Contractual obligations assumed as at the balance sheet date, not yet recognized in the balance sheet:

	30.06.2011	31.12.2010
Acquisition of property, plant and equipment	356 260	321 744
Acquisition of intangible assets	5 973	8 459
	362 233	330 203

27. Explanations of the Seasonal and Cyclical Nature of the Capital Group'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 the day. The extent of fluctuations depends on low temperature and shorter days in winter as well as higher temperature and longer days in summer. Seasonal sales of electricity apply to a larger extent to small clients (46.80% of the sales value), rather than to the industrial sector.

28. Contingent Liabilities and Proceedings before Courts, Arbitration or Public Administration Bodies**28.1. Guarantees for Credit Facilities and Loans as well as other Sureties Granted by ENEA S.A. and its Subsidiaries**

The Company and its subsidiaries did not grant any guarantees for credit facilities or loans, or sureties during the reporting period.

28.2. Proceedings before Courts of General JurisdictionActions 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 network and other specialized services (the so-called non-electricity 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 at 30 June 2011 there were 7,054 cases heard by courts of general jurisdiction which have been brought by the Group for the total amount of PLN 49,935 thousand (as at 31 December 2010 there were 6,910 cases for the total amount of PLN 44,571 thousand).

None of above cases is material for the financial result of the Capital Group.

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 28.5).

Court proceedings against Elektrownia „Kozienice” S.A. are related to claims of former employees for salaries and compensations for PLN 658 thousand, Gospodarstwo Ogrodnicze w Ryczywole Kamila Lewek Wiśniewska

Jacek Pospieszyl spółka cywilna. The claim concerns remedying damages resulting from the operation of the plant owned by Elektrownia "Kozienice" located on the land neighbouring with the land of Gospodarstwo Ogrodnicze, by way of paying PLN 5,082 thousand. Other proceedings are related to the claim of Centrum Konsultingu Menedżerskiego Gordion Sp. z o.o filed after petition for arbitration - the amount claimed is PLN 5,018 thousand (during a 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); and the claim of Polish Business Offers Sp. z o.o. to start arbitration - the amount claimed is PLN 2,370 thousand (violation of personality rights). The partie failed to reach an agreement.

As at 30 June 2011 there were 571 cases heard by courts of general jurisdiction which have been brought against the Group for the total amount of PLN 78,452 thousand (as at 31 December 2010 there were 539 cases for the total amount of PLN 68,941 thousand). Provisions for the court cases have been presented in note 22.

28.3. Arbitration Proceedings

As at 30 June 2011 there were no proceedings heard by competent arbitration bodies.

28.4. 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 ruling of the Court of Competition and Consumer Protection to the Court of Appeals in Warsaw asking for the decision to be overruled. On 27 April 2010 the Court overruled the decision 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. On 20 April 2011 the Company appealed against the ruling of the Court of Competition and Consumer Protection of 27 January 2011.

Pursuant to a decision of the President of the Office of Competition and Consumer Protection of 30 September 2008 which closed the proceedings for abuse of market position by not keeping deadlines related to connection decisions and determining the impact of the designed wind power station on the electricity system, ENEA Operator Sp. z o.o. was obliged to pay a fine of PLN 11,626 thousand. ENEA Operator Sp. z o.o. appealed against the decision. On 23 March 2010 the Court of Competition and Consumer Protection dismissed the appeal lodged by the Company. On 5 July 2010 the Company's representative appealed against the decision. On 17 March 2011 the Court of Appeals overruled the decision of the President of the Office of Competition and Consumer Protection. The ruling is final, however, the Company has not yet received a written statement of reasons. The President of the Office of Competition and Consumer Protection did not file a last resort appeal.

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 CHP system 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 favourable 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. Pursuant to its decision of 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 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 CHP system 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 11 February 2009 Elektrownia Koźienice 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 Koźienice 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 the particular months of 2006 and the amounts specified in the original tax return were correct.

Proceedings related to overpaid tax for 2007: Elektrownia Koźienice 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 the particular months of 2007 and the amounts specified in the original tax return were correct.

On 12 January 2011 the Administrative Court in Warsaw, VIII Division in Radom, gave rulings which accepted the complaints of Elektrownia "Koźienice" 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 April 2007, May 2007, June 2007, October 2007 and August 2006.

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 EC, 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 particular 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 specific months of 2008 and which set the tax liability for a certain period.

Proceedings related to overpaid tax for January 2008 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 EC, 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 particular 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.

On 15 June 2011 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 March 2008, May 2008, June 2008, August 2008 and February 2009.

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 I and II half of 2008. The decision 132 imposed a fine of PLN 2,888 thousand, decision 133, of PLN 2,178 thousand. 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 numerous other proceedings heard by public administration bodies as at 30 June 2011.

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 at 30 June 2011 the President of the Energy Regulatory Office conducted a number 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.

28.5. Risk Related to the Legal Status of Property used by the Capital 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. Possible claim amounts may be significant for the Group, considering the area of non-contractually used land where the Group's transmission networks or the related devices are located. 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.

28.6. Risk Related to Participation in Costs Incurred due to the Use of Woodland Managed by the National Forests for the Needs of Electricity Lines

On 29 November 2006 a meeting initiated by the Minister of Environment was attended by representatives of the National Forests, the Ministry of Treasury, PSE-Operator Sp. z o.o. and Polskie Towarzystwo Przesyłu i Rozdziału Energii Elektrycznej representing distribution companies. The National Forests' proposal to conclude agreements for the lease of land where the lines are located was not accepted. Consequently, a more general solution based on legislative changes is required. In 2010 the Ministry of Economy prepared a draft act regulating the use of land managed by the National Forests by energy companies if transmission and distribution electricity lines are located on this land. The draft assumes that the use of such land would be based on transmission easement against payment. As at the date of the condensed interim consolidated financial statements, the Act amending the act on forests and act on environmental protection had been passed by both chambers of the Parliament and was approved by the President. According to the Act, the consideration for transmission easement would be equal to the amount of local taxes and charges paid by the State Forests for the land included in the easement.

In preparation for implementation of the statutory provisions, the Group carried out a physical count of land managed by the Sate 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.

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 22.

29. Changes in Excise Duty

On 1 March 2009, an amendment to the Act on Excise Duty of 23 January 2004 came into force. Polish excise duty regulations required an amendment in order to comply with the EU laws. Based on the amendment, the excise duty 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 (before it was paid by Elektrownia "Kozienice" S.A.).

On 12 February 2009 the European Court of Justice issued a judgment 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 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. The related administrative proceedings have been presented in detail in Note 28.4.

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

30. Negotiations concerning Acquisition of Shares

On 28 June 2010 the Minister of Treasury in Warsaw, acting on behalf of the State Treasury based on the Act on commercialization and privatization (Journal of Laws of 2002, No. 171, item 1397, as amended) and Ordinance of the Council of Ministers on a detailed procedure for disposal of shares held by the State Treasury (Journal of Laws of 2009, No. 34, item 264), invited investors to negotiations concerning the acquisition of 225,135,940 shares of ENEA S.A. accounting for 51% of the share capital of the company. The State Treasury intended to sell the 225,135,940 shares with the face value of PLN 1 each.

Written replies to the public invitation to negotiations concerning the acquisition of shares by potential investors that received the Investment Memorandum were to be submitted by 28 July 2010. On 23 July the Minister of Treasury announced that the deadline had been extended until 13 August 2010.

In response to the invitation to negotiations concerning the acquisition of shares of ENEA S.A. 6 entities filed preliminary offers. Potential Investors had been informed of the related decision of the Minister of the Treasury by 24 August. The Minister of the Treasury approved five potential Investors to take part in the next stage of the privatisation.

On 30 September 2010, potential Investors were granted access to electronic Data Room (information, data and documents prepared for the due diligence analysis of the ENEA Capital Group).

5 October was the deadline for filing final offers for the acquisition of shares in ENEA S.A.

Final offers were filed by four potential investors. On 12 October 2010, the Ministry of the Treasury issued an announcement regarding parallel negotiations on the sale of 51% of shares in ENEA S.A. with three entities, and then on 19 October 2010, on continuing the parallel negotiations with two entities. On 28 October 2010 the Ministry of the Treasury decided to set a deadline for exclusive negotiations with Kulczyk Holding (the guarantor) and Elektron Sp. z o. o. (the buyer) at 3 November 2010. Since the exclusive negotiation period granted to Kulczyk Holding passed ineffective, on 16 November 2010 the Ministry of the Treasury announced a decision to resume parallel negotiations with potential investors, and on 15 December 2010 decided to grant

Electricite de France S.A. the right to exclusive negotiations. On 1 April 2011, the Minister of the Treasury decided to close the process of sales of 51% of shares in ENEA S.A. (inconclusive).

31. Post-Balance Sheet Events

On 13 July 2011 ENEA S. A. sold 6,860 shares in the share capital of Przedsiębiorstwo Energetyki Ciepłej w Śremie S. A. for the total amount of PLN 9,611,820.40 to Centrozap S. A. with its registered office in Katowice.