Extended consolidated quarterly report
of the ENEA Group
for the first quarter of 2010

Poznań, 17 May 2010

Contents of the extended consolidated quaterly report

Selected consolidated financial data of ENEA Capital Group

	in PLN '000		in EUR '000	
	3 months ended 31.03.2010	**3 months ended 31.03.2009**	**3 months ended 31.03.2010**	**3 months ended 31.03.2009**
Net sales revenue	2 021 380	1 884 687	509 562	409 768
Profit (loss) on operating activities	226 553	223 597	57 111	48 614
Profit/loss before tax	271 984	252 047	68 563	54 800
Net profit/loss of the reporting period	219 390	202 101	55 305	43 941
Net cash flows from operating activities	328 048	(59 017)	82 696	(12 831)
Net cash flows from investment activities	(328 612)	(2 017 546)	(82 838)	(438 654)
Net cash flows from financial activities	(4 317)	(12 138)	(1 088)	(2 639)
Total net cash flows	(4 881)	(2 088 701)	(1 230)	(454 125)
Average weighted number of shares (items)	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (PLN per share)	0,50	0,46	0,13	0,10
Diluted earnings per ordinary share (in PLN/EUR)	0,50	0,46	0,13	0,10

	As at 31.03.2010	**As at 31.03.2009**	**As at 31.03.2010**	**As at 31.03.2009**
Total assets	12 339 730	12 229 688	3 195 000	2 976 897
Total liabilities	2 745 839	2 857 060	710 952	695 453
Long-term liabilities	1 446 389	1 450 377	374 499	353 044
Short-term liabilities	1 299 450	1 406 683	336 453	342 409
Equity	9 593 891	9 372 628	2 484 048	2 281 444
Share capital	588 018	588 018	152 249	143 133
Book value per share (in PLN/EUR)	21,73	21,23	5,63	5,17
Diluted book value per share (in PLN/EUR)	21,73	21,23	5,63	5,17

The above financial data for Q1 2010 and 2009 have been translated into EUR on the following principles:

- individual assets and liabilities at the average exchange rate published as at 31 March 2010 – PLN/EUR 3.8622 (PLN/EUR 4.1082 as at 31 December 2009);
- individual items from the income statement and the cash flow statement - 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 2009 - PLN/EUR – 3.9669 (for the period from 1 January to 31 March 2008 – PLN/EUR 4.5994).

Auditor's report on the review of condensed interim consolidated financial statements for the period from 1 January 2010 to 31 March 2010

To the Management Board of ENEA S.A.

We have reviewed the attached condensed interim consolidated financial statements of the ENEA S.A. Capital Group, with ENEA S.A. with registered office in Poznań, ul. Nowowiejskiego 11 as the Parent, including: consolidated balance sheet prepared as at 31 March 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows prepared for the period from 1 January 2010 to 31 March 2010 as well as notes including information on adopted accounting policies and other explanatory information.

Compliance of these condensed interim consolidated financial statements with IAS 34 Interim Financial Reporting as endorsed by the EU and with other effective legal regulations is the responsibility of the Management Board of the Parent.

Our responsibility was to review the condensed interim consolidated financial statements.

We carried out the review in line with the national auditing standards, issued by the National Council of Statutory Auditors in Poland. These standards require us to plan and conduct the review in such a way as to obtain reasonable assurance that the interim financial statements are free of material misstatements. Our review was carried out mainly based on the analysis of data included in the condensed interim consolidated financial statements, insight into the accounting records and information provided by the Management Board and the financial and accounting personnel of the Parent.

The scope and methodology of the review of the condensed interim separate financial statements significantly differ from an audit, which is aimed at expressing an opinion on compliance with the applicable accounting principles (policy) of the annual financial statements and its fairness and correctness, therefore, no such opinion on the attached condensed interim consolidated financial statements is being issued.

Based on the review we have identified no reasons which would prevent us from stating that the condensed interim consolidated financial statements comply in all material aspects with International Accounting Standard 34 Interim Financial Reporting as endorsed by the European Union.

Piotr Waliński
Key certified auditor conducting the audit
No. 4254

....
represented by

....
entity entitled to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 17 May 2010

Condensed interim consolidated financial statements of ENEA Capital Group for the period from 1 January to 31 March 2010

Poznań, 17 May 2010

Index to the condensed interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared in line with International Accounting Standard 34 *Interim Financial Reporting* as endorsed by the European Union and were 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, 17 May 2010

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

Consolidated balance sheet

	Note	As of 31.03.2010	As of 31.12.2009
ASSETS			
Non-current assets			
Property, plant and equipment	8	8 007 068	8 060 674
Perpetual usufruct of land		29 026	28 090
Intangible assets	9	44 859	47 985
Investment property	10	6 045	6 091
Investments in associates measured using the equity method	11	194 692	189 938
Financial assets available for sale		42 567	39 346
Financial assets measured at fair value through profit or loss		1 274	1 219
Trade and other receivables		1 318	1 330
		8 326 849	**8 374 673**
Current assets			
Inventory	13	262 167	300 830
Trade and other receivables		993 548	925 513
Receivables due to current income tax		13 717	12 828
Financial assets held to maturity		121 947	55 734
Financial assets measured at fair value through profit or loss		1 723 840	1 652 523
Cash and cash equivalents		897 662	902 543
		4 012 881	**3 849 971**
Non-current assets held for sale		**-**	**5 044**
Total assets		**12 339 730**	**12 229 688**

The consolidated balance sheet should be analyzed jointly with notes that constitute an integral part of the condensed interim consolidated financial statements.

(unless stated otherwise, all amounts are presented in PLN'000)

EQUITY AND LIABILITIES	Note	31.03.2010	31.12.2009
Equity			
Equity attributable to parent's shareholders			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Capital related to share based payments	15	1 144 336	1 144 336
Financial instruments revaluation reserve		22 629	20 756
Other capitals		(22 110)	(22 110)
Retained earnings		4 203 536	3 985 386
		9 568 873	**9 348 850**
Minority interest		25 018	23 778
Total equity		**9 593 891**	**9 372 628**
LIABILITIES			
Long-term liabilities			
Credit facilities and loans	16	98 755	107 056
Trade and other liabilities		58	58
Finance lease liabilities		2 188	2 291
Settlement of revenue from subsidies and connection fees	17	785 124	791 296
Provision for deferred income tax	18	107 861	112 366
Employee benefit liabilities		411 567	407 093
Provisions for other liabilities and charges	20	40 836	30 217
		1 446 389	**1 450 377**
Short-term liabilities			
Credit facilities and loans	16	47 402	46 609
Trade and other liabilities		927 635	991 482
Finance lease liabilities		1 335	1 178
Settlement of revenue from subsidies and connection fees	17	42 198	41 856
Liabilities due to current income tax		24 997	71 359
Employee benefit liabilities		109 539	125 542
Liabilities due to equivalent of the right to acquire shares free of charge		617	618
Provision for certificates of origin	19	84 231	46 539
Provisions for other liabilities and charges	20	61 496	81 500
		1 299 450	**1 406 683**
Total liabilities		**2 745 839**	**2 857 060**
Total equity and liabilities		**12 339 730**	**12 229 688**

(unless stated otherwise, all amounts are presented in PLN'000)

Consolidated statement of comprehensive income

	3 months ended 31.03.2010	3 months ended 31.03.2009
Sales revenue	2 094 808	1 944 409
Excise duty	(73 428)	(59 722)
Net sales revenue	**2 021 380**	**1 884 687**
Other operating revenue	11 410	20 972
Depreciation and amortization	(163 179)	(160 253)
Employee benefit expenses	(227 255)	(190 705)
Consumption of goods and materials and value of goods sold	(368 056)	(339 136)
Purchase of energy for resale	(730 275)	(686 311)
Transmission services	(176 338)	(176 304)
Other external services	(77 604)	(62 983)
Taxes and charges	(51 989)	(46 028)
Profit (loss) on the sale and liquidation of property, plant and equipment	263	2 240
Other operating expenses	(11 804)	(22 582)
Operating profit	**226 553**	**223 597**
Financial expenses	(6 304)	(18 936)
Financial revenue	47 010	42 442
Share in net profits (losses) of associates measured using the equity method	4 725	4 944
Profit before tax	**271 984**	**252 047**
Income tax	(52 594)	(49 946)
Net profit of the reporting period	**219 390**	**202 101**
Other elements of comprehensive income		
Measurement of AFS financial assets	2 312	(3 393)
Income tax on other elements of comprehensive income	(439)	645
Other elements of comprehensive income, net	**1 873**	**(2 748)**
Comprehensive income for the period	**221 263**	**199 353**
Including net profit:		
attributable to parent's shareholders	218 150	201 312
attributable to minority interests	1 240	789
Including comprehensive income:		
attributable to parent's shareholders	220 023	198 564
attributable to minority interests	1 240	789
Net profit assigned to parent's shareholders	218 150	201 312
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (PLN per share)	**0.50**	**0.46**
Diluted earnings per share (PLN per share)	**0.50**	**0.46**

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

(unless stated otherwise, all amounts are presented in PLN'000)

Consolidated statement of changes in equity

			Share capital (nominal value)	Revaluation of share capital	Total share capital	Treasury shares	Capital related to share based payments	Share premium	Revaluation reserve on financial instruments	Other capital	Retained earnings	Equity attributable to minority interests	Equity total
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									1 873		218 150	1 240	221 263
As at	**31.03.2010**		**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**22 629**	**(22 110)**	**4 203 536**	**25 018**	**9 593 891**

		Note	Share capital (nominal value)	Revaluation of share capital	Total share capital	Treasury shares	Capital related to share based payments	Share premium	Revaluation reserve on financial instruments	Other capital	Retained earnings	Equity attributable to minority interests	Equity total
As at	**01.01.2009**		**441 443**	**146 575**	**588 018**	**(17 396)**	**1 144 336**	**3 632 464**	**(1 099)**	**(28 226)**	**3 675 078**	**31 078**	**9 024 253**
Comprehensive income									(2 748)		201 312	789	199 353
Dividends		21									(1 672)		(1 672)
As at	**31.03.2009**		**441 443**	**146 575**	**588 018**	**(17 396)**	**1 144 336**	**3 632 464**	**(3 847)**	**(28 226)**	**3 874 718**	**31 867**	**9 221 934**

(unless stated otherwise, all amounts are presented in PLN'000)

Consolidated statement of cash flows

	3 months ended 31.03.2010	**3 months ended 31.03.2009**
Cash flows from operating activities		
Net profit of the reporting period	219 390	202 101
Adjustments:		
Income tax in profit or loss	52 594	49 946
Depreciation and amortization	163 179	160 253
Profit (loss) on the sale and liquidation of property, plant and equipment	(263)	(2 240)
(Profit)/loss on sales of financial assets	(981)	(3 454)
Interest income	(42 617)	(38 786)
Interest expense	2 793	2 710
Share in (profits)/losses of associates	(4 725)	(4 944)
Exchange (gains)/losses on loans and credit facilities	(4 092)	12 624
Other adjustments	2 352	(569)
	168 240	**175 540**
Paid income tax	(104 157)	(46 642)
Interest received	40 343	37 376
Interest paid	(1 508)	(1 209)
Changes in working capital balance		
Inventory	40 576	(54 929)
Trade and other receivables	(68 278)	(164 745)
Trade and other liabilities	26 607	28 822
Employee benefit liabilities	(14 401)	(35 562)
Settlement of revenue from subsidies and connection fees	(7 070)	10 685
Change in provisions for certificates of origin	37 692	(79 996)
Change in the balance of liabilities due to equivalent of the right to acquire shares free of charge	(1)	(139 563)
Change in provisions	(9 385)	9 105
	5 740	(426 183)
Net cash flows from operating activities	**328 048**	**(59 017)**
Cash flows from investment activities		
Acquisition of intangible assets and property, plant and equipment	(199 103)	(141 499)
Proceeds from sales of property, plant and equipment	2 602	4 468
Acquisition of financial assets	(136 757)	(1 913 569)
Proceeds from disposal of financial assets	5 063	34 817
Other payments	(417)	(1 763)
Net cash flows from investment activities	**(328 612)**	**(2 017 546)**
Cash flows from financial activities		
Credit facilities and loans received	2 442	223
Repayment of credit facilities and loans	(6 020)	(11 378)
Payments of finance lease liabilities	(722)	(1 013)
Other adjustments	(17)	30
Net cash flows from financial activities	**(4 317)**	**(12 138)**
Increase / (decrease) in the balance of net cash	**(4 881)**	**(2 088 701)**
Cash opening balance	902 543	2 620 659
Cash closing balance	**897 662**	**531 958**

The consolidated statement of cash flows should be analyzed jointly with notes that constitute an integral part of the condensed interim consolidated financial statements.

(unless stated otherwise, all amounts are presented in PLN'000)

Notes to the condensed interim consolidated financial statements

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

Name (company):	ENEA Spółka Akcyjna
Legal form:	joint stock company
Country of residence:	The Republic of 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 core business of the ENEA Capital Group (henceforth: the Group, the Capital Group) includes:
- production of electricity (Elektrownia "Kozienice" S.A., Elektrownie Wodne Sp. z o.o.),
- trading of electricity (ENEA S.A.);
- distribution of electricity (ENEA Operator Sp. z o.o.).

As at 31 March 2010, the shareholder structure of the Parent was as follows (an increase in the share capital resulting from a public offering of shares was recorded in KRS on 13 January 2009): the State Treasury held 60.43% of shares, Vattenfall AB held 18.67% of shares, and other shareholders held 20.90% of shares.

As at 31 March 2010, the share capital of ENEA S.A. amounted to PLN 441,443 thousand (PLN 588,018 thousand after restatement to EU IFRS including hyperinflation and other adjustments) and was divided into 441,442,578 shares (the increase of the share capital resulting from a public offering of shares was recorded in KRS on 13 January 2009).

As at 31 March 2010, the Capital Group consisted of ENEA S.A., the Parent (the Company, the Parent), 24 subsidiaries and three associates.

The condensed interim consolidated financial statements were prepared in line with the going concern assumption and no threats occur to the continuation of the operations of the Group.

2. Statement of compliance

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

The Management Board of the Parent used its best knowledge regarding application of the standards and interpretations, as well as methods and principles of measuring individual items of the condensed interim consolidated financial statements of ENEA Capital Group in line with EU IFRS as at 31 March 2010. Presented listings and explanations were developed in accordance with the due care principle. The condensed interim consolidated financial statements were reviewed by a certified auditor.

3. Accounting principles applied

The condensed interim consolidated financial statements have been prepared in line with accounting principles compliant with those applied at preparation of the latest annual consolidated financial statements except from changes in standards and interpretations as endorsed by the EU, applicable to the annual periods beginning after 1 January 2010.

The accounting principles applied by the Group have been presented in the consolidated financial statements of ENEA Capital Group for the financial year ended 31 December 2009.

The Polish Zloty is the measurement and reporting currency of the presented interim consolidated financial statements. Unless indicated otherwise, data presented in the consolidated financial statements are denominated in thousand PLN (PLN'000).

These condensed interim consolidated financial statements should be read jointly with the consolidated annual financial statements of ENEA Capital Group for the financial year ended 31 December 2009.

4. New accounting standards and their interpretation

For annual periods beginning after 1 January 2010, the following new standards as endorsed by the EU apply, which the Group included in preparing of these condensed interim consolidated financial statements.

- IFRIC 18 *Transfers of Assets from Customers*
  The Interpretation has been effective since 1 January 2010 and applies to contracts based on which an entity receives from its customer property, plant and equipment that is subsequently used either to connect the customer to the network or to allow it continuous access to produced goods or services, or for both these purposes. Further, the Interpretation applies to contracts based on which an entity receives from a customer cash that is subsequently used to produce or acquire a property, plant and equipment item. The entity receiving the cash recognizes an item of property, plant and equipment if it meets the definition of an asset.

(unless stated otherwise, all amounts are presented in PLN'000)

Revenue is recognized accordingly. The revenue recognition moment depends on detailed facts and circumstances pertaining to the contract. Following the application of IFRIC 18, revenue of the Group has increased by approximately PLN 14,732 thousand and profit by approximately PLN 14,680 thousand.

5. Material estimates and assumptions

Preparing condensed interim consolidated financial statements in line with EU IFRS requires the Management Board to make certain assumptions and estimates that impact the adopted accounting principles and amounts disclosed therein and in notes thereto. The assumptions and estimates are based on the Management Board's best knowledge regarding present and future events and activities. Actual results may, though, differ from the projections. Estimates made when preparing the condensed interim consolidated financial statements are consistent with those made when preparing the consolidated financial statements for the prior financial year. Estimates disclosed in prior financial years do not materially effect 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	Interest of ENEA S.A. in the total number of votes (%) 31.03.2010	Interest of ENEA S.A. in the total number of votes (%) 31.12.2009
1.	ENERGOMIAR Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, ul Strzeszyńska 58*	87.97*	87.97
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. *Poznań, ul. Dziadoszańska 10*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Wysokich i Najwyższych Napięć „EWiNN" Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
7.	COGEN Sp. z o.o. *Poznań, ul. Nowowiejskiego 11*	100	100
8.	EnergoPartner Sp. z o.o. *Poznań, ul. Warszawska 43*	100	100
9.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
10.	ENERGO-TOUR Sp. z o.o. *Poznań, ul. Marcinkowskiego 27*	99.92	99.92
11.	ENEOS Sp. z o.o. *Szczecin, ul. Ku Słońcu 34*	100	100
12.	ENTUR Sp. z o.o. *Szczecin, ul. Malczewskiego 5/7*	100	100
13.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, ul. Wilkońskiego 2*	99.94*	99.94
14.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
15.	Zakład Usług Przewozowych ENERGOTRANS Sp. z o.o. *Gorzów Wlkp., ul. Energetyków 4*	100	100
16.	„PWE Gubin" Sp. z o.o. *Sękowice 100 gm. Gubin*	-	50
17.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. *Oborniki, ul. Wybudowanie 56*	87.99	87.99

(unless stated otherwise, all amounts are presented in PLN'000)

18.	„ITSERWIS" Sp. z o.o. *Zielona Góra, ul. Zacisze 28*	100	100
19.	„Auto – Styl" Sp. z o.o. *Zielona Góra, ul. Zacisze 15*	100	100
20.	FINEA Sp. z o.o. *Poznań, ul.Warszawska 43*	100	100
21.	Przedsiębiorstwo Energetyki Cieplnej –Gozdnica Sp. z o.o. *Gozdnica, ul. Świerczewskiego 30*	100	100
22.	ENEA Operator Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
23.	Elektrownia „Kozienice" S.A. *Świerże Górne, gmina Kozienice, Kozienice 1*	100	100
24.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, ul. Kaczorska 20*	63.396	63.396
25.	Kozienice II Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 2*	100	100
26.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., ul. Chłapowskiego 51*	49	49
27.	Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. *Śrem, ul. Staszica 6*	41.65	41.65
28.	Elektrociepłownia Białystok S.A. *Białystok, ul. Gen. Andersa 3*	30.36	30.36

* As of 31 March 2010 no KRS record was made regarding an increase in the share capital.

Changes in the structure of the Capital Group in the period included in the condensed interim consolidated financial statements

On 28 January 2010 the Extraordinary Shareholders' Meeting adopted a resolution no. 1 on the increase of the share capital of ENTUR Sp. z o.o. to PLN 4,134.5 thousand i.e. by PLN 100 thousand by creating 200 new shares with a nominal value of PLN 500 each. All new shares in the company's share capital will be assumed and cash covered by ENEA S.A.

On 4 February 2010 the Extraordinary Shareholders' Meeting adopted a resolution no. 1 on the increase of the share capital of Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. to PLN 17,448 thousand by PLN 1,710 thousand by creating 3,420 new shares with a nominal value of PLN 500 each. All new shares in the company's share capital will be assumed and cash covered by ENEA S.A.

On 22 December 2009 and on 2 February 2010 the Extraordinary Shareholders' Meeting adopted on the increase of the share capital of BHU S.A. with its registered office in Poznań to PLN 14,302 thousand, i.e. by PLN 4,164.1 thousand by creating 41,641 new shares with a nominal value of PLN 100 each. All new shares in the company's share capital will be assumed and cash covered by ENEA S.A. The cash payment shall be completed with contribution in kind.

On 22 December 2009 the Extraordinary Shareholders' Meeting adopted a resolution no. 1 on the increase of the share capital of ENERGOBUD Leszno Sp. o.o. with the registered office in Gronówek to PLN 5,676 thousand, i.e. by PLN 2,151.5 by creating 4,303 new shares with the nominal value of PLN 500 each. All new shares in the company's share capital will be assumed by ENEA S.A. and covered with contribution in kind.

In a resolution of 15 December 2009, Management Board of ENEA S.A. approved the sale of interests in PWE Gubin Sp. z o. o. with the registered office in Sękowice held by ENEA S.A. The shares were disposed of in accordance with the sale agreement of 9 February 2010.

(unless stated otherwise, all amounts are presented in PLN'000)

7. Segment reporting

Segment reporting for the period from 1 January to 31 March 2010 is as follows:

	Turnover	**Distribution**	**Production**	**All other segments**	**Exclusions**	**Total**
Net sales revenue	1 101 020	669 971	181 542	68 847	-	2 021 380
Inter-segment sales	78 935	-	406 524	79 678	(565 137)	-
Total net sales revenue	**1 179 955**	**669 971**	**588 066**	**148 525**	**(565 137)**	**2 021 380**
Total expenses	(1 124 818)	(543 527)	(518 347)	(143 601)	560 448	(1 769 845)
Segment profit/loss	**55 137**	**126 444**	**69 719**	**4 924**	**(4 689)**	**251 535**
Unassigned costs of the entire Group (general and administrative expenses)						(24 982)
Operating profit						**226 553**
Financial expenses						(6 304)
Financial revenue						47 010
Net share in p/l of associates						4 725
Income tax						(52 594)
Net profit						**219 390**
Share in minority profit						1 240

(unless stated otherwise, all amounts are presented in PLN'000)

Segment reporting for the period from 1 January to 31 March 2009 is as follows:

	Turnover	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	1 194 584	587 596	28 919	73 588	-	1 884 687
Inter-segment sales	118 075	-	571 925	90 659	(780 659)	-
Total net sales revenue	**1 312 659**	**587 596**	**600 844**	**164 247**	**(780 659)**	**1 884 687**
Total expenses	(1 242 823)	(539 392)	(477 318)	(156 391)	766 526	(1 649 398)
Segment profit/loss	**69 836**	**48 204**	**123 526**	**7 856**	**(14 133)**	**235 289**
Unassigned costs of the entire Group (general and administrative expenses)						(11 692)
Operating profit						**223 597**
Financial expenses						(18 936)
Financial revenue						42 442
Net share in p/l of associates						4 944
Income tax						(49 946)
Net profit						**202 101**
Share in minority profit						789

(unless stated otherwise, all amounts are presented in PLN'000)

Information on operating segments (cont'd)

Other segment reporting information as at 31 March 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Property, plant and equipment	19 175	4 698 825	2 816 913	350 348	(68 207)	7 817 054
Trade and other receivables	521 147	369 210	225 919	99 161	(223 155)	992 282
Total	540 322	5 068 035	3 042 832	449 509	(291 362)	8 809 336
ASSETS excluded from segmentation						3 530 394
- including property, plant and equipment						190 014
- including trade and other receivables						2 584
TOTAL: ASSETS						**12 339 730**
Trade and other liabilities	381 379	289 078	306 686	96 441	(225 146)	848 438
Equity and liabilities excluded from segmentation						11 491 292
- including trade and other liabilities						79 255
TOTAL: EQUITY AND LIABILITIES						**12 339 730**
Investment outlays for fixed and intangible assets	-	49 190	45 499	15 691	(492)	109 888
Investment outlays for fixed and intangible assets excluded from segmentation						292
Amortization/depreciation	81	90 641	62 388	9 219	2	162 331
Amortization/depreciation excluded from segmentation						848
Revaluation write-downs on receivables as at 31.03.2010	81 916	9 717	54 932	5 850	-	152 415

(unless stated otherwise, all amounts are presented in PLN'000)

Information on operating segments (cont'd)

Other segment reporting information as at 31 December 2009:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Property, plant and equipment	19 609	4 724 365	2 832 857	340 394	(68 090)	7 849 135
Trade and other receivables	528 425	355 886	268 461	157 840	(389 342)	921 270
Total:	548 034	5 080 251	3 101 318	498 234	(457 432)	8 770 405
ASSETS excluded from segmentation						3 459 283
- including property, plant and equipment						211 539
- including trade and other receivables						5 573
TOTAL: ASSETS						**12 229 688**
Trade and other liabilities	426 258	404 541	289 852	144 341	(389 342)	875 650
Equity and liabilities excluded from segmentation						11 354 038
- including trade and other liabilities						115 890
TOTAL: EQUITY AND LIABILITIES						**12 229 688**
Investment outlays for fixed and intangible assets	-	412 015	302 369	80 009	(32 352)	762 041
Investment outlays for fixed and intangible assets excluded from segmentation						70 688
Amortization/depreciation	353	345 190	246 344	59 964	3 381	655 232
Amortization/depreciation excluded from segmentation						6 113
Revaluation write-downs on receivables as at 31.03.2009	81 976	8 971	53 916	5 769	-	150 632

The segment revenue is that generated from the sales to external clients and transactions with other segments, which are directly attributable to a given segment and a relevant portion of the Group's revenue on a reasonable basis.

The segment expenses are those consisting of costs of goods sold to external clients and costs of transactions with other Group segments, which result from operations of a given segment and are directly attributable to a given segment with a relevant portion of the Group's costs and are assignable on a reasonable basis.

Market prices apply to inter-segment transactions which provides individual entities with a margin sufficient for independent functioning on the market. Prices specified in the Energy Law, i.e. the *Energy Law* of 10 April 1997 and relevant secondary legislation, apply in terms of trading in electricity and providing 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 3-month period ended 31 March 2010, the Group acquired property, plant and equipment for the total amount of PLN 109,658 thousand (during the period of 12 months ended 31 December 2009: PLN 823,383 thousand).

During the 3-month period ended 31 March 2010, the Group sold and liquidated property, plant and equipment for the total net amount of PLN 10,290 thousand (during the period of 12 months ended 31 December 2009: PLN 17,177 thousand).

As at 31 March 2010 the total revaluation write-down on the carrying amount of property, plant and equipment was PLN 9,015 thousand (as at 31 December 2009: PLN 16,726 thousand).

Impairment test (property, plant and equipment)

As at 30 June 2008, the Group performed an impairment test on property, plant and equipment, based on which no impairment of these assets related to distribution was detected as at that date.

Following power distribution related changes in the regulatory environment inconsistent with assumptions made for the purpose of 30 June 2008 test, as at 31 December 2008, the Group repeated the impairment test on property, plant and equipment related to distribution.
Compared to the analysis as at 30 June 2008, projected operating expenses were adjusted to new conditions including activities initiated by the Group in order to minimize effects of regulatory changes on its profit/loss.

Based on the test, as at 31 December 2008 no impairment of property, plant and equipment related to distribution was detected. As at 31 December 2009, no indication was found to necessitate another impairment test of distribution-related property, plant and equipment.

The methodology used in calculating the return on capital employed from the 2010 tariff year has been presented in the document "Methodology of determining the regulatory value of assets and return on capital employed". The document was approved by ENEA Operator Sp. z o.o. and the President of the Energy Regulatory Office (ERO). When calculating the return on capital employed the entity assumes a track to reach the full coverage of the regulatory value of assets. The length of the track will depend on the initial level of the regulatory value of assets, determined in line with the methodology presented in the aforementioned document. Upon completion of works related to estimating the regulatory value of assets in line with the new methodology, which is advantageous for the Group, reports obtained a positive opinion of certified auditors and were submitted to the President of ERO. The President of ERO accepted the recommendations regarding the actual fee increase rate and opening balances of the regulatory value of assets as determined in reports for all Distribution System Operators and implemented the new method as from 2010.

9. Intangible assets

During the 3-month period ended 31 March 2010, the Group acquired intangible assets for the total amount of PLN 522 thousand (during the period of 12 months ended 31 December 2009: PLN 9,346 thousand).

During the 3-month period ended 31 March 2010, the Group did not sell or liquidate material intangible assets (neither had during the period of 12 months ended 31 December 2009).

10. Investment property

During the 3-month period ended 31 March 2010, the Group did not acquire any investment property (during the period of 12 months ended 31 December 2009 it had acquired investment property for PLN 163 thousand).

11. Investments in associates and jointly-controlled entities

During the 3-month period ended 31 March 2010, the Group did not acquire any shares in associates (during the period of 12 months ended 31 December 2009 it had acquired shares in associates and joint ventures for PLN 5,500 thousand).

During the 3-month period ended 31 March 2010, the Group sold shares in PWE Gubin Sp. z o.o., a co-subsidiary (as at 31 December 2009, the shares had been recognized under "non-current assets held for sale").

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

12. Revaluation write-downs on trade and other receivables

	31.03.2010	31.12.2009
Revaluation write-down on receivables, opening balance	**150 632**	**124 232**
Created	6 206	63 641
Released	(4 221)	(31 462)
Applied	(202)	(5 779)
Revaluation write-down on receivables, closing balance	**152 415**	**150 632**

During the 3-month period ended 31 March 2010, the revaluation write-down on the carrying value of trade and other receivables decreased by PLN 1,783 thousand (during the period of 12 months ended 31 December 2009 the revaluation write-down had increased by PLN 26,400 thousand).

13. Inventory

As at 31 March 2010 the total revaluation write-down on the carrying amount of inventories was PLN 6,195 thousand (as at 31 December 2009: PLN 6,277 thousand).

During the 3-month period ended 31 March 2010, revaluation write-down on the carrying amount decreased by PLN 82 thousand (during the period of 12 months ended 31 December 2009 it had increased by PLN 1,411 thousand).

14. Investment portfolio

As ENEA S.A. fulfilled the conditions necessary to release funds due to issuance of shares at the WSE from the ESCROW bank account, on 6 February 2009 a specialized financial institution dealing with professional management of Cash was transferred the amount of PLN 1,913,840 thousand. In line with the Agreement, the transferred funds are invested only in safe securities according to the following scheme:

Type of assets	Minimum share	Maximum share
Debt instruments with a surety or guarantee of the State Treasury or the National Bank of Poland	0%	100%
Bank deposits	0%	30%

As at 31 March 2010 they amounted to PLN 1,723,840 thousand (Treasury bonds and notes of PLN 1,211,441 thousand) and deposits (in banks appointed by the Company of PLN 512,399 thousand). The investment portfolio is treated as FVTPL financial assets.
The selected strategy is to maximize profit at minimum risk.

15. Equity related to share-based payments and liabilities due to an equivalent of the right to acquire shares free of charge

Based on the Act on commercialization and privatization of 30 August 1996 (Commercialization and Privatization Act) employees of ENEA Capital Group are entitled to acquire 15% of shares in ENEA S.A. free of charge (the "Program"). The vesting conditions include being an employee of the ENEA S.A. Capital

Group at the moment of its commercialization (i.e. in 1993 and 1996) and having submitted a written statement on the will to acquire shares within six months from the commercialization date. The Commercialization and Privatization Act defines the total pool but does not specify the exact number of shares to be granted to individual employees. The number of shares granted to individual employees will depend on the total years in service including the service with the company prior to and after its commercialization, until the date of the State Treasury selling the shares.

According to IFRS 2, the costs of the program should be recognized in the period of eligible employees providing the employment services to the Company, and the service cost should be determined as at the Vesting Date, i.e. as at the date on which all material vesting conditions are set.

The value of the employee share program was determined by the Company based on measurement of shares of ENEA S.A. as at the date of the consolidated financial statements for financial years ended 31 December 2007, 31 December 2006 and 31 December 2005 as disclosed in the Issue Prospectus of ENEA S.A. The amount of the program was estimated at PLN 901 million. The ENEA S.A. Capital Group recognized the total program cost as previous year adjustment in the capital of the earliest period presented in the consolidated financial statements, i.e. as at 1 January 2005 and did not update the cost at any date ending the subsequent financial years, i.e. 31 December 2005, 31 December 2006, 31 December 2007 and 31 December 2008.

Management Board believes that IFRS do not include detailed principles of settlement of the program bearing characteristics determined in the Commercialization and Privatization Act, and that in particular they disallow clear interpretation of the case where the total pool of shares granted under the program to employees eligible as at the commercialization date, i.e. prior to the Vesting Date, has been determined but the number of shares granted to individual employees has not. In such a case, an employee providing services in subsequent periods until the Vesting Date shall probably obtain a higher number of shares, but not through issue of additional shares, but only through reduction in the number of shares granted to other employees.

Additionally, Management Board believes that the key objective of the program was to provide employees with compensation for services rendered prior to the commercialization date (i.e., in the past) as proven among others by the total and unchangeable number of granted shares determined for the program.

In light of the above arguments, Management Board of ENEA SA decided not to update the value of the program. As a result, the value of the program as at 31 March 2010 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 "Kozienice" S.A. were supposed to place a declaration of the intention to exchange the equivalent for the right to acquire shares of ENEA S.A. free of charge by 18 January 2008. Once the placed declarations and the result of the complaint procedure have been examined the value of shares to be settled in the form of an equivalent was PLN 291,127 thousand (PLN 514,920 thousand as at 31 December 2007). Exchange of the value of the equivalent for an allotment certificate worth PLN 224,042 thousand was disclosed under the Company's capital under "Share-based capital".

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

As at 31 March 2010 part of the equivalent was paid to the Eligible Employees of Elektrownia "Kozienice" S.A. Other equivalent liabilities as at 31 March 2010 were PLN 617 thousand (as at 31 December 2009 the liability was PLN 618 thousand).

16. Credit facilities and loans

	31.03.2010 Carrying amount	31.12.2009 Carrying amount
Long-term		
Bank credit facilities	94 159	102 312
Loans	4 596	4 744
	98 755	**107 056**
Short-term		
Bank credit facilities	38 506	37 634
Loans	8 896	8 975
	47 402	**46 609**
Total	**146 157**	**153 665**

During the 3-month period ended 31 March 2010, the net decrease in the carrying amount of loans and credit facilities amounted to PLN 7,508 thousand (during the period of 12 months ended 31 December 2009 the carrying amount of loans and credit facilities had decreased by PLN 51,725 thousand).

17. Settlement of revenue from subsidies and connection fees

	31.03.2010 Carrying amount	31.12.2009 Carrying amount
Long-term		
Deferred income on subsidies	211 151	216 061
Connection fee income	573 973	575 235
	785 124	**791 296**
Short-term		
Deferred income on subsidies	14 667	14 640
Connection fee income	27 531	27 216
	42 198	**41 856**

Deferred income schedule

	31.03.2010	31.12.2009
Up to 1 year	42 198	41 856
From 1 to 5 years	101 713	99 694
Over 5 years	683 411	691 602
	827 322	**833 152**

During the 3-month period ended 31 March 2010, the net decrease in the carrying amount of subsidies and connection fees amounted to PLN 5,830 thousand (during the period of 12 months ended 31 December 2009 the carrying amount of subsidies and connection fees had increased by PLN 39,559 thousand).

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

18. Deferred income tax

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

	31.03.2010	31.12.2009
Opening balance	112 366	123 480
Charged to/(recognized in) profit	(4 066)	(16 240)
Charged to/(recognized in) other components of comprehensive income	(439)	5 126
Closing balance	**107 861**	**112 366**

During the 3-month period ended 31 March 2010, the Group's profit before tax was credited with PLN 4,066 thousand due to a decrease in the deferred tax provision (in the 12-month period ended 31 December 2009, the profit before tax was credited with PLN 16,240 thousand due to a decrease in the provision).

19. Certificates of origin

	31.03.2010	31.12.2009
Certificates of origin	(57 302)	(45 437)
Advances for certificates of origin	(1 932)	(1 259)
Provision for the costs of redemption of certificates of origin	143 465	93 235
Provision for certificates of origin	**84 231**	**46 539**

20. Provisions for liabilities and other obligations

Provision for expected loss arising from compensation proceedings

	31.03.2010	31.12.2009
Opening balance	**87 738**	**81 028**
Increase in existing provisions	712	21 979
Provisions applied	(46)	(11 407)
Decrease in provisions	(476)	(3 862)
Balance as of the balance sheet date	**87 928**	**87 738**

Provisions for liabilities are determined at justified, reliably estimated amount. Individual provisions are created for projected losses related to a court action brought against the Group. The provisions are created in the amount of the claim considering the probability of losing the case based on a legal opinion. The cost of provisions is recognized under other operating expenses.

The description of material claims and relevant contingent liabilities has been presented in notes 26.2, 26.4., 26.5 and 26.6.

During the 3-month period ended 31 March 2010, the provision for projected losses related to compensation proceedings increased by PLN 190 thousand (in the 12-month period ended 31 December 2009 it had increased by PLN 6,710 thousand).

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

Other provisions

	31.03.2010	31.12.2009
Opening balance	**23 979**	**36 909**
Increase in existing provisions	5 125	67 789
Provisions applied	(13 583)	(68 824)
Release of not applied provision	(1 117)	(11 895)
Balance as of the balance sheet date	**14 404**	**23 979**

During the 3-month period ended 31 March 2010, other provisions decreased by PLN 9,575 thousand (in the 12-month period ended 31 December 2009, they had decreased by PLN 12.930 thousand, respectively).

Provision for storage place reclamation

Once a cinder and ash storage place is closed, the Group is obliged to recultivate the land. Since the Group owns large empty storage areas, the projected recultivation shall take place in 2060. Future estimated recultivation costs have been discounted to the current value at the 6.15% discount rate. The recultivation provision is revalued as at 31 December and 30 June, unless material changes in assumptions it is based on have occurred.

As at 31 March 2010, the provision amounted to PLN 7,768 thousand (as at 31 December 2009, it had amounted to PLN 7,629 thousand).

Provision for cost of release or storage of ash/cinder mix

In process of coal combustion, the Group generates two kinds of waste: ash and ash/cinder mix. Since the Group incurs the costs of releasing the mix, an appropriate provision is created. Future estimated costs of releasing or storing the mix have been discounted to the current value at the 6.15% discount rate. The release/storage provision is revalued as at 31 December and 30 June, unless material changes in assumptions it is based on have occurred.

As at 31 March 2010, the provision amounted to PLN 3,490 thousand (as at 31 December 2009, it had amounted to PLN 4,107 thousand).

Provision for the purchase of CO_2 emission rights

As at 31 March 2010, the provision calculated in accordance with market price of the emission rights amounted to PLN 2,056 thousand (as at 31 December 2009, it had amounted to PLN 11,109 thousand).

21. Dividend

On 20 April 2010 the General Shareholders' Meeting of ENEA S.A. adopted a resolution No. 7 concerning net profit distribution for the financial period from 1 January 2009 to 31 December 2009 under which the amount of PLN 167,748 thousand was allocated for payment of dividend to the shareholders (dividend per share was PLN 0.38). The dividend was not paid until the balance sheet date.

On 30 June 2009 the General Shareholders' Meeting of ENEA S.A. adopted a resolution No. 4 concerning net profit distribution for the financial period from 1 January 2008 to 31 December 2008 under which the amount of PLN 203,064 thousand was allocated for payment of dividend to the shareholders (dividend per share was PLN 0.46) The dividend was paid by 31 December 2008.

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

Pursuant to the "Act on profit-sharing payments in companies wholly owned by the State Treasury" of 1 December 1995 ENEA S.A. made quarterly profit-sharing payments (defined as gross profit less the amount of current income tax) in the amount of 15% which is presented as dividend payment. The Company ceased to be subject to the above obligation at the end of the month in which the capital increase resulting from the public issuance of shares conducted in 2008 (13 January 2009) was registered, i.e. since 1 February 2009.

Profit-sharing payments for the period from 1 January to 31 December 2009 amounted to PLN 216 thousand.

22. Related party transactions

The Capital Group companies included in consolidation conclude transactions with the following related parties:

- Transactions with Capital Group companies included in consolidation are eliminated upon consolidation.
- Transactions concluded between Group and Members of the Group's Management divided into three categories:
  - resulting from employment contracts with Members of the Management Board of the Parent Company and related to appointment of the Members of the Supervisory Board;
  - resulting from loans from the Company's Social Benefit Fund granted to Members of the Management Board of the Parent Company and Supervisory Board employed in ENEA S.A.
  - resulting from civil law agreements.
- Transactions with subsidiaries of the State Treasury.

Transactions with Members of the Group's bodies

		Management Board		Supervisory Board	
No.	**Item**	**01.01.2010 - 31.03.2010**	**01.01.2009 - 31.03.2009**	**01.01.2010 - 31.03.2010**	**01.01.2009 - 31.03.2009**
1.	Remuneration pursuant to employment contract	306	497	-	-
2.	Remuneration pursuant to appointment of managing and supervising bodies	-	-	104	80
3.	Remuneration due to the position held in supervisory boards of subsidiaries	93	40	-	-
4.	Remuneration due to other employee benefits (power allowance)	38	65	-	-
	TOTAL	**437**	**602**	**104**	**80**

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 published by the President of the Central Statistical Office. The amount of the annual bonus cannot exceed thirty average monthly remunerations in the year preceding the bonus.

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

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

No.	Company's body	Balance as at 01.01.2010	Granted on 01.01.2010	Repaid until 31.03.2010	Balance as at 31.03.2010
1.	Management Board	21	-	(1)	**20**
2.	Supervisory Board	29	-	(2)	**27**
	TOTAL	**50**	**-**	**(3)**	**47**

No.	Company's body	Balance as at 01.01.2009	Granted on 01.01.2009	Repaid until 31.12.2009	Balance as at 31.12.2009
1.	Management Board	42	-	(21)	**21**
2.	Supervisory Board	7	47	(25)	**29**
	TOTAL	**49**	**47**	**(46)**	**50**

Other transactions resulting from civil law agreements concluded between the Parent and Members of the Company's Bodies relate only to private use of company's cars by Members of the Management Board of ENEA S.A.

Additionally, the Group concludes business transactions with the entities of the central and local administration and entities owned by the State Treasury of the Republic of Poland.

The transactions concern:

- purchase of coal, electricity and property rights resulting from certificates of origin as regards renewable energy and energy produced in cogeneration with heat, transmission and distribution services provided by the Group from a State Treasury subsidiary;
- sale of electricity, distribution service, connection and other related fees, provided to the central and local administration bodies (sales to end users) and subsidiaries of the State Treasury (wholesale and retail - end users).

These transactions are concluded at the arm's length basis and their terms and conditions do not differ from those used in transactions with other entities. The Group does not keep records that would allow aggregating the amount of all transactions concluded with all state-owned institutions and State Treasury subsidiaries.

23. Long-term contracts on the sale of electricity (LTC)

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

In 2008, Elektrownia "Kozienice" S.A. obtained from Zarządca Rozliczeń S.A. advances for orphaned costs in the amount of PLN 93,132 thousand, out of which the amount of PLN 80,976 thousand was recognized in 2008 financial statements as revenue from compensation. On 5 August 2009, Elektrownia "Kozienice" S.A. obtained a Decision of the President of ERO of 31 July 2009 determining the amount of annual adjustment for orphaned costs (i.e. advances obtained from Zarządca Rozliczeń S.A.) for the year 2008. According to the above decision, the annual adjustment for orphaned costs (i.e. the amount of advances to be refunded to Zarządca Rozliczeń S.A.) was determined as PLN 89,537 thousand, meaning a reduction of compensation revenue for 2008 compared to the amount recognized in 2008 financial statements by Elektrownia "Kozienice" S.A. (and the resulting reduction in the consolidated financial statements of the ENEA Capital Group) by PLN 77,381 thousand.

The amount of the annual adjustment of orphaned costs for 2009 will depend on a number of factors, in particular on the operating profit/loss of Elektrownia "Kozienice" S.A. for 2009, electricity sales volume and average market prices of electricity, as well as interpretation of the LTC Termination Act.

According to the Management Board of Elektrownia "Kozienice" S.A. and ENEA S.A., assumptions made by the President of ERO at making the decision as well as interpretation of the Act of 29 June 2007 regarding coverage of costs incurred by generators in relation to the discussed termination of LTC are often incorrect or misapplied. Therefore, on 19 August 2009, Elektrownia "Kozienice" S.A. filed an appeal to the District Court in Warsaw – the Court of Competition and Consumer Protection. The appeal included a motion to suspend the execution of the decision until the final judgment. In its judgment of 23 September 2009, the District Court in Warsaw, the Court of Competition and Consumer Protection decided to suspend the decision in excess of PLN 44,768 thousand and denied the other part of the motion. Therefore, on 30 September 2009, the Management Board of the Company decided to refund the advance in the amount not suspended by the Court and resulting from the decision of the President of ERO.

On 2 October 2009, Elektrownia "Kozienice" S.A. appealed against the above judgment to the Appellative Court in Warsaw, VI Civil Law Division.

As at the date of the consolidated financial statements, the result of the appellation cannot be precisely determined. The Management Board of Elektrownia "Kozienice" S.A. decided not to recognize compensation revenue in 2009 and to recognize the adjustment of compensation revenue recorded in 2008 in the amount of PLN 77,380 thousand. The above adjustment is recognized in the statement of comprehensive income for the period from 1 January to 31 December 2009 under sales revenue (as the amount reducing sales revenue). If in future the Court decides on the appeal against the President of ERO obliging Elektrownia "Kozienice" S.A. to refund the reduced amount of adjustment determined by the President of ERO, it will improve the financial standing of the Group.

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

24. Future liabilities due to contracts concluded as at the balance sheet date

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

	31.03.2010	31.12.2009
Acquisition of property, plant and equipment	445 670	415 833
Acquisition of intangible assets	12 359	12 547
	458 029	**428 380**

25. 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 the summer ones. This depends on the temperature and the length of the day. The extent of fluctuations depend on low temperature and shorter days in winter and higher temperature and longer days in summer. Seasonal sales of electricity apply largely to small clients (44.4% of the value of sales), not to the industrial sector.

26. Contingent liabilities and proceedings before court, body competent to conduct arbitration or public administration body

26.1. Sureties and guarantees granted by the Company and its subsidiaries in relation to loans and credit facilities

The Company or its subsidiaries did not grant any guarantees or collaterals of loans or credit facilities during the reporting period.

26.2. Pending proceedings before common courts of law

Actions brought by the Group

Actions which ENEA S.A. and ENEA Operator Sp .z o.o. 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 network and other specialist services rendered by the Company (the so-called non-electricity cases).

Actions which Elektrownia „Kozienice" S.A. brought to common courts of law refer mostly to claims for receivables arising from forwarding agreements the other party failed to perform on.

As at 31 March 2010 there were 7,806 cases pending before common courts of law which have been brought by the Group for the total amount of PLN 42,193 thousand (as at 31 December 2009 there were 6,063 cases for the total amount of PLN 38,496 thousand).

None of the cases is significant for the Capital 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, determination of whether illegal electricity consumption took place and compensation for the Group's use of real property where electrical equipment has been situated. The Group considers actions concerning non-contractual use of real property not owned by it as particularly important (note 26.5).

Actions brought against Elektrownia "Kozienice" S.A. refer among others to such issues as claims resulting from the agreement on the sales of fly ash (regarding a claim that Elektrownia Kozienice S.A. pays fees for loading delay). As a result of an agreement, the claim was paid on 2 April 2010.

As at 31 March 2010 there were 457 cases pending before common courts of law which have been brought against the Group for the total amount of PLN 29,780 thousand (as at 31 December 2009 there were 351 cases for the total amount of PLN 25,102 thousand). Provisions related to the court cases have been presented in note 20.

26.3. Arbitration proceedings

As at 31 March 2010 there were no pending proceedings before competent arbitration bodies.

26.4. Proceedings before public administration bodies

Pursuant to the decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 which ended the proceedings for charging electricity recipients 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 District Court in Warsaw – the Competition and Consumer Protection Court reduced the fine imposed on the Company to PLN 10 thousand. On 25 September 2009 ENEA appealed to the Appellation Court in Warsaw against the decision motioning its cancellation. On 27 April 2010 the Court cancelled the decision and returned the case for re-examination.

Pursuant to the decision of the President of the Office of Competition and Consumer Protection of 30 September 2008 which ended the proceedings for flagrant breach of deadlines to issue connection terms and determining the scope of impact of the projected wind farm on the energy 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. As at the date of preparation of these condensed interim consolidated financial statements the appeal had not been examined. As at 31 March 2010, the Group created a provision for the full fine amount.

On 27 February 2008, the President of Energy Regulatory Office issued a final decision regarding ENEA's failure to fulfill the obligation of purchasing electricity produced in CHP process in 2006 and charged it with a fine of PLN 7.594 thousand. On 17 December 2008, ENEA appealed against the decision to the District Court in Warsaw - Competitor and Consumer Protection Court. On 15 December 2009, the Competitor and Consumer Protection Court decided in favor of ENEA changing the decision of the President of ERO of 27 November 2008 and canceling the administrative proceedings. The President of ERO appealed against the decision to the Appellative Court in Warsaw. As at 31 March 2010, the Group created a provision for the full fine amount.

On 28 December 2009 the President of ERO issued a decision regarding ENEA's failure to fulfill the obligation to purchase CHP-produced electricity in the first half of 2007 and fined the Company with the amount of PLN 2,150 thousand. On 19 January 2010, ENEA appealed against the decision to the Competitor and Consumer Protection Court. As at 31 March 2010, the Group created a provision for the full fine amount.

On 11 February 2009, Elektrownia Kozienice filed a motion in the Customs Office in Radom to be refunded with the overpaid excise tax for the period from January 2006 to December 2008 in the amount of PLN 694.6 million. Having examined the motion, on 26 August 2009 the Customs Office Head issued refusals to refund the overpaid excise tax for the period from January 2006 to June 2006. On 10 November 2009 he issued refusals regarding the period from July 2006 to December 2006 inclusive and on 12 November 2009, he issued refusals regarding the period from January 2007 to December 2007 inclusive. At the same time, on 26 August 2009 the Customs Office Head issued decisions determining the excise tax liability for the period from January 2006 to June 2006, on 10 November 2009 he issued decisions on tax liability regarding the period from July 2006 to December 2006 inclusive and on 12 November 2009, he issued decisions on tax liability regarding the period from January 2007 to December 2007 inclusive assuming the amounts disclosed by the Company in its tax returns prior to adjustments and the refund motion as the basis of the calculation. The Company appealed against these decisions to the Head of the Customs Chamber in Warsaw. Additionally, on 24 November 2009, the Company filed a motion in the Customs Office in Radom to state and refund the overpaid excise tax on electricity for January and February 2009 in the amount of PLN 34.6 million. By the date of these condensed interim consolidated financial statements the motions had not been examined.

Due to the nature of the Group's business, there were many other proceedings before the public administration bodies as at 31 March 2010.

Vast majority of the proceedings was instigated upon request of the Group which applies 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 use of land;
- designation land for electricity equipment.

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 the proceeding should not have a significant impact on the Group's net profit.

The nature of operations of ENEA Operator Sp. z o.o. (being active on a regulated market as a monopoly) has given rise to several proceedings initiated by the President of Energy Regulatory Office and President of Competition and Consumer Protection Office following motions filed by consumers of electricity served by the Group.
The President of the Energy Regulatory Office as the central governmental agency authorized to regulate operations of power companies settles disputes regarding a refusal to conclude a network connection agreement, transmission services agreement and determining the contents of the above agreements.

As at 31 March 2010 the President of the Energy Regulatory Office carried out a series of explanatory and administrative proceedings against the Group.
The result of the proceeding should not have a significant impact on the Group's net profit.

26.5. Risk related to the current legal status of real property used by the Group

The risk related to the current legal status of real property used by the Group stems from the fact that the Group does not hold legal title to all plots of land there its transmission network and the related equipment is located. In future, the Group may be obliged to cover the costs of uncontractual used of real property.
Unclear legal status of real property gives rise to a risk of additional costs related to claims regarding uncontractual use of land, rent or, exceptionally, claims regarding change of facility location (restoring the land to its initial state).

In this case, claims addressed to the Group regard payment (damages for uncontractual use of real property, reduction of its value, lost benefits) and those related to property infringement (facility removal motion).
In such cases, court decisions are important since they materially impact both Group's acting towards claims lodged prior to litigation in relation to facilities located in real property owned by other entities or individuals in the past, and initiatives aimed at clarification of the legal status of new investments.

The Group has created a provision for all claims lodged by owners of property in proximity of transmission network and the related infrastructure including the most appropriate estimates of outlays necessary to satisfy the claims based on Management Board's opinion. The Group does not create a provision for unlodged claims of owners of uncontractually used land. Potential amounts of related claims may be material for the Group in light of the acreage of land with unclear legal status where the Group's transmission networks and the related infrastructure are located. The Group does not hold records of the property and its legal status and therefore is not able to reliably estimate the maximum amount of potential claims regarding uncontractual use of land.

26.6. Risk related to participation in costs of use of forests managed by State Forestry for the purpose of power line construction

Due to lack of legal regulations as at 31 March 2010, provisions for potential claims regarding the use of forest land managed by State Forestry for the purpose of construction of power lines owned by the Group were not recognized in the accounting records. On 29 November 2006, the Minister of Environment organized a meeting with representatives of State Forestry, Ministry of State Treasury, PSE-Operator Sp. z o.o. and Polish Association of Polish Association of Power Transmission and Distribution representing distributors. The proposal of State Forestry aimed at concluding of rental agreements for land located under the power lines was not accepted. A systemic solution was considered necessary, based on relevant legislation changes. At present, estimating of provision for participation in costs incurred by the State Forestry due to real property tax payable to the State Treasury is impossible. In light of the acreage of land, liabilities arising from this item may be significant.

Regardless from the above activities aimed at systemic regulation of legal status of State Forestry owned property, individual administrative units of this institution have lodged claims against the Group regarding uncontractual use of land. The claims are included in the provision referred to in note 20.

27. Negotiations regarding acquisition of Zespół Elektrowni Pątnów – Adamów – Konin S.A.

In 2008 the Parent commenced negotiations with the received of Elektrim S.A. regarding acquisition of 45.95% of shares in Zespół Elektrowni Pątnów – Adamów – Konin (ZE PAK). In order to make a proposal, the Group has to meet several conditions, among others including a satisfactory audit of legal, financial, tax, technical, environmental and operational aspects of ZE PAK and its capital group, arrangement of all sales terms and developing a satisfactory solution for claims lodged by creditors of Elektrim S.A. in relation to shares in ZE PAK. Until the date of the condensed interim consolidated financial statements, no binding decisions had been made.

28. Activities aimed at acquisition of a hard coal mining entity

The Company initiated the process of acquiring an organized part of the enterprise of Kopalnia Węgla Kamiennego "Brzeszcze Silesia" Ruch II Silesia and submitted an unbinding proposal to its present owner. As at the date of these condensed interim consolidated financial statements, Management Board of ENEA S.A. decided to resign from acquisition of the organized part of the enterprise of Kompania Węglowa S.A. named Ruch II Silesia KWK "Brzeszcze-Silesia". The Company may continue negotiations and establish a new cooperation framework with Kompania Węglowa, the owner of KWK Silesia. The decision making process regarding KWK Silesia is continued, and ENEA S.A. considers alternative investment forms.

29. Changes in the excise tax

On 1 May 2009, amendments to the Excise Tax Act of 23 January 2004 came into effect. The new excise regulations result from the necessity to adjust Polish legislation to EU standards. In line with the amendment, the excise tax point originates upon delivery of power to end users (before, it had originated upon generation of power). Therefore, since 1 March 2009 ENEA S.A. has been obliged to pay the excise tax (prior it had been imposed on Elektrownia Kozienice S.A.).

At the same time, on 12 February 2009, the European Court of Justice issued a decision that the former Polish regulations regarding the tax point in excise tax on power had been contradictory to the EU Energy Directive.

On 11 February 2009, Elektrownia Kozienice filed a motion in the Customs Office in Radom to be refunded with the overpaid excise tax for the period from January 2006 to December 2008 in the amount of PLN 694.6 million. Having examined the motion, on 26 August 2009 the Customs Office Head issued refusals to reimburse the overpaid excise tax for the period from January 2006 to June 2006, on 10 November 2009 he issued refusals regarding the period from July 2006 to December 2006 inclusive and on 12 November 2009, he issued refusals regarding the period from January 2007 to December 2007 inclusive. At the same time, on 26 August 2009 the Customs Office Head issued decisions determining the excise tax liability for the period from January 2006 to June 2006, on 10 November 2009 he issued decisions on tax liability regarding the period from July 2006 to December 2006 inclusive and on 12 November 2009, he issued decisions on tax liability regarding the period from January 2007 to December 2007 inclusive assuming the amounts disclosed by the Company in its tax returns prior to adjustments and the refund motion as the basis of the calculation. The Company appealed against these decisions to the Head of the Customs Chamber in Warsaw. Additionally, on 24 November 2009, the Company filed a motion in the Customs Office in Radom to state and refund the overpaid excise tax on electricity for January and February 2009 in the amount of PLN 34.6 million. By the date of these condensed interim consolidated financial statements the motions had not been examined.

Since the outcome of the case is uncertain, the excise tax refund motioned for has not been recognized in the condensed interim consolidated financial statements.

30. Post balance sheet events

30.1. Changes in the composition of the Management Board

On 16 April 2010, the Supervisory Board of ENEA S.A. dismissed the 6th Office Term Management Board:
Maciej Owczarek, the Chairman of the Board;
Sławomir Jankiewicz, Member of the Board in charge of business affairs;
Piotr Koczorowski, Member of the Board in charge of corporate affairs;
Marek Malinowski, Member of the Board in charge of strategy and development;
Tomasz Treider, Member of the Board in charge of commercial affairs;
and appointed the Management Board for the 7th term of office, composed of:
Maciej Owczarek, the Chairman of the Board;
Maksymilian Górniak, Member of the Board in charge of commercial affairs;
Hubert Rozpędek, Member of the Board in charge of business affairs;
Krzysztof Zborowski , Member of the Board in charge of strategy and development.

30.2. Liquidation of a subsidiary

On 19 April 2010, Extraordinary Shareholders Meeting decided that effective 1 May 2010, Energetyka Poznańska Biuro Usług Technicznych S. A. shall be put in liquidation, and Jacek Pałka, appointed the Chairman of its Management Board, shall become its liquidator.

Selected separate financial data

	in PLN '000		in EUR '000	
	3 months ended 31.03.2010	3 months ended 31.03.2009	3 months ended 31.03.2010	3 months ended 31.03.2009
Net sales revenue	1 728 395	1 921 399	435 704	417 750
Profit (loss) on operating activities	31 551	55 177	7 954	11 997
Profit/loss before tax	66 289	86 239	16 711	18 750
Net profit/loss of the reporting period	53 748	70 054	13 549	15 231
Net cash flows from operating activities	5 204	(146 383)	1 312	(31 827)
Net cash flows from investment activities	(93 764)	(1 923 744)	(23 637)	(418 260)
Net cash flows from financial activities	(692)	(840)	(174)	(176)
Total net cash flows	(89 252)	(2 070 967)	(22 499)	(450 269)
Average weighted number of shares (items)	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (PLN per share)	0,12	0,16	0,03	0,03
Diluted earnings per ordinary share (in PLN/EUR)	0,12	0,16	0,03	0,03

	Balance as of 31.03.2010	Balance as of 31.12.2009	Balance as of 31.03.2010	Balance as of 31.12.2009
Total assets	10 918 248	10 914 041	2 826 950	2 656 648
Total liabilities	1 032 052	1 081 593	267 219	263 277
Long-term liabilities	121 987	122 662	31 585	29 858
Short-term liabilities	910 065	958 931	235 634	233 419
Equity	9 886 196	9 832 448	2 559 732	2 393 371
Share capital	588 018	588 018	152 249	143 133
Book value per share (in PLN/EUR)	22.40	22.27	5.80	5.42
Diluted book value per share (in PLN/EUR)	22.40	22.27	5.80	5.42

The above financial data for Q1 2010 and 2009 have been translated into EUR on the following principles:

- individual assets and liabilities at the average exchange rate published as at 31 March 2010 – PLN/EUR 3.8622 (PLN/EUR 4.1082 as at 31 December 2009);
- income statement and cash flow statement items were translated at the average EUR exchange rate calculated as the arithmetic average of average rates announced by the National Bank of Poland (NBP) as at the last day of each month during the period from1 January to 31 March 2010 PLN/EUR 3.9669 (PLN 4.5994 from 1 January to 31 March 2009).

Auditor’s report on the review of condensed interim separate financial statements for the period from 1 January 2010 to 31 December 2010

To the Management Board of ENEA S.A.

We have reviewed the attached summary interim financial statements of ENEA S.A. (the Company) with registered office in Poznań, ul. Nowowiejskiego 11, including: separate balance sheet prepared as at 31 March 2010, and separate statement of comprehensive income, separate statement of changes in equity, separate statement of cash flows prepared for the period from 1 January 2010 to 31 March 2010 as well as notes including information on adopted accounting policies and other explanatory information.

Compliance of these condensed interim separate financial statements with IAS 34 Interim Financial Reporting as endorsed by the EU and with other effective legal regulations is the responsibility of the Management Board of the Company.

Our responsibility was to review the condensed interim separate financial statements.

We carried out the review in line with the national auditing standards, issued by the National Council of Statutory Auditors in Poland. These standards require us to plan and conduct the review in such a way as to obtain reasonable assurance that the interim financial statements are free of material misstatements. Our review was carried out mainly based on the analysis of data included in the condensed interim separate financial statements, insight into the accounting records and information provided by the Management Board and the financial and accounting personnel of the Company.
The scope and methodology of the review of the condensed interim separate financial statements significantly differ from an audit, which is aimed at expressing an opinion on compliance with the applicable accounting principles (policy) of the annual financial statements and its fairness and correctness, therefore, no such opinion on the attached condensed interim separate financial statements is being issued.

Based on the review we have identified no reasons which would prevent us from stating that the condensed interim separate financial statements comply in all material aspects with International Accounting Standard 34 Interim Financial Reporting as endorsed by the European Union.

Piotr Waliński
Key certified auditor conducting the audit
No. 4254

....	....
represented by	entity entitled to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors

Warsaw, 17 May 2010

Condensed interim separate financial statements ENEA S.A. for Q1 2010

Poznań, 17 May 2010

Index to the condensed interim separate financial statements

These condensed interim separate financial statements have been prepared in line with International Accounting Standard 34 *Interim Financial Reporting* as endorsed by the European Union 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, 17 May 2010

(If not stated otherwise, all amounts presented in PLN'000)

Separate balance sheet

	Balance as of 31.03.2010	Balance as of 31.12.2009
ASSETS		
Non-current assets		
Property, plant and equipment	230 685	211 217
Perpetual usufruct of land	1 982	3 213
Intangible assets	2 503	1 405
Investments in subsidiaries, associates and co-subsidiaries	7 851 476	7 844 884
Deferred tax assets	35 209	27 366
Financial assets available for sale	4 793	3 866
Financial assets measured at fair value through profit or loss	1 274	1 219
	8 127 922	**8 093 170**
Current assets		
Trade and other receivables	842 274	850 247
Receivables due to current income tax	12 042	11 090
Financial assets measured at fair value through profit or loss	1 723 840	1 652 523
Cash and cash equivalents	212 170	301 422
	2 790 326	**2 815 282**
Non-current assets held for sale		**5 589**
TOTAL ASSETS	**10 918 248**	**10 914 041**

(If not stated otherwise, all amounts presented in PLN'000)

	Balance as of	
EQUITY AND LIABILITIES	**31.03.2010**	**31.12.2009**
EQUITY		
Share capital	588 018	588 018
Share premium	4 627 673	4 627 673
Capital related to share based payments	1 144 336	1 144 336
Financial instruments revaluation reserve	(3 847)	(3 847)
Reserve capital	754 841	754 841
Retained earnings	2 775 175	2 721 427
Total equity	**9 886 196**	**9 832 448**
LIABILITIES		
Long-term liabilities		
Credit facilities and loans	-	-
Finance lease liabilities	5 270	5 882
Settlement of revenue from subsidies and connection fees	32 748	33 194
Employee benefit liabilities	83 969	83 586
	121 987	**122 662**
Short-term liabilities		
Credit facilities and loans	-	-
Trade and other liabilities	758 853	836 574
Finance lease liabilities	2 765	2 845
Settlement of revenue from subsidies and connection fees	2 245	2 244
Liabilities due to current income tax	-	-
Employee benefit liabilities	9 024	8 701
Liabilities due to equivalent of the right to acquire shares free of charge	617	618
Provision for certificates of origin	94 008	65 611
Provisions for other liabilities and charges	42 553	42 338
	910 065	**958 931**
Total liabilities	**1 032 052**	**1 081 593**
TOTAL EQUITY AND LIABILITIES	**10 918 248**	**10 914 041**

(If not stated otherwise, all amounts presented in PLN'000)

Separate statement of comprehensive income

	For the period	
	3 months ended 31.03.2010	**3 months ended 31.03.2009**
Sales revenue	1 801 816	1 946 516
Excise duty	(73 421)	(25 117)
Net sales revenue	**1 728 395**	**1 921 399**
Other operating revenue	1 151	11 527
Depreciation and amortization	(4 652)	(3 240)
Employee benefit expenses	(11 127)	(8 507)
Consumption of goods and materials and value of goods sold	(1 013)	(454)
Purchase of energy for resale	(1 102 400)	(1 261 044)
Transmission and distribution services	(537 671)	(564 136)
Other external services	(31 772)	(25 922)
Taxes and charges	(3 417)	(3 493)
Profit (loss) on the sale and liquidation of property, plant and equipment	(285)	1 061
Other operating expenses	(5 658)	(12 014)
Operating profit	**31 551**	**55 177**
Financial expenses	(1 524)	(3 197)
Financial revenue	36 262	34 259
Dividend income	-	-
Profit before tax	**66 289**	**86 239**
Income tax	(12 541)	(16 185)
Net profit of the reporting period	**53 748**	**70 054**

Other comprehensive income components:		
Measurement of available for sale financial assets	-	-
Income tax on other comprehensive income components	-	-
Other comprehensive income components, net	-	-
Total comprehensive income	**53 748**	**70 054**

Profit attributable to the Company's shareholders	53 748	70 054
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (PLN per share)	**0,12**	**0,16**
Diluted earnings per share (PLN per share)	**0,12**	**0,16**

(If not stated otherwise, all amounts presented in PLN'000)

Separate Statement of Changes in Equity

	Share capital (nominal value)	Revaluation of the share capital	Share capital total	Share premium	Capital related to share based payments	Financial instruments revaluation reserve	Reserve capital	Retained earnings	Total equity
Balance as of 1.01.2010	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**(3 847)**	**754 841**	**2 721 427**	**9 832 448**
Measurement of AFS financial assets									
Dividend									
Sales of AFS financial assets									
Profit for the period, total								53 748	**53 748**
Total profit and loss recognized in the period								**53 748**	**53 748**
Distribution of profit/loss									
Dividends									
Increase in the share capital									
Balance as of 31.03.2010	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**(3 847)**	**754 841**	**2 775 175**	**9 886 196**

(If not stated otherwise, all amounts presented in PLN'000)

	Share capital (nominal value)	Revaluation	Share capital total	Own shares	Share premium	Capital related to share based payments	Financial instruments revaluation reserve	Reserve capital	Retained earnings	Total equity
Balance as of 1.01.2009	**441 443**	**146 575**	**588 018**	**(17 396)**	**4 627 673**	**1 144 336**	**(3 847)**	**754 425**	**2 619 709**	**9 712 918**
Measurement of AFS financial assets										
Sales of AFS financial assets										
Profit for the period, total									70 054	**70 054**
Total profit and loss recognized in the period									**70 054**	**70 054**
Redemption of shares										
Exchange of cash equivalent to shares										
Change in the fair value of employee shares program										
Distribution of profit/loss										-
Dividends									(1 672)	**(1 672)**
Issue of shares										
Treasury shares acquired under the stabilizing option										
Balance as of 31.03.2009	**441 443**	**146 575**	**588 018**	**(17 396)**	**4 627 673**	**1 144 336**	**(3 847)**	**754 425**	**2 688 091**	**9 781 300**

(If not stated otherwise, all amounts presented in PLN'000)

Separate statement of cash flows

	3 months ended 31.03.2010	3 months ended 31.03.2009
Cash flows from operating activities		
Net profit of the reporting period	53 748	70 054
Adjustments:		
Income tax in profit or loss	12 541	16 185
Depreciation and amortization	4 652	3 240
Costs of share based payment performances	-	-
Loss on the sale and liquidation of property, plant and equipment	285	414
Impairment loss on property, plant and equipment	-	-
(Profit)/loss on sales of financial assets	(415)	(60)
Interest income	(36 262)	(34 568)
Dividend income	-	-
Interest expense	1 524	151
Exchange losses / (gains) on credit facilities and loans	-	-
	(17 675)	**(14 638)**
Paid income tax	(21 335)	(34 783)
Interest received	35 083	34 010
Interest paid	(447)	(151)
Changes in working capital balance		
Inventory	-	-
Trade and other receivables	9 190	(168 981)
Trade and other liabilities	(82 347)	184 567
Employee benefit liabilities	706	(1 501)
Settlement of revenue from subsidies and connection fees	(330)	(553)
Change in provisions for certificates of origin	28 397	(74 593)
Change in liabilities due to equivalent of right to acquire shares free of charge	(1)	(139 563)
Change in provisions	215	(251)
	(44 170)	(200 875)
Net cash flows from operating activities	**5 204**	**(146 383)**
Cash flows from investment activities		
Acquisition of intangible assets and property, plant and equipment	(23 574)	6 985
Proceeds from sales of intangible assets and property, plant and equipment	98	-
Proceeds from disposal of financial assets	5 589	-
Acquisition of financial assets	(71 317)	(1 913 569)
Acquisition of subsidiaries and associates and a co-subsidiary	(4 611)	(17 200)
Dividends received	-	-
Other payments/proceeds from investment activities	51	40
Net cash flows from investment activities	**(93 764)**	**(1 923 744)**
Cash flows from financial activities		
Payments of finance lease liabilities	(692)	(840)
Net cash flows from financial activities	**(692)**	**(840)**
Increase / (decrease) in the balance of net cash	**(89 252)**	**(2 070 967)**
Cash opening balance	301 422	2 321 386
Cash closing balance	**212 170**	**250 419**

(If not stated otherwise, all amounts presented in PLN'000)

1. General information about ENEA S.A.

Name (company):	ENEA Spółka Akcyjna
Legal form:	joint stock company
Country of residence:	The Republic of 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

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

As at 31 March 2010, the shareholder structure of ENEA S.A. was as follows (an increase in the share capital resulting from a public offering of shares was recorded in KRS on 13 January 2009): the State Treasury held 60.43% of shares, Vattenfall AB –held 18.67% of shares, and other shareholders held 20.90% of shares.

As at 31 March 2010, the share capital of ENEA S.A. amounted to PLN 441,443 thousand (PLN 588,018 thousand after restatement to EU IFRS including hyperinflation and other adjustments) and was divided into 441,442,578 shares (the increase of the share capital resulting from a public offering of shares was recorded in KRS on 13 January 2009).

The core business of ENEA S.A. (henceforth: "ENEA", the "Company") is trade of electricity.

ENEA S.A. is the parent company of ENEA S.A. Capital Group. As at 31 March 2010, the Group consisted of 24 subsidiaries and three associates.

The condensed interim separate financial statements were prepared in line with the going concern assumption and no threats occur to the continuation of the operations of ENEA S.A.

2. Statement of compliance

These condensed interim separate financial statements have been prepared in line with International Accounting Standard 34 Interim Financial Reporting as endorsed by the European Union and approved by the Management Board of ENEA S.A.

The Management Board of the Company used its best knowledge regarding application of the standards and interpretations, as well as methods and principles of measuring individual items of the condensed interim separate financial statements of ENEA S.A. in line with EU IFRS as at 31 March 2010. Presented listings and explanations were developed in accordance with the due care principle. The condensed interim separate financial statements were reviewed by a certified auditor.

3. Accounting principles applied

The condensed interim separate financial statements have been prepared in line with accounting principles compliant with those applied at preparation of the latest annual separate financial statements except from changes in standards and interpretations as endorsed by the EU, applicable to the annual periods beginning after 1 January 2010.

The accounting principles applied by the Company have been presented in the separate financial statements of ENEA S.A. for the financial year ended 31 December 2009.

The Polish Zloty is the measurement and reporting currency of the presented interim separate financial statements. Unless indicated otherwise, data presented in the separate financial statements are denominated in thousand PLN (PLN'000).

These condensed interim separate financial statements should be read jointly with the separate annual financial statements of ENEA S.A. for the financial year ended 31 December 2009.

4. New accounting standards and their interpretation

For annual periods beginning on or after 1 January 2010, amendments to IFRS as endorsed by the EU were introduced but without any impact on preparing of these condensed interim separate financial statements.

5. Material estimates and assumptions

Preparing condensed interim separate financial statements in line with EU IFRS requires the Management Board to make certain assumptions and estimates that impact the adopted accounting principles and amounts disclosed therein and in notes thereto. The assumptions and estimates are based on the Management Board's best knowledge regarding present and future events and activities. Actual results may, though, differ from the projections. Estimates made when preparing the condensed interim separate financial statements are consistent with those made when preparing the separate financial statements for the prior financial year. Estimates disclosed in prior financial years do not materially effect the current interim period.

(If not stated otherwise, all amounts presented in PLN'000)

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

No	Name and address of the company	Interest of ENEA S.A. in the total number of votes (%) 31.03.2010	Interest of ENEA S.A. in the total number of votes (%) 31.12.2009
1.	ENERGOMIAR Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, ul Strzeszyńska 58*	87.97*	87.97
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. *Poznań, ul. Dziadoszańska 10*	100	100
4.	Energetyka Poznańska Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Wysokich i Najwyższych Napięć „EWiNN" Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, ul Warszawska 43*	100	100
7.	COGEN Sp. z o.o. *Poznań, ul. Nowowiejskiego 11*	100	100
8.	EnergoPartner Sp. z o.o. *Poznań, ul. Warszawska 43*	100	100
9.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
10.	ENERGO-TOUR Sp. z o.o. *Poznań, ul. Marcinkowskiego 27*	99,92	99,92
11.	ENEOS Sp. z o.o. *Szczecin, ul. Ku Słońcu 34*	100	100
12.	ENTUR Sp. z o.o. *Szczecin, ul. Malczewskiego 5/7*	100	100
13.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, ul. Wilkońskiego 2*	99.94*	99.94
14.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
15.	Zakład Usług Przewozowych ENERGOTRANS Sp. z o.o. *Gorzów Wlkp., ul. Energetyków 4*	100	100
16.	„PWE Gubin" Sp. z o.o. Sękowice 100 gm. Gubin	-	50
17.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, ul. Wybudowanie 56	87.99	87.99
18.	„IT Serwis" Sp. z o.o. *Zielona Góra, ul. Zacisze 28*	100	100
19.	„Auto – Styl" Sp. z o.o. *Zielona Góra, ul. Zacisze 15*	100	100
20.	FINEA Sp. z o.o. *Poznań, ul.Warszawska 43*	100	100
21.	Przedsiębiorstwo Energetyki Cieplnej –Gozdnica Sp. z o.o. *Gozdnica, ul. Świerczewskiego 30*	100	100
22.	ENEA Operator Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
23.	Elektrownia „Kozienice" S.A. *Świerże Górne, gmina Kozienice, Kozienice 1*	100	100
24.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, ul. Kaczorska 20*	63.396	63.396
25.	Kozienice II Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 2*	80.56	80.56
26.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., ul. Chłapowskiego 51*	49	49
27.	Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. *Śrem, ul. Staszica 6*	41.65	41.65
28.	Elektrociepłownia Białystok S.A. *Białystok, ul. Gen. Andersa 3*	30.36	30.36

* As of 31 March 2010 no KRS record was made regarding an increase in the share capital.

Changes in the structure of ENEA S.A. Capital Group in the period included in the interim financial statements

On 28 January 2010 the Extraordinary Shareholders' Meeting adopted a resolution no. 1 on the increase of the share capital of ENTUR Sp. z o.o. to PLN 4,134.5 thousand by creating 200 new shares with a nominal value of PLN 500 each. All new shares in the company's share capital will be assumed and fully paid for by ENEA S.A.

On 4 February 2010 the Extraordinary Shareholders' Meeting adopted a resolution no. 1 on the increase of the share capital of Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. to PLN 17,448 thousand by PLN 1,710 thousand by creating 3,420 new shares with a nominal value of PLN 500 each. All new shares in the company's share capital will be assumed and cash covered by ENEA S.A.

On 22 December 2009 and on 2 February 2010 the Extraordinary Shareholders' Meeting adopted on the increase of the share capital of BHU S.A. with its registered office in Poznań to PLN 14,302 thousand, i.e. by PLN 4,164.1 thousand by creating 41,641 new shares with a nominal value of PLN 100 each. All new shares in the company's share capital will be assumed and cash covered by ENEA S.A. The cash payment shall be completed with contribution in kind.

On 22 December 2009 the Extraordinary Shareholders' Meeting adopted a resolution no. 1 on the increase of the share capital of ENERGOBUD Leszno Sp. o.o. with the registered office in Gronówek to PLN 5,676 thousand, i.e. by PLN 2,151.5 by creating 4,303 new shares with the nominal value of PLN 500 each. All new shares in the company's share capital will be assumed by ENEA S.A. and covered with contribution in kind.

In a resolution of 15 December 2009, Management Board of ENEA S.A. approved the sale of interests in PWE Gubin Sp. z o. o. with the registered office in Sękowice held by ENEA S.A. The shares were disposed of in accordance with the sale agreement of 9 February 2010.

(If not stated otherwise, all amounts presented in PLN'000)

7. Segment reporting

Segment reporting for the period from 1 January to 31 March 2009 is as follows:

	Turnover	Production	All other segments	Total
Net sales revenue*	1 714 609	321	13 465	1 728 395
Inter-segment sales	-		-	-
Total net sales revenue	**1 714 609**	**321**	**13 465**	**1 728 395**
Total expenses **	(1 659 452)	(819)	(11 591)	(1 673 541)
Segment profit/loss	**55 157**	**(498)**	**1 874**	**56 533**
Unassigned general and administrative expenses				(24 982)
Operating profit				**31 551**
Financial expenses				(1 524)
Financial revenue				36 262
Revenue from dividends				-
Income tax				(12 541)
Net profit				**53 748**

* - Net sales revenue in Turnover includes net revenue from sales of distribution services
in the amount of PLN 537,635 thousand, which were separated under Distribution in the condensed interim consolidated financial statements of ENEA S.A. Capital Group

** - Under Total expenses:
distribution services selling expenses in the amount of PLN 537,671 thousand, which were separated under Distribution in the condensed interim consolidated financial statements of ENEA S.A. Capital Group were recognized along with other operating revenue and expenses

(If not stated otherwise, all amounts presented in PLN'000)

Segment reporting for the period from 1 January to 31 March 2009 is as follows:

	Turnover	**All other segments**	**Total**
Net sales revenue*	1 908 504	12 895	1 921 399
Inter-segment sales	-	-	-
Total net sales revenue	**1 908 504**	**12 895**	**1 921 399**
Total expenses **	(1 843 174)	(11 356)	(1 854 530)
Segment profit/loss	**65 330**	**1 539**	**66 869**
Unassigned general and administrative expenses			(11 692)
Operating profit			**55 177**
Financial expenses			(3 197)
Financial revenue			34 259
Revenue from dividends			-
Income tax			(16 185)
Net profit			**70 054**

* - Net sales revenue in Turnover includes net revenue from sales of distribution services
in the amount of PLN 564,045 thousand, which were separated under Distribution in the condensed interim consolidated financial statements of ENEA S.A. Capital Group

** - Total expenses:
distribution services selling expenses in the amount of PLN 564,136 thousand, which were separated under Distribution in the condensed interim consolidated financial statements of ENEA S.A. Capital Group were recognized along with other operating revenue and expenses

(If not stated otherwise, all amounts presented in PLN'000)

Information on operating segments (cont'd)

Other segment reporting information as at 31 March 2010:

Balance as of 31.03.2010	Turnover	Production	All other segments	Total
Property, plant and equipment	19 175	25 164	136 117	180 456
Trade and other receivables	833 141	-	6 549	839 690
Total	**852 316**	**25 164**	**142 666**	**1 020 146**
ASSETS excluded from segmentation				9 898 102
- including property, plant and equipment				50 229
- including trade and other receivables				2 854
TOTAL: ASSETS				**10 918 248**
Trade and other liabilities	693 373	-	5 169	698 542
Equity and liabilities excluded from segmentation				10 219 706
- including trade liabilities and other liabilities				60 311
TOTAL: EQUITY AND LIABILITIES				**10 918 248**
Capital expenditure for fixed assets and intangible assets	-	25 220	865	26 085
Capital expenditure for fixed assets and intangible assets excluded from segmentation				-
Depreciation /amortization of fixed assets / intangible assets	81	56	4 406	4 543
Depreciation /amortization of fixed assets / intangible assets excluded from segmentation				109
Revaluation write-down on receivables as at 31.03.2010	81 916	-	644	82 560

(If not stated otherwise, all amounts presented in PLN'000)

Information on operating segments (cont'd)

Other segment reporting information as at 31 December 2009:

Balance as of 31.12.2009	Turnover	All other segments	Total
Property, plant and equipment	19 609	131 335	150 944
Trade and other receivables	840 691	6 694	847 385
Total:	**860 300**	**138 029**	**998 329**
ASSETS excluded from segmentation			9 915 712
- including property, plant and equipment			60 273
- including trade and other receivables			2 862
TOTAL: ASSETS			**10 914 041**
Trade and other liabilities	776 385	5 630	782 015
Equity and liabilities excluded from segmentation			10 132 026
- including trade liabilities and other liabilities			54 559
TOTAL: EQUITY AND LIABILITIES			**10 914 041**
Capital expenditure for fixed assets and intangible assets	-	20 488	20 488
Capital expenditure for fixed assets and intangible assets excluded from segmentation			8 966
Depreciation /amortization of fixed assets / intangible assets	353	12 308	12 661
Depreciation /amortization of fixed assets / intangible assets excluded from segmentation			625
Revaluation write-down on receivables as at 31.12.2009	81 970	653	82 623

The segment revenue is that generated from the sales to external clients and transactions with other segments, which are directly attributable to a given segment and a relevant portion of the Company's revenue on a reasonable basis.

The segment expenses are those consisting of costs of goods sold to external clients and costs of transactions with other Group segments, which result from operations of a given segment and are directly attributable to a given segment with a relevant portion of the Company's costs and are assignable on a reasonable basis.

Market prices apply to Inter-segment transactions which provides individual entities with a margin sufficient for independent functioning on the market. Prices specified in the Energy Law, i.e. the Energy Law of 10 April 1997 and relevant secondary legislation, apply in terms of trading in electricity and providing transmission services.

Supplementary reporting - geographical segments

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

8. Property, plant and equipment

During the 3-month period ended 31 March 2010, the Company acquired property, plant and equipment for the total amount of PLN 26,085 thousand (during the period of 12 months ended 31 December 2009: PLN 29 454 thousand, respectively).

During the 3-month period ended 31 March 2009, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 382 thousand (during the period of 12 months ended 31 December 2009: PLN 5,870 thousand).

During the 3-month period ended 31 March 2010, the Company decreased property, plant and equipment by way of a contribution in kind of assets of the total net book amount of PLN 2,549 thousand made to BHU Sp. z o.o. and ENERGOBUD Leszno Sp. o.o.

As at 31 March 2010 the total revaluation write-down on the carrying value of property, plant and equipment was PLN 8,287 thousand (as at 31 December 2009: PLN 15,998 thousand).

(If not stated otherwise, all amounts presented in PLN'000)

Impairment test (property, plant and equipment)

The Company carried out an impairment test of property, plant and equipment as at 31 December 2009. Based on the test, as at 31 December 2009 no impairment of property, plant and equipment was detected.

9. Intangible assets

During the 3-month period ended 31 March 2010, the Company did not acquire intangible assets (during the period of 12 months ended 31 December 2009: PLN 0 thousand).

During the 3-month period ended 31 March 2010, the Company reclassified intangible assets in the amount of PLN 513 thousand from fixed assets under construction (during the period of 12 months ended 31 December 2009: PLN 773 thousand).

During the 3-month period ended 31 March 2010, the Company did not sell or liquidate intangible assets (during the period of 12 months ended 31 December 2009: PLN 0 thousand).

On 15 January 2010 ENEA S.A. acquired the Biogas Power Station in Liszkowo. A difference between the purchase cost and fair value of acquired net assets resulted in a positive goodwill of PLN 668 thousand.

10. Investments in subsidiaries, associates and jointly-controlled entities

	31.03.2010	**31.12.2009**
Opening balance	**7 844 884**	**7 780 241**
Reclassification to AFS non-current assets	-	(6 000)
Acquisition of investments	7 159	89 291
Revaluation write-down	(567)	(18 648)
Closing balance	**7 851 476**	**7 844 884**

During the 3-month period ended 31 March 2010, the Company acquired shares in subsidiaries: Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o. o. w Inowroclawiu, ENERGOBUD Leszno Sp. o. o. with the registered office in Gronówek and ENTUR Sp. z o. o. in Szczecin for the total amount of PLN 7,159 thousand (in the 12-month period ended 31 December 2009, the Company acquired shares in subsidiaries for the total amount of PLN 89,291 thousand).

During the 3-month period ended 31 March 2010, the Company sold shares in PWE Gubin Sp. z o.o., a co-subsidiary (as at 31 December 2009, the shares had been recognized under "non-current assets held for sale").

(If not stated otherwise, all amounts presented in PLN'000)

Revaluation write-down on investments

	31.03.2010	31.12.2009
Opening balance of revaluation write-down on investments	**32 372**	**13 724**
Created	567	19 365
Released		(717)
Closing balance of revaluation write-down on investments	**32 939**	**32 372**

11. Revaluation write-downs on trade and other receivables

	31.03.2010	31.12.2009
Opening balance of revaluation write-down on receivables	**82 623**	**93 519**
Created	2 881	12 544
Released	(2 947)	(23 452)
Applied	3	12
Closing balance of revaluation write-down on receivables	**82 560**	**82 623**

During the 3-month period ended 31 March 2010, the revaluation write-down on the carrying value of trade and other receivables decreased by PLN 63 thousand (during the period of 12 months ended 31 December 2009 the revaluation write-down decreased by PLN 10,896 thousand).

12. Investment portfolio

As ENEA S.A. fulfilled the conditions necessary to release funds due to issuance of shares at the WSE from the ESCROW bank account, on 6 February 2009 a specialized financial institution dealing with professional management of Cash was transferred the amount of PLN 1,913,840 thousand. In line with the Agreement, the transferred funds are invested only in safe securities according to the following scheme:

Type of assets	Minimum share	Maximum share
Debt instruments with a surety or guarantee of the State Treasury or the National Bank of Poland	0%	100%
Bank deposits	0%	30%

As at 31 March 2010 they amounted to PLN 1,723,840 thousand (Treasury bonds and notes of PLN 1,211,441 thousand) and deposits (in banks appointed by the Company of PLN 512,399 thousand).

The investment portfolio is treated as financial assets measured at fair value through profit or loss
The selected strategy is to maximize profit at minimum risk.

13. Equity related to share-based payments and liabilities due to an equivalent of the right to acquire shares free of charge

Based on the Act on commercialization and privatization of 30 August 1996 (Commercialization and Privatization Act) employees of ENEA Capital Group are entitled to acquire 15% of shares in ENEA S.A. free of charge (the "Program").

The vesting conditions include being an employee of the ENEA S.A. Capital Group at the moment of its commercialization (i.e. in 1993 and 1996) and having submitted a written statement on the will to acquire shares within six months from the commercialization date. The Commercialization and Privatization Act defines the total pool but does not specify the exact number of shares to be granted to individual employees. The number of shares granted to individual employees will depend on the total years in service including the service with the company prior to and after its commercialization, until the date of the State Treasury selling the shares.

According to IFRS 2, the costs of the program should be recognized in the period of eligible employees providing the employment services to the Company, and the service cost should be determined as at the Vesting Date, i.e. as at the date on which all material vesting conditions are set.

The value of the employee share program was determined by the Company based on measurement of shares of ENEA S.A. as at the date of the consolidated financial statements for financial years ended 31 December 2007, 31 December 2006 and 31 December 2005 as disclosed in the Issue Prospectus of ENEA S.A. The amount of the program was estimated at PLN 901 million. The ENEA S.A. Capital Group recognized the total program cost as previous year adjustment in the capital of the earliest period presented in the consolidated financial statements, i.e. as at 1 January 2005 and did not update the cost at any date ending the subsequent financial years, i.e. 31 December 2005, 31 December 2006, 31 December 2007 and 31 December 2008.

Management Board believes that IFRS do not include detailed principles of settlement of the program bearing characteristics determined in the Commercialization and Privatization Act, and that in particular they disallow clear interpretation of the case where the total pool of shares granted under the program to employees eligible as at the commercialization date, i.e. prior to the Vesting Date, has been determined but the number of shares granted to individual employees has not. In such a case, an employee providing services in subsequent periods until the Vesting Date shall probably obtain a higher number of shares, but not through issue of additional shares, but only through reduction in the number of shares granted to other employees.

Additionally, Management Board believes that the key objective of the program was to provide employees with compensation for services rendered prior to the commercialization date (i.e., in the past) as proven among others by the total and unchangeable number of granted shares determined for the program.

(If not stated otherwise, all amounts presented in PLN'000)

In light of the above arguments, Management Board of ENEA SA decided not to update the value of the program. As a result, the value of the program as at 31 March 2010 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 "Kozienice" S.A. were supposed to place a declaration of the intention to exchange the equivalent for the right to acquire shares of ENEA S.A. free of charge by 18 January 2008. Once the placed declarations and the result of the complaint procedure have been examined the value of shares to be settled in the form of an equivalent was PLN 291,127 thousand (PLN 514,920 thousand as at 31 December 2007). Exchange of the value of the equivalent for an allotment certificate worth PLN 224,042 thousand was disclosed under the Company's capital under "Share-based capital".

As at 31 March 2010 part of the equivalent was paid to the Eligible Employees of Elektrownia "Kozienice" S.A. Other equivalent liabilities as at 31 March 2010 were PLN 618 thousand
(as at 31 December 2009 the liability was PLN 618 thousand).

14. Deferred income tax.

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

	31.03.2010	31.12.2009
Opening balance	**(27 366)**	**(39 701)**
Amount charged to profit	(7 843)	12 335
Change recognized in other components of comprehensive income	-	-
Closing balance	**(35 209)**	**(27 366)**

During the 3-month period ended 31 March 2009, the Company's profit before tax was charged with PLN 7,843 thousand due to an increase in the asset (during the period of 12 months ended 31 December 2009 the Company's profit before tax was credited with PLN 12,335 thousand due to a decrease in the asset).

15. Certificates of origin

	31.03.2010	31.12.2009
Certificates of origin	(47 484)	(26 218)
Advance payments for certificates of origin	(1 932)	(1 259)
Provision for the costs of redemption of certificates of origin	143 424	93 088
Provision for certificates of origin	**94 008**	**65 611**

(If not stated otherwise, all amounts presented in PLN'000)

16. Provisions for liabilities and other obligations

Provision for expected loss arising from compensation proceedings and penalties

	31.03.2010	31.12.2009
Opening balance	**42 338**	**42 268**
Increase in provisions	241	3 898
Decrease in provisions	(26)	(3 828)
Closing balance	**42 553**	**42 338**

Other provisions

	31.03.2010	31.12.2009
Opening balance	**-**	**1 609**
Increase in provisions	-	315
Decrease in provisions	-	(1 924)
Closing balance	**-**	**-**

Provisions for liabilities are determined at justified, reliably estimated amount. Individual provisions are created for projected losses related to a court action brought against the Company. The provisions are created in the amount of the claim considering the probability of losing the case based on a legal opinion. The cost of provisions is recognized under other operating expenses. The description of material claims and relevant contingent liabilities has been presented in note 21.

During the 3-month period ended 31 March 2010, the provision for projected losses due to compensation proceedings increased by PLN 215 thousand (during the period of 12 months ended 31 December 2009 the provision for projected losses due to court proceedings and other provisions decreased by PLN 1,539 thousand).

17. Dividend

On 20 April 2010 the General Shareholders' Meeting of ENEA S.A. adopted a resolution No. 7 concerning net profit distribution for the financial period from 1 January 2009 to 31 December 2009 under which the amount of PLN 167,748 thousand was allocated for payment of dividend to the shareholders (dividend per share was PLN 0.38). The dividend was not paid until the balance sheet date.

On 30 June 2009 the General Shareholders' Meeting of ENEA S.A. adopted a resolution No. 4 concerning net profit distribution for the financial period from 1 January 2008 to 31 December 2008 under which the amount of PLN 203,064 thousand was allocated for payment of dividend to the shareholders (dividend per share was PLN 0.46) The dividend was paid by 31 December 2009.

Pursuant to the "Act on profit-sharing payments in companies wholly owned by the State Treasury" of 1 December 1995 ENEA S.A. made quarterly profit-sharing payments (defined as gross profit less the amount of current income tax) in the amount of 15% which is presented as dividend payment. The Company ceased to be subject to the above obligation at the end of the month in which the capital increase resulting from the public issuance of shares conducted in 2008 (13 January 2009) was registered, i.e. since 1 February 2009.

(If not stated otherwise, all amounts presented in PLN'000)

Profit-sharing payments for the period from 1 January to 31 December 2009 amounted to PLN 216 thousand.

18. Related party transactions

The company concludes the following related party transactions:

(i) Companies from the ENEA S.A. Capital Group.

	31.03.2010	31.12.2009
Purchases, including:	**964 749**	**4 569 444**
Investment purchases	926	23 861
Material purchases	134	717
Service purchases	554 411	2 168 382
Other (including electricity)	409 278	2 376 484
Sales, including:	**80 279**	**402 142**
Sales of electricity	78 934	385 107
Sales of goods and materials	0	-
Sales of services	379	1 579
Other	966	15 456

	31.03.2010	31.12.2009
Receivables	26 384	61 291
Liabilities	463 779	556 104

(ii) Transactions concluded between Companies and Members of the Group's Management divided into three categories:

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

In terms of the first category the amount of transactions have been presented in the table below:

Item	Management Board		Supervisory Board	
	01.01.2010 - 31.03.2010	**01.01.2009 - 31.03.2009**	**01.01.2010 - 31.03.2010**	**01.01.2009 - 31.03.2009**
Remuneration pursuant to employment contract	306	497	-	-
Remuneration pursuant to appointment of managing and supervising bodies	-	-	104	80
Remuneration due to the position held in supervisory boards of subsidiaries	93	40	-	-
Remuneration due to other employee benefits, including: (reduced payment for electricity)	38	65	-	-
TOTAL	**437**	**602**	**104**	**80**

(If not stated otherwise, all amounts presented in PLN'000)

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. 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 published by the President of the Central Statistical Office. The amount of the annual bonus cannot exceed three times average monthly remunerations in the year preceding the bonus.

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

No.	Body	Balance as at 01.01.2010	Granted on 01.01.2010	Repaid until 31.03.2010	Balance as at 31.03.2010
1.	Management Board	21	-	(1)	**20**
2.	Supervisory Board	29	-	(2)	**27**
	TOTAL	**50**	**-**	**(3)**	**47**

No.	Body	Balance as at 01.01.2009	Granted on 01.01.2009	Repaid until 31.12.2009	Balance as at 31.12.2009
1.	Management Board	42	-	(21)*	**21**
2.	Supervisory Board	7	47	(25)	**29**
	TOTAL	**49**	**47**	**(46)**	**50**

* PLN 18 thousand arises from elimination of Czesław Kolterman, dismissed from the position of Management Board Member effective 1 September 2009, from the loan presentation.

Other transactions resulting from civil-law agreements concluded between ENEA S.A. and Members of the Company's Bodies relate only to private use of company's cars by Members of the Management Board of ENEA S.A.

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

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

The transactions concern:

- purchase of electricity and property right resulting from certificates of origin as regards renewable energy and energy produced in cogeneration with heat from companies whose shares are held by the State Treasury, and
- sale of electricity, distribution service and other related fees, provided to the central and local administration bodies (domestic sale) and entities whose shares are held by the State Treasury (domestic wholesale and retail - end users).

These transactions are concluded at the arm's length basis and their terms and conditions do not differ from those used in transactions with other entities. The Company does not keep a register which would allow for aggregating the values of all transactions with the state entities and entities whose shares are held by the State Treasury, therefore the turnovers and balances of related-party transactions disclosed in these condensed interim separate financial statements do not include the data concerning transactions with the entities whose shares are owned by the State Treasury.

(If not stated otherwise, all amounts presented in PLN'000)

19. Future liabilities due to contracts concluded as at the balance sheet date

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

	31.03.2010	**31.12.2009**
Acquisition of property, plant and equipment	7 727	13 053
Acquisition of intangible assets	160	160
	7 887	**13 213**

20. Explanations of the seasonal and 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 the summer ones. This depends on the temperature and the length of the day. The extent of fluctuations depend on low temperature and shorter days in winter and higher temperature and longer days in summer. Seasonal sales of electricity apply largely to small clients (44.4% of the value of sales), not to the industrial sector.

21. Contingent liabilities and proceedings before court, body competent to conduct arbitration or public administration body

(If not stated otherwise, all amounts presented in PLN'000)

Loans and borrowings collateral and guarantees granted by the Company

Guarantees and sureties granted as at 31 March 2010

No.	Entity to which a guarantee or surety was granted	Total amount of liabilities covered by guarantee or surety	Guarantee/surety period	Relation between the Company and entity charged with liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 189 thousand (EUR 49 thousand)	31-08-2017	subsidiary

Guarantees and sureties granted as at 31 December 2009

No.	Entity to which a guarantee or surety was granted	Total amount of liabilities covered with guarantee or surety	Guarantee/surety period	Relation between the Company and the entity charged with liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 201 thousand (EUR 49 thousand)	31-08-2017	subsidiary

The Company did not grant any guarantees or collaterals of loans or borrowings during the reporting period.

Pending proceedings before common courts of law

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 network and other specialist services rendered by the Company (the so-called non-electricity cases).

As at 31 March 2009 there were 6,869 cases pending before common courts of law which have been brought by the Company for the total amount of PLN 16,260 thousand (as at 31 December 2009 there were 5,054 cases for the total amount of PLN 12,435 thousand). None of the cases is significant for the Company's 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, determination of whether illegal electricity consumption took place and compensation for the Company's use of real property where electrical equipment has been situated. The Company considers actions concerning non-contractual use of real property not owned by the Company as particularly important.

As at 31 March 2010 there were 136 cases pending before common courts of law which have been brought against the Company for the total amount of PLN 13,087 thousand (as at 31 December 2009 there were 126 cases for the total amount of PLN 11,835 thousand). Provisions related to the court cases have been presented in note 16.

Arbitration proceedings

As at 31 March 2010 there were no pending proceedings before competent arbitration bodies.

Proceedings before public administration bodies

On 27 February 2008, the President of Energy Regulatory Office issued a final decision regarding ENEA's failure to fulfill the obligation of purchasing electricity produced in CHP process in 2006 and charged it with a fine of PLN 7,594 thousand. On 17 December 2008, ENEA appealed against the decision to the District Court in Warsaw - Competitor and Consumer Protection Court. On 15 December 2009, the Competitor and Consumer Protection Court decided in favor of ENEA changing the decision of the President of ERO of 27 November 2008 and canceling the administrative proceedings. The President of ERO appealed against the decision to the Appellative Court in Warsaw.

On 28 December 2009 the President of ERO issued a decision regarding ENEA's failure to fulfill the obligation to purchase CHP-produced electricity in the first half of 2007 and fined the Company with the amount of PLN 2,150,000.00. On 19 January 2010, ENEA appealed against the decision to the Competitor and Consumer Protection Court.

Risk related to the current legal status of real property used by the Company

The risk related to the current legal status of real property used by the Company (at present, used by ENEA Operator Sp. z o.o.) stems from the fact that the Company does not hold legal title to all plots of land there its transmission network and the related equipment is located. In future, the Company may be obliged to cover the costs of uncontractual used of real property.

Unclear legal status of real property gives rise to a risk of additional costs related to claims regarding uncontractual use of land, rent or, exceptionally, claims regarding change of facility location (restoring the land to its initial state).

In this case, claims addressed to the Company regard payment (damages for uncontractual use of real property, reduction of its value, lost benefits) and those related to property infringement (facility removal motion).

In such cases, court decisions are important since they materially impact both Company's acting towards claims lodged prior to litigation in relation to facilities located in real property owned by other entities or individuals in the past, and initiatives aimed at clarification of the legal status of new investments.

The Company has created a provision for all claims lodged by owners of property in proximity of transmission network and the related infrastructure including the most appropriate estimates of outlays necessary to satisfy the claims based on Management Board's opinion. Since separation of the distribution system operator, the claims have been addressed also to ENEA Operator Sp. z o.o., who is the current owner of transmission networks and the related infrastructure.

The Company does not create a provision for potential unlodged claims of owners of land with unclear legal status. Potential amounts of related claims may be material for the Company in light of the acreage of land with unclear legal status. The Company does not hold records of the property and its legal status and therefore is not able to reliably estimate the maximum amount of potential claims regarding uncontractual use of land.

Risk related to participation in costs of use of forests managed by State Forestry for the purpose of power line construction

Due to lack of legal regulations as at 31 March 2010, provisions for potential claims regarding the use of forest land managed by State Forestry for the purpose of construction of power lines owned by the Company were not recognized in the accounting records. On 29 November 2006, the Minister of Environment organized a meeting with representatives of State Forestry, Ministry of State Treasury, PSE-Operator Sp. z o.o. and Polish Association of Polish Association of Power Transmission and Distribution representing distributors.

The proposal of State Forestry aimed at concluding of rental agreements for land located under the power lines was not accepted. A systemic solution was considered necessary, based on relevant legislation changes. At present, estimating of provision for participation in costs incurred by the State Forestry due to real property tax payable to the State Treasury is impossible. In light of the acreage of land, liabilities arising from this item may be significant.

Regardless from the above activities aimed at systemic regulation of legal status of State Forestry owned property, individual administrative units of this institution have lodged claims against the Company regarding uncontractual use of land. The claims are included in the provision referred to in note 16.

22. Negotiations regarding acquisition of Zespół Elektrowni Pątnów – Adamów – Konin S.A.

In 2008 ENEA S.A. commenced negotiations with the received of Elektrim S.A. regarding acquisition of 45.95% of shares in Zespół Elektrowni Pątnów – Adamów – Konin (ZE PAK). In order to make a proposal, the Company has to meet several conditions, among others including a satisfactory audit of legal, financial, tax, technical, environmental and operational aspects of ZE PAK and its capital group, arrangement of all sales terms and developing a satisfactory solution for claims lodged by creditors of Elektrim S.A. in relation to shares in ZE PAK. Until the date of the condensed separate interim financial statements, no binding decisions had been made.

23. Activities aimed at acquisition of a hard coal mining entity

The Company initiated the process of acquiring an organized part of the enterprise of Kopalnia Węgla Kamiennego "Brzeszcze Silesia" Ruch II Silesia and submitted an unbinding proposal to its present owner. As at the date of these condensed separate interim financial statements, Management Board of ENEA S.A. decided to resign from acquisition of the organized part of the enterprise of Kompania Węglowa S.A. named Ruch II Silesia KWK "Brzeszcze-Silesia". The Company may continue negotiations and establish a new cooperation framework with Kompania Węglowa, the owner of KWK Silesia. The decision making process regarding KWK Silesia is continued, and ENEA S.A. considers alternative investment forms.

24. Post balance sheet events

On 16 April 2010 Supervisory Board of ENEA S.A. dismissed the Management Board appointed for the 6th term of office, composed of:
Maciej Owczarek, the Chairman of the Board;
Sławomir Jankiewicz, Member of the Board in charge of business affairs;
Piotr Koczorowski, Member of the Board in charge of corporate affairs;
Marek Malinowski, Member of the Board in charge of strategy and development;
Tomasz Treider, Member of the Board in charge of commercial affairs;
and appointed the Management Board for the 7th term of office, composed of:
Maciej Owczarek, the Chairman of the Board;

Maksymilian Górniak, Member of the Board in charge of commercial affairs;

Hubert Rozpędek, Member of the Board in charge of business affairs;

Krzysztof Zborowski , Member of the Board in charge of strategy and development.

Additional information
to the extended consolidated
report for Q1 2010

I. Description of the organisation of the issuer’s capital group with an indication of units subject to consolidation and the consequences of changes to the structure of the issuer’s capital group, including as a result of the merger of business units, the takeover or sale of the issuer’s capital group units, long-term investments, the division, restructuring or cessation of operations

A description of the organisation of the issuer's capital group with an indication of units subject to consolidation and a description of changes to the structure of the issuer's capital group is included in Note No. 6 to the consolidated quarterly financial statement (p. 16 of this report).

Description of the Capital Group's operations

As part of its basic activities, the ENEA Capital Group (the “Group”) is involved in generating, distributing and trading in electricity. The above activities are performed by companies from our Group on the basis of licences granted by the President of the Energy Regulatory Office, the body established to carry out regulatory tasks with regard to the management of fuels and energy and to encourage competition in the energy sector. Within our Group, we hold, specifically, the following concessions: (i) ENEA holds a concession for electricity trading valid until the end of 2025 and a concession for electricity generation valid until 20 January 2020; (ii) EnergoPartner holds a concession for electricity trading valid until the end of 2025; (iii) ENEA Operator holds a concession for electricity distribution valid until mid-2017; (iv) Elektrownia Kozienice holds a concession for electricity generation valid until the end of 2025, and a concession for electricity trading valid until the end of 2012; and (v) Elektrownie Wodne holds a concession for electricity generation valid until 30 March 2011.

Generation

Within our Group, the generation of electricity is mainly carried out by the Elektrownia Kozienice S.A. (hereinafter the "Power Plant", "Kozienice Power Plant"), which became part of the Group in October 2007. The Kozienice Power Plant has a gross annual power capacity of 2,880 MW and is thus the largest bituminous coal-fired power plant in Poland. In January 2008, the Elektrownia Kozienice power plant also began producing electricity from renewable sources (through the co-burning of biomass). In Q1 2010, Elektrownia Kozienice generated a gross 2,995,473.700 MWh of electricity. This is a modest increase over the same period of the preceding year, when Kozienice generated a gross 2,888,253.000 MWh of electricity.

Elektrownia Kozienice also generates electricity from renewable sources by co-burning biomass together with conventional fuel (bituminous coal). In Q1 2010 Elektrownia Kozienice recognised 32,358.190 MWh in certificates of origin for energy generated from renewable sources. In Q1 2009 Kozienice recognised 16,665.505 MWh in certificates of origin for energy generated from renewable sources. Comparing the two analogous periods, it is worth emphasizing the 94-per cent growth in the amount of electricity produced by the power plant from renewable energy sources in combining biomass with conventional fuel. The Company intends to systematically increase the share of biomass in the fuel of Elektrownia Kozienice, which in terms of generated energy will amount to 2.1 per cent in 2015 (currently 1.5 per cent). The Company expects Elektrownia Kozienice to use about 120,000 tonnes of biomass in 2010.

The generation of electricity from renewable resources is mainly the task of our subsidiary, Elektrownie Wodne Sp. z o.o. In Q1 2010 it obtained 35,597,833 certificates of origin for energy from renewable sources. The annual power capacity of the 20 hydroelectric plants belonging to our Group amounts to 57 MW. 35,105.623 MWh of electricity was generated in hydroelectric plants and transferred to the grid in Q1 2010.

As part of investment in sources of energy generated in co-generation, on 15 January 2010 ENEA S.A. purchased a newly built biogas-fired electric plant located in Liszkowo (district of Rojewo, Kujawsko-Pomorskie Province), with an electric power capacity of 2.126 MW. The facility employs advanced technology innovative in Poland, and allows power to be obtained from low-energy biomass waste (mainly distillery spent wash). The bioelectric plant is located on a plot with an area of 10,495 square metres in a compact composition with an elegant technical architectural design of an appropriate aesthetic level. The Liszkowo biogas plant will also generate heat energy, which in accordance with a preliminary agreement will in the future be provided to a nearby factory. The biogas plant operates on the basis of vegetal substrates used in appropriate proportions. The mix includes waste from the processing of vegetables, potato starch, distillery spent wash and sugar beet remnants. Liszkowo also has contracts that guarantee constant and stable supplies of substrates, and as a consequence the uninterrupted generation and maximum security of planned electricity and heat deliveries. The biogas generation technology used by the contractor in the Liszkowo plant, which has been in operation since 2009, is among the most modern in the world. It has been tested in nearly 300 locations in Western Europe and Japan, and is based on solutions developed by Schmack Biogas AG, which has Viessmann as its current strategic shareholder.

In the area concerning renewable sources of electrical and thermal energy, we plan to build our wind power capacity to a level of 350-450 MW installed by 2020. At the same time, we have taken the decision to invest in biogas generation, and plan to attain a level of approximately 150 MW by 2020. In 2010 and 2011 we are planning to achieve 13.3 MWe of installed capacity in nine biogas electric plants (the plan for 2010 calls for 6.3 MWe, of which 2.12 MWe has been implemented).

Distribution

Within our Group, the distribution of electricity is the responsibility of ENEA Operator Sp. z o.o. ("ENEA Operator"), which acts as the operator of the electricity distribution system. The ENEA Operator distribution network covers approximately 20 per cent of the country, located in the north-western part of Poland. According to the most recent update, ENEA Operator has 126,020 km of power lines (together with connectors) and 34,391 electricity stations at its disposal.

Trade

In our Group, the wholesale trade of electricity and the sale of electricity to end users is the responsibility of ENEA S.A. In Q1 2010 total sales of electrical energy amounted to 4,904.9 GWh, including sales to end users of 4,233 GWh. As at 31 March 2010, the number of retail clients amounted to approximately 2.3 million firms and households.

Elektrownia Kozienice S.A. also trades electricity on the wholesale market, and its trade volume in Q1 2010 amounted to 60.4 GWh.

Other operations

Our Group's companies also conduct operations supplementary to the basic operations listed above, including:

(i) the construction, expansion, modernisation and repair of electric power equipment and networks;

(ii) the design, construction, production and sale of electrical and power equipment and apparatus;

(iii) services related to the maintenance of street lighting and low-voltage networks;

(iv) transport services (including the sale, servicing, repair and leasing, of vehicles); and

(v) social activities (tourist destinations, healthcare).

Description of changes in the structure of the Group

As part of investment in sources of energy generated in co-generation, on 15 January 2010 ENEA S.A. purchased a newly built biogas-fired electric plant located in Liszkowo (district of Rojewo, Kujawsko-Pomorskie Province), with an electric power capacity of 2.126 MW. The facility employs advanced technology innovative in Poland, and allows power to be obtained from low-energy biomass waste. A detailed description of the Liszkowo biogas plant can be found on p. 76.

On 9 February 2010 ENEA S.A. sold to KWB Konin S.A. with its registered office in Kleczewo all the shares it held in PWE Gubin Sp. z o.o., i.e. a portfolio of 6,000 shares, constituting 50 per cent of the Company’s share capital, for PLN 931.55 per share, and a total of PLN 5,589,300 for all the shares. PWE Gubin Sp. z o.o. with its registered office in Sękowice was established to survey brown coal deposits in the Gubin and Brody districts in Lubuskie Province, and then to establish a strip mine and an electric power plant. The company was a joint venture of ENEA S.A. and Kopalnia Węgla Brunatnego Konin w Kleczewie S.A. On 23 October 2008, a tri-lateral Understanding was signed by PWE Gubin Sp. z o.o., ENEA S.A. and KWB Konin S.A., pursuant to which KWB Konin consented to the transfer to PWE Gubin Sp. z o.o., under the procedure provided by Article 26a of the Geological and Mining Law of 4 February 1994 (Journal of Laws of 2005 No. 228 item 1947 as amended), of concession No. 39/2008/p granted by the Minister of the Environment for a survey of brown coal deposits within the locations designated as “Gubin” and “Gubin-Zasieki-Brody”. Annex No. 1 to the above Understanding specifies the final date for the transfer of the concession and makes it dependent on the date on which KWB Konin obtains a decision from the Minister of the Environment (which happened on 4 April 2009). Despite having concluded the Understanding, KWB Konin decided not to take any actions aimed at transferring the right from concession No. 39/2008/p to PWE Gubin. In light of the lack of agreement among the partners with regard to the implementation of the Understanding, ENEA S.A.'s continued capital engagement in PWE Gubin Sp. z o.o. was not economically justified.

On 26 February 2010 a plan to merge Elektrownie Wodne and EnergoPartner was submitted to the District Court in Bydgoszcz. It calls for a merger by takeover of EnergoPartner Spółka z ograniczoną odpowiedzialnością with its registered office in Poznań by Elektrownie Wodne Spółka z ograniczoną odpowiedzialnością with its registered office in Samociążek, as the acquiring company. The plan was agreed on 26 February 2010 and announced in Monitor Sądowy i Gospodarczy (The Court and Economic Monitor) No. 47 on 9 March 2010. The merger is intended to reduce the companies' operating costs and achieving synergy effects in investments in renewable energy sources.

Description of capital investments within the Group

By way of a resolution of the Extraordinary Meeting of Shareholders on 28 January 2010 the share capital of ENTUR spółka z ograniczoną odpowiedzialnością with its registered office in Szczecin was increased by PLN 100,000 and all the new shares were taken up by ENEA S.A. and covered in cash. ENTUR Sp. z o.o. conducts business in the leisure, recreation and training sectors.

By way of a resolution of the Extraordinary Meeting of Shareholders on 4 February 2010 the share capital of Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Spółka z ograniczoną odpowiedzialnością with its registered office in Inowrocław was increased by PLN 1,710,000 and all the new shares were taken up by ENEA S.A. and covered in cash. NZOZ Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. conducts business in the sanatorium, rehabilitation and healthcare fields.

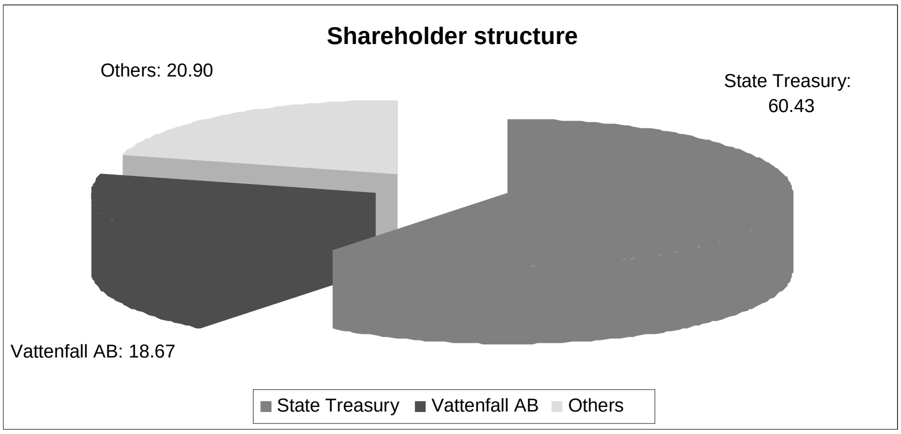
II. The Management Board's position regarding the possibility of meeting earlier published result forecasts for a given year

The Management Board of ENEA S.A. has not published financial result forecasts for 2010.

III. Shareholders holding 5 per cent or more of the votes at the Issuer's general meeting of shareholders, directly or indirectly through subsidiaries, as at the publication date of the quarterly report, as well as indications of changes in the ownership structure of significant share stakes in ENEA S.A. during the period since the publication of the previous quarterly report

As at the date of publishing this report, the structure of shareholders holding more than five per cent of the total number of votes at ENEA S.A.'s General Meeting of Shareholders is as follows:

Shareholder name	Number of shares held	Number of votes held	Share in share capital	Share in the total number of votes
State Treasury	226 774 895	226 774 895	60.43%	60.43%
Vattenfall AB	82 395 573	82 395 573	18.67%	18.67%
Others	92 272 110	92 272 110	20.90%	20.90%



The holding structure of significant packets of shares in ENEA S.A. has changed in the period since the publication of the preceding quarterly report.

The Treasury plans to sell ENEA S.A. shares in two stages – as part of a transaction on the public markets (Stage 1 – February 2010) and then the sale of more than 50 per cent of the Company’s shares to a sector investor (Stage 2 – mid-2010). The main goal of the first stage was to increase the number of Company shares in circulation – i.e to increase the Company’s free float (the number of shares held by shareholders whose shareholding does not exceed 5 per cent of the Company’s capital).

On 10 February the Treasury sold 70,851,533 shares of ENEA S.A. constituting 16.05 per cent of the total number of the Company's shares. The sale took place through the WSE in Warsaw. This was the second transaction in the “fully-marketed offer” formula in the WSE’s history, and the largest in the last three years. The Company’s shares were offered exclusively to domestic and foreign institutional investors. The sale price of the offered shares was set at PLN 16.00 per share, and the total value amounted to PLN 1.134 billion.

After the subscription 80 per cent of the offered shares were taken up by domestic institutional investors, and approximately 60 per cent of the shares went to pension funds (OFEs). As a result of the transaction, the Treasury’s share in the Company’s share capital has decreased from 76.48 per cent to 60.43 per cent. The share of the second-largest shareholder, Vattenfall AG, has remained unchanged and amounts to 18.67 per cent, while 20.90 per cent of shares are currently in free float.

IV. A list of holdings of the Issuer's shares or rights to them by persons that manage or supervise the Issuer as at the publication date of the quarterly report, together with an indication of changes to the holdings in the period since the publication of the previous quarterly report, individually for each person

As at the publication date of this quarterly report, Mr Tadeusz Dachowski, Deputy Chairman of the Company’s Supervisory Board, held 300 shares of ENEA S.A. Mr Maksymilian Górniak, Member of the Management Board for Commercial Affairs, held 1499 shares of ENEA S.A.

Mr Paweł Balcerowski, Tadeusz Dachowski and Mieczysław Pluciński, Members of the Supervisory Board elected by the employees, are authorised, on the basis of the Act on Commercialisation and Privatisation of 30 August 1996, to gratuitous of employee shares in ENEA S.A.

Furthermore, on the basis of the Act on the Principles of Acquiring Shares from the State Treasury in the Process of Consolidation of Power Industry Companies of 7 September 2007, Mr Krzysztof Zborowski, Member of the Management Board for Strategy and Development at ENEA S.A., is entitled to gratuitously acquire employee shares of ENEA S.A.

As at the publication date of this quarterly report, persons managing or supervising ENEA S.A. do not hold shares in ENEA S.A. subsidiaries. In the period since the publication of the previous quarterly report, there has been no change in the shareholdings of persons having managerial or supervisory positions.

V. Proceedings underway before courts, bodies appropriate for arbitration proceedings or public administration bodies

a) proceedings related to the Issuer’s or its subsidiary’s payables or debts, whose value is 10 per cent or more of the Issuer’s equity, including a description of: the subject of the proceedings, the value of the dispute, the date the proceedings were initiated, the parties to the initiated proceedings and the Issuer’s position.

As at the publication date of this report, no proceedings whose value would amount to 10 per cent or more of ENEA S.A.'s equity were underway.

b) two or more proceedings regarding payables and debt, whose total value corresponds to 10 per cent or more of the Issuer's equity, with an indication of the total value of proceedings within the group of payables and debts, together with the Issuer's position on this matter and, with regard to the largest proceedings in the group of payables and the group of debts - with an indication of their subject, the value of the dispute, the date the proceedings were initiated and the parties to the initiated proceedings;

As at the publication date of this report, no proceedings whose total value would amount to 10 per cent or more of ENEA S.A.'s equity were underway.

A description of other pending proceedings in which ENEA S.A. or entities which are part of its Capital Group are a party is included in Note No.26.2-4 to the consolidated quarterly financial statements (p. 33 of this report).

VI. Information on the conclusion by the Issuer or one of its subsidiaries of one or more transactions with affiliated companies, if they are individually or jointly significant and were concluded under non-market conditions.

In Q1 2010, the Group did not conclude significant transactions under non-market conditions with affiliated companies.

A description of other transactions concluded by the Issuer or its subsidiaries with affiliated companies was included in Note No. 22 to the consolidated quarterly financial statements (p. 30 of this report).

VII. Information regarding the Issuer or its subsidiaries granting credit or loan suretyships or guarantees - jointly to a single entity or a subsidiary of that entity, if the total value of the existing suretyships or guarantees is equivalent to 10 per cent or more of the Issuer's equity

During the reporting period neither the Issuer nor any of its subsidiaries granted credit or loan suretyships or guarantees – jointly to a single entity or a subsidiary of that entity, where the total value was equivalent to 10 per cent or more of the Issuer’s equity.

VIII. Other information which in the Issuer's opinion is significant for evaluating its employment, asset or financial condition, its financial results or changes to them, as well as information that is significant for evaluating the Issuer's ability to meet its obligations

Regardless of the information included in the remaining parts of the quarterly report, in the opinion of the Management Board the following information regarding ENEA S.A. should be kept in mind:

Strong market position

We have a strong market position in Poland in all segments of the electrical power market, in which we conduct operations. We are among the four largest entities in Poland in the electricity generation, distribution and trade sector.

Effective generation assets

The Group's Kozienice power plant is one of the most efficient bituminous coal-fired power plants in Poland. It has modernised generation units which produce electricity while respecting the ecosystem in the vicinity of the company, in line with EU environmental protection norms. As one of the leading power plants in Poland, construction has been started on two new power units of superior parameters with a capacity of 1000 MW each by the special-purpose company Kozienice II Sp. z o.o.

Kozienice has one of the lowest indicators of carbon dioxide emissions in Poland: in 2009 the level was 882 kg/MW, and in Q1 2010 900 kg/MW. It also has one of the lowest indicators of coal used per MWh of electricity generated. The level in Q1 2010 was 0.416 Mg/MWh.

A diversified client portfolio

The portfolio of clients to whom we sell electricity is to a large extent diversified.

As at 31 March 2009, ENEA S.A. provided comprehensive services (consisting of the sale of electricity and provision of distribution services) or sold electricity to more than 2.0 million individual customers and 0.3 million business clients.

In Q1 2010 the revenue from electricity sales to our largest client amounted to approximately 4.3 per cent of the total value of electricity and distribution services sold, and the share of the 10 largest clients slightly exceeded 12 per cent.

Vertical integration

As a result of the inclusion of the Kozienice power plant in the Group in October 2007, we have become a vertically integrated power company. At the end of Q1, nearly all of the electricity generated by the Kozienice power plant (90 per cent), with the exception of electricity sold on the balancing market, as part of regulation system services, as well as insignificant amounts sold to local recipients, is sold to ENEA S.A.

Convenient location for developing wind farms

Investments in renewable wind power are a significant element of our strategy. Our distribution network covers the north-western part of Poland which, due to the prevailing atmospheric conditions in this part of the country - plenty of wind - is a good location for building wind farms. In the seaside region, considered a very favourable area for building wind farms, winds reach an estimated average of more than 6 m/s. In Q1 2010 we continued actions aimed at acquiring wind farm projects at various stages of completion, in order to expand wind power generation in the Group and to achieve in this regard installed power capacity of 350 to 450 MW by 2020. Currently the Group is conducting wind farm projects in various stages of completion with a total installed power capacity of 242.5 MW, including a greenfield project. ENEA S.A. plans to increase the share capital of EnergoPartner Sp. z o.o. in 2010-2012 with a total cash contribution of PLN 533,164,000 (PLN 30,301,000 in 2010) to be designated for the development of wind power generation, and in particular for carrying out projects together with Renpro Sp. z o.o. Moreover, it is foreseen that the implementation of investment tasks carried out by EnergoPartner Sp. z o.o. will require outlays beyond the above-mentioned planning period in the amount of PLN 145,860,000 to be spent in subsequent years.

Price lists

ENEA S.A. sells electricity for recipients from pricing groups A, B and C (institutional recipients) and pricing group G (households).

The current "Electricity Price List" for pricing groups A, B and C was approved in Resolution No. 786/2008 by the Management Board of ENEA S.A. on 25 November 2008 and was amended by Resolution No. 266/2009 of the Management Board of ENEA S.A. on 27 April 2009.

The sale of electricity for end users from the G pricing groups connected to the ENEA Operator Sp. z o.o. network is carried out on the basis of the “Electricity Price List” approved by the President of the ERO for the period ending 31 December 2010. That price list, in compliance with Resolution of the Management Board of ENEA S.A. No. 25/2010 of 14 January 2010, came into force on 27 January 2010. The level of costs recognised as justifiable by the President of the ERO in that price list is lower than the costs incurred by the Company under electricity purchase contracts concluded.

Risks related to operations and the environment

Notwithstanding the above positive factors in an evaluation of the management, property and financial situation and the financial result of the Issuer and its Group, a series of factors exist which are identifiable as risks relating to the activities carried on and the surroundings in which they take place. Among these, attention should be drawn to the potential impact of events and circumstances described in the Report of the Management Board on the operations of the ENEA Capital Group published as part of the consolidated annual report on 22 March 2010, and in Notes No. 26-28 to the consolidated quarter financial statement (p. 33-37 of this report).

Collective disputes

Approximately 70 per cent of our employees belong to trade unions. The position of trades unions in the power sector is particularly strong because of the volume of employment in the sector and its strategic influence on the functioning of the economy. Collective disputes with employees may lead to disruption of our ongoing activities, and in particular to stoppages, and may also cause an increase in labour costs, which may have a negative effect on our business, financial situation, financial results or development prospects.

ENEA S.A. is currently a party in one collective dispute, of 7 September 2009.

The subject of this collective dispute is issues related to the manner and scope of information provided by the Company to the employees with regard to the ongoing privatisation, i.e. information regarding the privatisation plan, the manner of leading the employees through the privatisation process and the impact of a potential change of the Company's majority shareholder on the employees' situation. Information regarding this event was published in Current Report No. 51/2009 of 8 September 2009.

The above dispute is at the stage of negotiations.

Long-term electricity sales contracts (LTCs)

Due to the fact that the European Commission has found the long-term contract with state-owned company PSE S.A. regarding the sale of power and electricity to be prohibited public aid, the Polish Parliament has passed an act intended to eliminate the above-mentioned contracts. Pursuant to the provisions of the Act on the Principles for Covering Costs Arising for Generators Due to the Early Termination of Long-Term Power and Electricity Sales Contracts of 29 June 2007 (the "LTC Termination Act”), the Group (Elektrownia Kozienice S.A.), beginning on 1 April 2008, is entitled to receive compensation for stranded costs stemming from the early termination of long-term contracts. The Group will be entitled to receive compensation until 2014. Pursuant to the LTC Termination Act, Elektrownia Kozienice S.A. receives advances for stranded costs over the course of the year. These advances are then settled - this takes place by way of the President of the ERO issuing a decision on the correction of annual stranded costs. Detailed information on the amount of the advances received by Elektrownia Kozienice, decisions of the President of the ERO with regard to corrections of stranded costs, and the manner in which these items are reported in financial statements, as well as their impact on results are included in Note No. 23 to the consolidated financial statements (p. 31 of this report).

Privatisation

In accordance with the “Privatisation Plan 2008-2011” approved by the Council of Ministers on 22 April 2008, ENEA S.A. was identified as one of the energy groups to undergo privatisation in 2008-2011. The first stage of this process was the sale in 2008 of a packet of newly-issued shares in the Company through its first public offer. Also, on 10 February 2010 the State Treasury of the Republic of Poland represented by the Minister of the State Treasury sold 70,851,833 ordinary shares with a nominal value constituting 16.05 per cent of ENEA's share capital. The final form of the further privatisation of the Company, its time frame and the size of the packet of shares designated for disposal at a further stage by the State Treasury will depend solely on the decision of the Ministry of the State Treasury. Additional information regarding the Privatisation Plan is included in Item III above.

Information on transactions securing currency exchange risk

As part of their operations neither ENEA S.A. nor its subsidiaries concluded any transactions securing the currency exchange risk in Q1 2010.

Risks related to the entry into force of the Act on Amending the Energy Law and on Amending Certain Other Laws of 8 January 2010

The entry into force of the Act may result in the need for Elektrownia Kozienice S.A. to offer electricity as an entity entitled to receive funds to cover the stranded costs pursuant to the Act of 29 June 2007 in a manner that ensures public, equal access to that electricity; the above may result in a reduction of the amount of electricity purchased by ENEA S.A. from Elektrownia Kozienice S.A.

The Act introduces changes to the obligation to obtain and cancel certificates of origin for renewable electrical energy and energy from co-generation. As a result these changes will result in the issuing of an appropriate regulation that will define the required levels of these obligations. As an entity selling electricity to end users, we are required by law to obtain and present to the President of the ERO for redemption certificates of origin confirming: (i) the generation of a part of the electricity from renewable sources, and (ii) the generation of electricity in cogeneration with heat (high-efficiency cogeneration). If certificates of origin are not obtained and presented for cancellation in the required amount, we are obliged to pay substitute fees. The quantity of certificates of origin to be obtained and presented for cancellation stems from the provisions of law and is calculated as the percentage share of electricity sold to end users. As a rule this share will grow in subsequent years. Moreover, the amount of electricity we sell to end users may also grow. Our renewable or cogenerated energy sources allow us to comply with our obligation regarding the cancellation of certificates of origin only to a very limited degree. As a result, we are forced to buy certificates of origin from third parties or to pay substitute fees, the value of which continues to rise every year. Due to the limited potential of such energy sources in Poland, the price of certificates of origin on the market should be expected to rise, which could result in a significant increase of our operating costs. There is no certainty that it will be possible to reflect the increased price of these certificates or the substitute fees we pay in the price of electricity sold to end users. If we are unable to obtain an appropriate number of certificates of origin on favourable terms or if the market conditions make it impossible for us to transfer the increased costs of obtaining the certificates of origin onto end users, this could negatively impact our cash flow and margins.

IX. Factors that in the Issuer's opinion will influence the results it will achieve within at least the next quarter.

One of the basic factors that will influence long-term results will be the execution of a strategy of implementing the following strategic goals:

- Developing the Group’s core operations - an area in which we will concentrate on:
  - developing generation capacity,
  - developing and modernising the distribution network,
  - developing wholesale trade operations,
  - ensuring the security of bituminous coal supplies from the best possible sources,
  - increasing profit from electricity sales,

- Improving the Group’s operating efficiency – an area in which we will concentrate on:
  - optimising fundamental processes,
  - optimising support functions,
  - ensuring the operational integration of the Group,
  - focusing the Group on basic operational areas,
- Building a socially responsible company – an area in which we will concentrate on:
  - ensuring balanced management of human resources,
  - ensuring a dialogue with the local community and taking its voice into consideration in our business activities,
  - promoting environmentally sound solutions and behaviours.

Within the strategic area concerning the development of the core operations of the Group, one of the long-term strategic directions is for the Group to gain access to its own sources of power generation having enough capacity to at least meet the electricity needs of all customers of the Group. The first step towards carrying out that strategy was including Elektrownia Kozienice, Poland's highest-capacity bituminous coal-fired power plant, in the ENEA Capital Group in October 2007. We are currently analysing the possibility of acquiring other entities that are active in the field of generating electricity on the basis of conventional fuels, and are examining the possibility of gaining access to our own coal deposits by taking over existing mines. ENEA S.A. is interested in purchasing packets of shares in Zespół Elektrowni Pątnów-Adamów-Konin S.A. (constituting 50 per cent of the company’s share capital), Kopalnia Węgla Brunatnego Adamów S.A. (constituting 85 per cent of the company’s share capital) and Kopalnia Węgla Brunatnego Konin w Kleczewie S.A. (constituting 85 per cent of the company’s share capital). It is possible that we will be able to submit a binding offer in this regard in June 2010. Moreover, actions are being taken with the aim of ensuring security of bituminous coal supplies from optimal sources. Irrespective of the opportunities there may be to acquire additional generation capacity by acquiring existing entities, we are planning to increase our own generation capacity, including at the Kozienice Power Plant, where by 2016 we plan to construct a new power unit with a total capacity of approximately 1000 MW. Due to the forecast increases in requirements with regard to renewable and co-generated energy sources, we are taking action aimed at increasing control over costs related to the fulfilment of the requirements of the law within this scope. In order to do so we are planning to continue concluding long-term contracts confirming the generation of electrical energy from renewable sources and in cogeneration from third parties, and to make direct investments in such sources. Our intention is to invest in wind farm projects, agricultural biogas plants and biogas generators already begun and at varying stages of advancement, by acquiring existing entities or investing in cooperation with external entities. There are four possible acquisition scenarios, depending on what stage a given project is at: searching for projects which would in part be implemented by a third-party entity on a developer services basis, purchasing a project from a third-party entity before that entity has obtained a building permit, with independent further development of the project, purchasing projects/special purpose vehicles (set up by developers for the purpose of implementing a project) after a final building permit has been issued for the project/special purpose vehicle, or purchasing 'turnkey' completed wind farms, biogas plants or biogas generators. We are also planning to continue modernising acquired heat generators and heat and electricity cogenerators over the next several years. The acquired heat plants will be converted into heat and electricity cogenerators, including biomass-fired ones, which will generate electricity and heat in cogeneration, which will enable us to obtain additional energy certificates of origin.

As part of improving the effectiveness of how the Group functions, strategic goals will be implemented in order to increase revenues, reduce costs and integrate operations such that the margin on ENEA Capital Group operations is increased. Optimization activities will be conducted in all business areas of the Group, and will be implemented by, for example, transferring the core strategic functions connected with business development, as well as the synergy resulting from the operations of particular business areas within the entire Capital Group, to the ENEA Capital Group corporate level.

Within the strategic area of building a socially responsible business, targets will be set that in the long term will result in an increase in the value of the business by building responsible business principles into the operations of the ENEA Capital Group. The effective implementation of a policy on the developmental direction of the Company and the entire ENEA Capital Group is dependent on initiating a new business model for the Group. A fundamental task of this new model is to guarantee that the ENEA Capital Group will be able to function flexibly over the long term, thereby taking full advantage of the opportunities and meeting the challenges of the Polish power industry.

The implementation of the Group's strategy requires funds, and ensuring them is a key element of the realisation of the above-mentioned investment plans and increasing the Group's value for shareholders. We assume that in implementing our strategy, in the base scenario we should designate approximately PLN 22 billion for investments in conventional generation (approximately 32 per cent of total investment outlays), distribution (approximately 29 per cent of investment outlays) and renewable sources of energy and cogeneration (approximately 37 per cent of investment outlays).

In the area of conventional generation, our main goal is to build a new bituminous coal-fired power unit of a capacity of 1000 MW in Swierże Górne (we estimate the average cost of building 1 MW as EUR 1.3 million). Start-up is planned for 2016. In order to implement that investment, Kozienice II spółka z ograniczoną odpowiedzialnością has announced proceedings for public procurement pursuant to the Public Procurement Act of 29 January 2004 (Journal of Laws 2007, No. 223, item 1655, as amended) using the procedure of negotiations with an announcement, for "Building a power unit with supercritical parameters fired with bituminous coal with a net minimum electric power rating of 900 MWe". The announcement was submitted to the Publications Office of the European Union on 3 March 2010. We plan to appoint a contractor in 2011. At the same time, together with the new power unit, we intend to modernise the remaining 200 and 500 MW units operating at the Kozienice power plant. We are at present also conducting analyses with regard to preparations for building a second 1000 MW unit in Świerże Górne, which involves the need to make investment outlays.

In the area of distribution, during the period covered by the strategy, we are planning investment works, modernisation of the grid infrastructure, and essential refurbishment in connection with increasing demand for electricity and the necessity of connecting renewable sources of energy. Such investment and modernisation activities should result in increasing the functionality of our grid and in restricting grid losses. They will also result in the replacement of some of our oldest distribution lines. In 2010 we plan to invest in distribution assets to a value of approximately PLN 575 million.

Investment outlays on the grid are growing successively. Relative to 2008, they increased by 17 per cent in 2009 (in implementing the investment plan), while in 2010 (compared to 2008) by 30 per cent (under planned outlays for 2010 - the final level of the growth will be known once information on the implementation of this year's Investment Plan has been obtained).

A similar tendency is observable in relation to infrastructure investment for supporting our distribution operations. Relative to 2008, they increased by 14 per cent in 2009 (in implementing the investment plan), while in 2010 (compared to 2008) by 66 per cent (under planned outlays for 2010 - the final level of the growth will be known once information on the implementation of this year's Investment Plan has been obtained).

In the area concerning renewable sources of electrical and thermal energy, we plan to build our wind power capacity to a level of 350-450 MW installed by 2020. At the same time, we have taken the decision to invest in biogas generation, and plan to attain a level of approximately 150 MW by 2020.

In 2009, the Company carried out a complete preparatory procedure for the purchase of its first biogas power plant, in Liszkowo (Kujawsko-Pomorskie Province), which has a capacity of 2.12 MWe - the purchase was finalised in January 2010.

Depending on the market situation, our financial situation, the results of technical and economic analyses being carried out, and our ability to finance investments, we do not rule out increasing the base investment program by additional investments in conventional generation, by approximately PLN 10 billion. That amount also covers the construction of a second 1000 MW power unit in Świerże Górne, and making acquisitions on the Polish market.

Growth plans and investment assumptions have been reflected in the ENEA S.A. 2010-2012 Investment Plan, in which planned investments will require total cash outlays of approximately PLN 2.2 billion (including cash capital investments). However, significant investment needs, such as the construction of the new power unit in Świerże Górne, are planned for the years 2013-2016, in which total investment outlays may reach PLN 11 billion. Therefore from ENEA S.A.'s point of view, it is crucial to build an equity portfolio in the long term, in order to be able to implement the investments in the future. Of course funds from profits will form a supplementary source of financing investment outlays, particularly with regard to investments related to the Group's growth, mainly investments in new generation capacity.

Below we present the key points of the investment plan for 2010-2012 that will impact on the optimisation of ENEA S.A.'s operations and the Company's growth, which of course does not exhaust our investment needs, but which only signal the main directions of outlays, and will also take place in significant amounts after 2012:

1) Cash capital investments

As ENEA S.A. is the management company of the ENEA Capital Group, and its core operations involve trading in electricity, and as most investments in fixed assets are carried out by ENEA S.A. subsidiaries, capital investments are a significant portion of its activities from the point of view of its operations.

With the above in mind, ENEA S.A. is planning to implement a number of cash capital investments, which include, as the most significant, the tasks listed below, which have been included in the Company's 2010-2012 Investment Plan.

- Kozienice II Sp. z o.o. – increasing the company's share capital with a cash contribution to cover the costs of activities related to the construction of a power unit with supercritical parameters with a power rating of approximately 1000 MW. As part of the task of building the new power unit with a power rating of approximately 1000 MW, there are plans for ENEA S.A. to increase the share capital of special-purpose vehicle Kozienice II Sp. z o.o. in 2010-2012 with a total cash contribution of PLN 689,846,000 (in 2010: PLN 34,066,000). Moreover, it is foreseen that the implementation of the investment will require significant outlays beyond the above-mentioned planning period.

- EnergoPartner Sp. z o.o. – increasing the company's share capital with a cash contribution for covering the costs of operations related to the development of wind farm construction projects. Due to the increasing obligations of obtaining certificates of origin of electrical energy, ENEA S.A. will be obliged to purchase an annually increasing volume of certificates of origin or to pay substitute charges. Taking into consideration existing contracts, there is a shortage of certificates of origin that should be covered by ENEA S.A. engaging in new projects in renewable power generation, with the aim of avoiding the requirement of paying substitute charges, and more specifically to direct to the ENEA capital group funds that at present are designated for substitute charges. ENEA S.A. plans to increase the share capital of EnergoPartner Sp. z o.o. in 2010-2012 with a total cash contribution of PLN 533,164,000 (PLN 30,301,000 in 2010) to be designated for the development of wind power generation, and in particular for carrying out projects together with Renpro Sp. z o.o. Moreover, it is foreseen that the implementation of investment tasks carried out by EnergoPartner Sp. z o.o. will require outlays beyond the above-mentioned planning period in the amount of PLN 145,860,000 to be spent in subsequent years.

- The purchase of shares in companies conducting operations related to the generation of electricity and heat, in particular from renewable sources. Taking into consideration ENEA S.A.'s obligations to purchase annually increasing volumes of certificates of origin or to pay substitute charges referred to above, independently from investments carried out by EnergoPartner Sp. z o.o., ENEA S.A. plans the purchase of companies engaged in the generation of energy from renewable sources, in particular biogas and biomass. The company has already taken steps aimed at making investments into biogas plants, planning to achieve generation capacity in this area of approximately 150 MW by 2020. As previously mentioned, in 2009 ENEA S.A. carried out a complete preparatory procedure for the purchase of its first biogas power plant, in Liszkowo (Kujawsko-Pomorskie Province), having a capacity of 2.12 MWe (the purchase was finalised in January 2010).

For the achievement of these goals the Company has planned total outlays of PLN 732,750,000 for 2010-2012 (PLN 119,250,000 in 2010). The purchase of shares in companies conducting operations related to the generation of electricity and thermal energy, in particular from renewable sources of energy, is related to the implementation of the heating, renewable energy and cogeneration sector development programme within the ENEA Capital Group. As part of the above activities, there are plans to carry out investments in distributed generation sources based on biomass and biogas, also in order to fulfil the obligation to obtain the required number of proprietary rights - certificates of origin for electricity generated from renewable sources of energy. Moreover, as part of this area, there are plans to purchase existing heat generators and their modernisation by installing units that make it possible to generate electricity in cogeneration with thermal energy, also in order to fulfil the obligation to obtain certificates of origin - certificates derived from the generation of electricity and thermal energy in cogeneration.

2) Information and communications technology

As part of this area, there are plans to carry out seven main investment tasks in 2010-2012, which will serve to develop ENEA S.A., at a total cost of PLN 134,400,000, i.e.:

- Modernisation and development of ERP software;
- Building a system of document circulation and a business process management platform;
- Building an Integrated Customer Management System;
- Consolidation of labour assets;
- Preparing and implementation of an IT policy, including planning the IT architecture, as well as security, IT services quality and project management policies;
- Modernisation and development of the computer and telecommunications network;
- Technical and system infrastructure.

Moreover, it is foreseen that the implementation of the above-mentioned investment tasks will require outlays beyond the said planning period in the amount of PLN 81,100,000.

3) Modernisation of street lighting

The outlays for investment tasks planned for the years 2010-2012 and related to the modernisation of street lighting amount to a total of PLN 68,870,000, in the following areas: Poznań, Bydgoszcz, Zielona Góra, Gorzów Wielkopolski and Szczecin.

It should be stressed that the Company will not be able to realise even the minimum development plan for 2010-2012, which calls for investments of PLN 22 billion, from its own funds. The Management Board of ENEA S.A. realises that financing the above investments using only the Company's own funds is not the optimum solution, and therefore it is crucial to obtain external sources of financing for the investments. It should, however, be pointed out that taking into account its EBIDTA and the situation on the financial markets the ENEA Capital Group is at present able to secure approximately PLN 5 billion of credit. This implies the need to build a cash portfolio that will make it possible to carry out investments in the future. Taking into consideration the fact that the possible structure for financing key investment tasks, i.e. equity/debt, currently amounts to approximately 40/60 per cent, in order to carry out investments in the next several years, in particular those involving new power units, there is a need for ENEA S.A. to secure cash in excess of PLN 3.3 billion. This will obviously not satisfy the Group's needs, and therefore it is crucial for it to systematically build an equity portfolio.

Besides factors related to the implementation of the growth strategy and the planned investment outlays, another factor that could impact on the Group’s results is the entry into force on 11 March 2010 of amendments to the Energy Law of 10 April 1997, stemming from the Act on Amending the Energy Law and on Amending Certain Other Laws of 8 January 2010 (Journal of Laws of 2010, No. 21, item 104) (the “Amending Act”). Pursuant to the Amending Act, operators of distribution systems (being in a vertically integrated company structure) may not carry on business operations related to the generation or trading in electricity, and they may not carry it under contract on behalf of another energy-sector company. The above has resulted in the need to separate out part of the operations of ENEA Operator Sp. z o.o. related to customer service and to transfer it to ENEA S.A. Moreover, pursuant to the Amending Act, energy sector companies involved in electricity generation will be obliged to sell no less than 15 per cent of the electricity generated in a given year on commodity exchanges or on the regulated market. Additionally, generators entitled to receive funds as compensation of stranded costs resulting from the early termination of long-term contracts will be obliged to sell the remaining electricity in a manner that ensures public, equal access to that energy, through an open tendering process, on an internet trading platform on the regulated market or on commodity exchanges.

Also, factors that could impact the financial results of the ENEA S.A. Capital Group within the perspective of at least the subsequent quarter include:

- **The general condition of the economy**

  At present all our revenues are generated on the domestic market, and therefore our operations may be influenced by macroeconomic factors affecting the Polish economy. In particular, our business is influenced by: interest rate levels, the exchange rate of the zloty against other currencies, inflation, unemployment, the level of the Polish GDP and changes in the country’s economic policies. Besides factors related to the Polish economy, our business operations are also influenced by macroeconomic factors affecting other countries, and in particular European Union Member States.

- **Factors related to conducting business operations in Poland**, i.e. changes to the economic, political and legal situation in Poland.

  The direction of the country’s energy policy and structural and ownership decisions related to energy sector companies controlled by the State Treasury may have a significant and negative impact on revenues from the sale of electricity and the provision of distribution services, in particular with regard to individual customers. It was not long ago that Poland enacted the legislative framework that regulates the functioning of the power sector in its present form. As a result there is no developed, unified interpretation of the law in this area. There is therefore considerable uncertainty as to how issues relating to our activities will be resolved if they become the subject of court proceedings. This is why there is a risk of unexpected and unfavourable rulings that could have a negative impact on our operations, financial results, financial condition and growth prospects.

- **Synergy**

The acquisitions and equity investments that we are planning might not have the expected results. The valuation of our future acquisitions and investments will depend on market conditions, as well as on other factors that are beyond our control, and it might turn out that we are unable to correctly assess the value of acquisitions and investments that we have carried out. Furthermore the results obtained by the companies in which we will invest may turn out to be worse than our initial estimates, which may cause a reduction in the rate of return on these transactions compared with initial expectations. Furthermore, the reorganisation of these entities may prove to be time-consuming and expensive.

A detailed description of factors influencing the growth and prospects of the Company’s and Group's operations is provided in item 4, *Prospects for growth and description of risks and hazards* of the Management Board's report on the operations of the ENEA Capital Group in 2009, published on 22 March 2010 as part of the consolidated annual report for 2009.