



Dear Sirs and Madams,

I hereby submit the Annual Report constituting the summary of the year of 2011 within the activities of the companies of the ENEA Capital Group. It was the time of work towards a consequently implemented and realised of the development strategy of the core business, improvement of the efficiency of functioning and building of a socially responsible business. A very good year lapsed, in which we reported increases in the key areas of activity, expanding our generating capacities and preparing to the most important investment in a new coal unit in Elektrownia „Kozienice” S.A.

We focused our greatest attention on these investments and increasing of the generating capacities of the Group. In 2011 we acquired Elektrociepłownia Białystok S.A., one of the largest enterprises in the region, whose production capacities cover 75 per cent of the annual demand for heat of the agglomeration. We purchased a wind farm in Darzyno in the Pomorskie Province (6 MW) and shares in the both companies, becoming the owner of the construction project and building permit for an agricultural biogas plant in Gorzesław in the Lower Silesia (1.6 MW) and a wind farm in Bardy in the Zachodniopomorskie Province (50 MW). In June 2011 a new water power plant was commissioned on the Welna River in Wielkopolska. This is the 21st object in the Group. Expenses for the investment in RES increased seven-fold in relation to 2010.

Our expenditures within distribution are continually increasing. A substantial part of the expenditures is devoted for modernisation and replacement of assets connected with improvement of the service quality and higher demand for power. In 2011 ENEA Operator spent above PLN 813 million on investments, fully realising the plans. The outlays grew in relation to 2010 by over 39 per cent.

The realisation of an ambitious investment plan is possible thanks to the good financial standing and strong position of the Group on the Polish power market. In 2011 the ENEA Capital Group reported a growth in net sales revenues by 23.6 per cent, in relation to 2010, growth in revenues from sales of electricity by 30.3 per cent and a net profit higher by 24 per cent. The sensible financial policy was confirmed in April by the Fitch Ratings agency, awarding ENEA S.A. with high long-term ratings of an entity in the domestic and foreign exchange currency at the level of „BBB” and a long-term domestic rating at the level of „A(pol)”, with a stable perspective. This constitutes a great forecaster for the future guaranteeing us a place among reliable and stable business partners, in a key moment for the Group of searching and raising external financing for investments.



A success of the past year was the separation and focusing service competencies and liability for the service quality and customer satisfaction in ENEA Centrum S.A., and realisation of the tasks within the wholesale trading in ELKO Trading Sp. z o.o. These actions were supposed to improve the effectiveness of the whole organisation and adjustment of the Group's structures to the world's standards being in force on the electricity market. Strengthening of trade structures whose aim will be implementation of a uniform service system is of key importance to the process of preparation to a complete deregulation of prices for individual clients. 2011 demonstrated that the awareness of a possibility to change the sellers is growing not only for business clients but also households.


Our efforts were focused on corporate volunteering as well and a further development of CSR projects. As an employer who is socially engaged we strongly support initiatives appearing among employees providing them with proper tools and supporting actions towards helping others. Just in 2011 the volunteers of ENEA trained almost 5.000 children on safe using of electric devices and energy saving within the educational programme „Power-not so scary”. This is a great achievement of our employee volunteers.

We are facing an important year during which we will select a contractor for a new 1.000 MW unit in the Kozenice Power Plant. It is the first time we have raised external funding not only for this investment, but for our overall growth connected with the distribution and realisation of projects within renewable energy sources. We anticipate gaining funds from international financial institutions as well as from national commercial banks from the level of ENEA S.A. and their further distributing to the Capital Group Companies. Such actions will allow us for optimisation of costs of raising funds for the Capital Group Companies. Presently we are finalising the process of raising funds from commercial banks and talks with international financial institutions are very advanced.

A key challenge for the nearest future will be preparation to a full deregulation of prices in G tariff, both within the commercial offer and customer service and satisfaction.

I would like to thank the Supervisory Board, the Management Board and all the employees for their work towards building of the strong position of the Group and ENEA brand. I believe that in face of an increasing competition on the domestic market we will effectively realise adopted strategic objectives which will guarantee our important location on the energy map of Poland and Europe.

Sincerely,



Maciej Owczarek
President of the Board of ENEA S.A.

