

**ENEA S.A.  
POZNAŃ, UL. GÓRECKA 1**

**SEPARATE FINANCIAL STATEMENTS  
FOR THE 2011 FINANCIAL YEAR  
WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

## TABLE OF CONTENTS

<b>AUDITOR'S OPINION .....</b>	<b>3</b>
<b>REPORT SUPPLEMENTING THE OPINION ON THE AUDIT OF THE FINANCIAL STATEMENTS OF ENEA S.A. FOR THE 2011 FINANCIAL YEAR .....</b>	<b>5</b>
<b>I. GENERAL INFORMATION .....</b>	<b>5</b>
1. Details of the audited Company .....	5
2. Information about the financial statements for the previous financial year .....	7
3. Details of the authorized entity and the key certified auditor acting on its behalf .....	7
4. Availability of data and management representations .....	8
<b>II. DETAILED INFORMATION .....</b>	<b>10</b>
1. Evaluation of the accounting system.....	10
2. Information about the audited financial statements .....	11
3. Information about selected material items of the financial statements .....	11
4. Completeness and correctness of drawing up the notes and explanations and the report on the activities of the Company.....	12
5. Final information and findings .....	12
 <b>SEPARATE FINANCIAL STATEMENTS OF ENEA S.A. FOR THE 2011 FINANCIAL YEAR</b>	
1. Separate Balance Sheet	
2. Separate Statement of Comprehensive Income	
3. Separate Statement of Changes in Equity	
4. Separate Cash Flow Statement	
5. Notes, comprising a summary of significant accounting policies and other explanatory information.	
 <b>REPORT ON THE ACTIVITIES OF ENEA S.A. FOR THE 2011 FINANCIAL YEAR</b>	

## **AUDITOR'S OPINION**

### **To the Shareholders and Supervisory Board of ENEA S.A.**

We have audited the attached financial statements of Enea S.A. ("the Company") with registered office in Poznań, at Górecka 1, including the separate balance sheet prepared as at 31 December 2011, the separate statement of comprehensive income, the separate statement of changes in equity, the separate statement of cash flows for the financial year from 1 January 2011 to 31 December 2011 and notes, comprising a summary of significant accounting policies and other explanatory information.

Preparation of financial statements is the responsibility of the Management Board of the Company.

The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company, express an opinion whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and an opinion on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act;
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification - largely on a test basis - of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as at 31 December 2011 as well as its profit or loss in the financial year from 1 January 2011 to 31 December 2011;
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards - in accordance with the provisions of the Accounting Act, secondary legislation to the Act and based on properly kept accounting records;
- comply with the provisions of law and the by-laws of the Company which affect the contents of the financial statements.

The report on the activities of the Company for the 2011 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states and consistent with underlying information disclosed in the audited financial statements.

.....  
Marcin Samolik  
Key certified auditor  
conducting the audit  
No. 10066

.....  
represented by

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

Warsaw, 10 April 2012

***The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.***

**REPORT SUPPLEMENTING THE OPINION ON THE AUDIT  
OF THE FINANCIAL STATEMENTS OF ENEA S.A.  
FOR THE 2011 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Company**

The Company operates under the business name ENEA S.A. The Company's registered office is located in Poznań, at ul. Górecka 1 (the former address: Poznań, ul. Nowowiejskiego 1).

The Company was incorporated on 12 July 1993 as a result of transformation of the state-owned enterprise named Zakład Energetyczny Poznań into a joint stock company wholly owned by the State Treasury named Energetyka Poznańska S.A. (the notarized deed registered in Notarial Register A no. 2432/93).

On 21 May 2001 the Company, operating under the name of Energetyka Poznańska S.A., was recorded in the National Court Register Entrepreneurs in the District Court XIV Business Division under number KRS 0000012483.

On 2 January 2003, the court registered business combination of Energetyka Poznańska S. A., Energetyka Szczecińska S. A., Zielonogórskie Zakłady Energetyczne S. A., Zakład Energetyczny Gorzów S. A. and Zakład Energetyczny Bydgoszcz S.A. The combination had the form of acquisition, with Energetyka Poznańska S.A. being the acquirer.

On 2 January 2003, the Company's name was changed from Energetyka Poznańska S.A. to Grupa Energetyczna ENEA S.A. On 13 October 2004, the Company changed its name to ENEA S.A.

The Company has the tax identification number NIP: 777-00-20-640.

The REGON number assigned by the Statistical Office is: 630139960.

The Company operates in accordance with the provisions of the Code of Commercial Companies.

In the audited financial year, the Company's operations involved trade in electricity.

As at 31 December 2011, the Company's registered share capital amounted to PLN 441,443 thousand and was divided into 441,442,578 shares with a face value of PLN 1 each.

The share capital as at the date of transition to the International Financial Reporting Standards as endorsed by the European Union (1 January 2004) was revalued in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" by PLN 107,765 thousand and adjusted by PLN 38,810 thousand in relation to other items.

As at 31 December 2010, the ownership structure of the Company was as follows:

<b>Shareholder's name</b>	<b>Number of shares</b>	<b>Number of votes</b>	<b>Nominal value of shares (PLN'000)</b>	<b>Interest in the share capital</b>
State Treasury	233,624,813	52.92%	233,625	52.92%
Vattenfall AB	82,395,573	18.67%	82,396	18.67%
Other	125,422,192	28.41%	125,422	28.41%
	<b>441,442,578</b>	<b>100.00%</b>	<b>441,443</b>	<b>100.00%</b>
Share capital arising from hyperinflationary revaluation			107,765	
Other adjustments			38,810	
<b>Share capital</b>			<b>588,018</b>	

As at 31 December 2011, the ownership structure of the Company was as follows:

<b>Shareholder's name</b>	<b>Number of shares</b>	<b>Number of votes</b>	<b>Nominal value of shares (PLN'000)</b>	<b>Interest in the share capital</b>
State Treasury	228,138,189	51.68%	228,138	51.68%
Vattenfall AB	82,395,573	18.67%	82,396	18.67%
Other	130,908,816	29.65%	130,909	29.65%
	<b>441,442,578</b>	<b>100.00%</b>	<b>441,443</b>	<b>100.00%</b>
Share capital arising from hyperinflationary revaluation			107,765	
Other adjustments			38,810	
<b>Share capital</b>			<b>588,018</b>	

No changes in the Company's share capital took place during the audited financial year and after the balance sheet date and by the opinion date.

As at 31 December 2011 the Company's equity amounted to PLN 10,205,856 thousand.

The Company's financial year is the calendar year.

ENEA S.A. is the parent in the ENEA Capital Group, which as at 31 December 2011 included 23 subsidiaries and 2 associates. Additionally, subsidiaries of the State Treasury of the Republic of Poland are treated as related parties of the Company. Related party transactions concluded during the financial year are presented in Note 34 of the additional information and explanations.

Composition of the Management Board as at the date of the opinion:

- Maciej Owczarek - Chairman of the Management Board;
- Janusz Bil - Member of the Board in Charge of Commercial Affairs
- Hubert Rozpędek - Member of the Board in Charge of Economic Affairs
- Krzysztof Zborowski - Member of the Board in Charge of Generation.

In the audited financial year and after the balance sheet date until the opinion date, the following changes in the composition of the Management Board took place:

- By means of a resolution of 5 December 2011, the Supervisory Board dismissed Maksymilian Górniak from the position of the Member of the Management Board in Charge of Commercial Affairs;
- By means of a resolution of 24 December 2012, the Supervisory Board appointed Janusz Bil to the position of the Member of the Management Board in Charge of Commercial Affairs.

## **2. Information about the financial statements for the previous financial year**

The activities of the Company in 2010 resulted in a net profit of PLN 364,386 thousand. The financial statements of the Company for 2010 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 12 April 2011, the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders Meeting, which approved the financial statements for the 2010 financial year, was held on 29 June 2011. The Shareholders' Meeting decided about the following distribution of the net profit for 2010:

- dividends for shareholders PLN 194,235 thousand;
- allocation to reserve capital PLN 170,151 thousand.

The financial statements for the 2010 financial year were submitted to the National Court Register on 22 August 2011 and filed for publication in Monitor Polski B on 8 July 2011. They were published in Monitor Polski B No. 203 on 16 January 2012.

## **3. Details of the authorized entity and the key certified auditor acting on its behalf**

The audit of the financial statements was conducted based on the agreement of 1 March 2011 concluded between ENEA S.A. and Deloitte Audyt Sp. z o.o. with registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Marcin Samolik, key certified auditor, (No. 10066), in the registered office of the Company from 19 to 23 September 2011 and from 13 to 24 February 2012 and outside the registered office till 10 April 2012.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 17 January 2011 based on authorization included in Article 20 of the Company's By-laws.

Deloitte Audyt Sp. z o.o. and Marcin Samolik, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the of the Act of statutory auditors and their self-regulation, entities authorized to audit financial statements and public supervision (Journal of Laws of 2009, No. 77, item 649), to express an unbiased and independent opinion on the financial statements of ENEA S.A.

**4. Availability of data and management representations**

The scope of our audit was not limited. During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in a written representation of the Management Board of 10 April 2012.



## 5. Economic and financial position of the Company

Presented below are the main items from the statement of comprehensive income as well as financial ratios describing the financial result of the Company and its economic and financial position compared to the prior years.

<b><u>Main items from the statement of comprehensive income (PLN '000)</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Net sales revenue	5,577,633	6,304,332	7,048,625
Operating expenses	(5,513,148)	(6,170,505)	(6,856,828)
Other operating revenue	25,945	28,667	27,317
Other operating expenses	(51,356)	(46,264)	(63,051)
Financial revenue	358,449	303,628	214,297
Financial expenses	(6,436)	(5,986)	(7,733)
Income tax	(35,918)	(49,486)	(57,213)
Net profit (loss)	355,169	364,386	305,414
Comprehensive income	356,217	379,174	305,414

<b><u>Profitability ratios</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
– gross profit margin	0.7%	1.8%	2.2%
– net profit margin	6.4%	5.8%	4.3%
– net return on equity	3.6%	3.8%	3.2%

<b><u>Effectiveness ratios</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
– assets turnover ratio	0.50	0.57	0.65
– receivables turnover in days	49	45	39
– liabilities turnover in days	39	42	42

<b><u>Liquidity/Net working capital</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
– debt ratio	8.6%	9.3%	9.9%
– net working capital (PLN '000)	1,360,295	2,013,041	1,861,940
– current ratio	2.6	3.2	2.9
– quick ratio	2.6	3.2	2.9

An analysis of the above figures and ratios indicated the following trends in 2011:

- a decrease in the sales revenue and gross profit margin;
- a decrease in current and quick ratio and the net working capital.

## **II. DETAILED INFORMATION**

### **1. Evaluation of the accounting system**

The Company has valid documentation describing the adopted accounting principles (policy), referring in particular to: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and in terms of measurement of assets and liabilities and presentation of the financial statements, in line with IFRS as endorsed by the EU (EU IFRS). The principal methods for measurement of assets, liabilities and profit/loss have been presented in the notes.

The accounting principles which the Company may choose pursuant to IFRS have been selected in such a way so as to properly reflect the nature of the Company's business, its financial position and financial results. The principles have been applied consistently and have not been changed as compared to the principles used to keep the accounting records and prepare the financial statements in the prior year.

The Company uses SAP computerized accounting system to record all business transactions. The system is password-protected against unauthorized access and has functional access controls. The description of the IT system complies with the requirements of Article 10.1.3c of the Accounting Act.

The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

In the part we have audited, documentation of business transactions, accounting records and the relationships between accounting entries, documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and evidence, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences have been recorded and settled in the accounting records for the audited period.

## **2. Information about the audited financial statements**

The audited financial statements were prepared as at 31 December 2011 and comprise:

- separate balance sheet prepared as at 31 December 2011, with total assets and liabilities plus equity of PLN 11,161,111 thousand;
- separate statement of comprehensive income for the period from 1 January to 31 December 2011, with a net profit of PLN 355,169 thousand and total comprehensive income of PLN 356,217 thousand;
- separate statement of changes in equity for the period from 1 January to 31 December 2011, disclosing an increase in equity of PLN 161,982 thousand;
- separate cash flow statement for the period from 1 January to 31 December 2011, showing a cash inflow of PLN 341,491 thousand;
- notes, comprising a summary of significant accounting policies and other explanatory information.

The structure of assets and liabilities plus equity as well as items affecting the financial result has been presented in the financial statements.

## **3. Information about selected material items of the financial statements**

### Investments in subsidiaries and associates

As at 31 December 2011, investments in subsidiaries, co-subsidiaries and associates amounted to PLN 8,522,698 thousand (76.4% of the balance sheet total) included mostly shares in the 23 subsidiaries (PLN 8,247,389 thousand).

The notes correctly describe changes in investments during the financial year.

### Liabilities

As at 31 December 2011, the Company's liabilities amounted to PLN 955,255 thousand, out of which trade liabilities accounted for PLN 508,720 thousand (53.3%).

**4. Completeness and correctness of drawing up the notes and explanations and the report on the activities of the Company**

The Company confirmed the validity of the going concern basis in preparation of the financial statements. The notes give a correct and complete description of measurement principles regarding assets, liabilities, profit/loss and principles of preparation of the financial statements.

The notes give a complete description of the reporting items and clearly present other information required pursuant to EU IFRS.

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2011 financial year. The report contains information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

**5. Final information and findings**

Management Board's Representation

Deloitte Audyt Sp. z o.o. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

.....  
Marcin Samolik  
Key certified auditor  
conducting the audit  
No. 10066

.....  
represented by

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

Warsaw, 10 April 2012