Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 30 June 2012

Poznań, 30 August 2012

Index to the condensed interim consolidated financial statements

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

Members of the Management Board

Chairman of the Management Board	**Maciej Owczarek**	**.................................**
Member of the Management Board	**Janusz Bil**	**.................................**
Member of the Management Board	**Hubert Rozpędek**	**.................................**
Member of the Management Board	**Krzysztof Zborowski**	**.................................**

Poznań, 30 August 2012

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

Consolidated Balance Sheet

	Note	As at 30.06.2012	As at 31.12.2011
ASSETS			
Non-current assets			
Property, plant and the equipment	8	9 492 585	9 076 871
Perpetual usufruct of land		70 546	69 496
Intangible assets	9	325 303	267 176
Investment property		29 897	32 219
Investments in associates measured at equity	10	5 384	278 854
Financial assets available for sale		79 297	70 490
Financial assets measured at fair value through profit and loss		1 620	1 557
Trade and other receivables		4 137	237
		10 008 769	**9 796 900**
Current assets			
Inventory	12	350 522	340 685
Trade and other receivables		1 169 378	1 052 119
Current income tax receivables		1 668	15 004
Financial assets held to maturity		414 258	531 883
Financial assets measured at fair value through profit and loss	14	481 341	723 439
Cash and cash equivalents	13	1 404 973	1 218 361
Non-current assets available for sale (AFS)		21 102	21 503
		3 843 242	**3 902 994**
Total assets		**13 852 011**	**13 699 894**

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

		As at	
EQUITY AND LIABILITIES	**Note**	**30.06.2012**	**31.12.2011**
Equity			
Equity attributable to shareholders of the Parent			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Share-based payments reserve		1 144 336	1 144 336
Revaluation reserve (financial instruments)		56 023	49 565
Other reserves		(21 710)	(21 710)
Retained earnings	20	5 303 726	5 058 001
		10 702 857	**10 450 674**
Non-controlling interest		27 514	29 088
Total equity		**10 730 371**	**10 479 762**
LIABILITIES			
Non-current liabilities			
Credit facilities and loans	15	64 436	73 379
Finance lease liabilities		2 338	2 274
Deferred income from subsidies and connection fees	16	671 372	671 814
Provision for deferred tax	17	104 428	105 266
Liabilities due to employee benefits		472 913	454 363
Financial liabilities measured at fair value through profit or loss		863	1 451
Provisions for other liabilities and charges	19	164 006	139 236
		1 480 356	**1 447 783**
Current liabilities			
Credit facilities and loans	15	44 289	45 516
Trade and other liabilities		1 158 467	1 199 077
Financial lease liabilities		2 324	2 424
Deferred income from subsidies and connection fees	16	99 910	113 207
Current income tax liabilities		36 672	52 301
Liabilities due to employee benefits		194 768	182 246
Liabilities due to an equivalent of the right to acquire shares free of charge		320	508
Financial liabilities measured at fair value through profit or loss		854	1 723
Provision for certificates of origin	18	42 373	104 810
Provisions for other liabilities and charges	19	55 459	69 742
Liabilities related to non-current assets available for sale		5 848	795
		1 641 284	**1 772 349**
Total liabilities		**3 121 640**	**3 220 132**
Total equity and liabilities		**13 852 011**	**13 699 894**

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

Consolidated Statement of Comprehensive Income

	Note	6 months ended 30.06.2012	6 month ended 30.06.2011
Sales revenue		5 127 830	4 861 665
Excise tax		(106 032)	(115 989)
Net sales revenue		**5 021 798**	**4 745 676**
Other operating revenue		56 306	56 358
Depreciation/amortization		(400 594)	(326 866)
Costs of employee benefit		(505 937)	(463 892)
Consumption of materials and supplies and costs of goods sold		(814 384)	(748 500)
Energy purchase for sale		(2 098 430)	(2 124 106)
Transmission services		(356 685)	(355 351)
Other external services		(195 071)	(181 588)
Taxes and charges	10	(113 598)	(105 228)
Profit on sale and liquidation of property, plant and equipment		622	(3 045)
Impairment loss on property, plant and equipment		(106)	-
Other operating expenses		(63 720)	(61 319)
Operating profit		**530 201**	**438 229**
Financial expenses		(38 122)	(8 037)
Financial revenue		72 933	82 942
Dividend revenue		2 724	741
Share in profit/losses of associates measured using the equity method		(261)	8 459
Profit before tax		**567 475**	**522 334**
Income tax	17	(111 107)	(108 221)
Net profit for the reporting period		**456 368**	**414 113**
Other items of comprehensive income			
Change in net fair value of financial assets available for sale reclassified to net profit		(838)	-
Change in net fair value of financial assets available for sale		8 811	2 385
Income tax related to other items of comprehensive income	17	(1 515)	(451)
Other items of net comprehensive income		**6 458**	**1 932**
Comprehensive income for the period		**462 826**	**416 045**
Including net profit:			
attributable to shareholders of the Parent		457 190	413 949
attributable to minority interest		(822)	164
Including comprehensive income:			
attributable to shareholders of the Parent		463 648	415 881
attributable to minority interest		(822)	164
Net profit attributable to shareholders of the Parent		457 190	413 949
Weighted average number of ordinary shares		441 442 578	441 442 578
Net earnings per share (in PLN per share)		**1.03**	**0.94**
Diluted earnings per share (in PLN per share)		**1.03**	**0.94**

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

Consolidated Statement of Changes in Equity

	Note	Share capital (face value)	Revaluation of share capital	**Total share capital**	**Treasury shares**	**Share-based capital**	**Share premium**	**Revaluation reserve (financial instruments)**	**Other capitals**	**Retained earnings**	**Capital attributable to minority interests**	**Total equity**
Balance as at 01.01.2012		441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**49 565**	**(21 710)**	**5 058 001**	**29 088**	**10 479 762**
Net profit										457 190	(822)	456 368
Other items of comprehensive income								6 458				6 458
Dividends	20									(211 892)		(211 892)
Put option on non-controlling interest in subsidiaries										427	(752)	(325)
Balance as at 30.06.2012		441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**56 023**	**(21 710)**	**5 303 726**	**27 514**	**10 730 371**

	Note	Share capital (face value)	Revaluation of share capital	**Total share capital**	**Treasury shares**	**Share-based capital**	**Share premium**	**Revaluation reserve (financial instruments)**	**Other capitals**	**Retained earnings**	**Capital attributable to minority interests**	**Total equity**
Balance as at 01.01.2011		441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**50 922**	**(22 110)**	**4 458 944**	**23 897**	**9 876 471**
Net profit										413 949	164	414 113
Other items of comprehensive income								1 932				1 932
Dividends	20									(194 235)		(194 235)
Put option on non-controlling interest in subsidiaries									388			388
Settlement of acquisition of shares in subsidiaries											(29)	(29)
Balance as at 30.06.2011		441 443	146 575	**588 018**	**-**	**1 144 336**	**3 632 464**	**52 854**	**(21 722)**	**4 678 658**	**24 032**	**10 098 640**

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

Consolidated Statement of Cash Flows

	Note	6 months ended 30.06.2012	6 months ended 30.06.2011
Cash flows from operating activities			
Net profit for the reporting period		456 368	414 113
Adjustments:			
Income tax disclosed in the income statement		111 107	108 221
Depreciation/amortization		400 594	326 866
Profit on sale and liquidation of property, plant and equipment		(622)	(4 517)
Impairment loss on property, plant and the equipment		106	1 273
Profit on sale of financial assets		(4 878)	(712)
Interest income		(73 012)	(79 076)
Dividend revenue		(2 724)	(741)
Interest expense		9 081	4 245
Share in the profit/loss of associates		261	(8 459)
Exchange losses on credit facilities and loans		3 654	(166)
Loss on valuation of financial instruments		5 756	-
Other financial costs		6 720	-
Other adjustments		20 990	41 016
		477 033	**387 950**
Income tax paid		(111 610)	(143 885)
Interest received		52 558	33 490
Interest paid		(7 072)	(4 014)
Changes in working capital			
Inventory		(4 336)	(32 206)
Trade and other receivables		(94 402)	(3 678)
Trade and other liabilities		(89 052)	(3 796)
Liabilities due to employee benefits		31 434	16 011
Settlement of income due to subsidies and connection fees		(22 418)	(35 984)
Provisions for certificates of origin		(62 437)	7 300
Liabilities due to an equivalent of the right to acquire shares free of charge		(188)	(25)
Other provisions		11 230	(13 331)
		(230 169)	**(65 709)**
Net cash flows from operating activities		**637 108**	**621 945**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(634 417)	(500 714)
Proceeds from disposal of property, plant and equipment		6 378	5 613
Acquisition of financial assets		(775 368)	(670 582)
Receipts from disposal of financial assets		1 013 967	910 202
Acquisition of subsidiaries, associates and a jointly-controlled entities, net of subsidiaries' cash acquired	10	(52 559)	(301 047)
Other outflows		-	746
Net cash flows from investing activities		**(441 999)**	**(555 782)**
Cash flows from financing activities			
Credit facilities and loans received		14 277	3 312
Credit facilities and loans repaired		(21 751)	(19 541)
Payments of finance lease liabilities		(2 307)	(2 330)
Other adjustments		1 284	(3 030)
Net cash flows from investing activities		**(8 497)**	**(21 589)**
Net increase/decrease in cash		**186 612**	**44 574**
Opening balance of cash		1 218 361	899 627
Closing balance of cash		**1 404 973**	**944 201**

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

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

Notes to the condensed interim consolidated financial statements

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

Name (business name):	ENEA Spółka Akcyjna
Legal form:	joint-stock company
Country:	Poland
Registered office:	Poznań
Address:	Górecka 1, 60-201 Poznań
National Court Register – District Court in Poznań	KRS 0000012483
Telephone:	(+48 61) 856 10 00
Fax:	(+48 61) 856 11 17
E-mail:	enea@enea.pl
Website:	www.enea.pl
Statistical number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

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

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

As at 30 June 2012 the shareholding structure of the Parent, was the following: the State Treasury of the Republic of Poland – 51.51% of shares, Vattenfall AB – 18.67%, other shareholders – 29.82%.

As at 30 June 2012 the statutory share capital of ENEA S.A. equalled PLN 441,443 thousand (PLN 588,018 thousand upon adoption of IFRS-EU and considering hyperinflation and other adjustments) and was divided into 441,442,578 shares.

As at 30 June 2012 the Group comprised the parent ENEA S.A. (the "Company", the "Parent"), 21 subsidiaries, 2 indirect subsidiaries and 1 associate.

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

These condensed interim consolidated financial statements have been prepared on a going concern basis. There are no circumstances indicating that the ability of ENEA S.A. to continue as a going concern might be at risk.

2. Statement of compliance

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

The Management Board of the Parent has used its best knowledge as to the application of standards and interpretations as well as measurement methods and principles applicable to individual items of the condensed interim consolidated financial statements of the ENEA Group in accordance with IFRS-EU as of 30 June 2012. The presented statements and explanations have been prepared using due diligence. These condensed interim consolidated financial statements have been reviewed by a certified auditor.

3. Accounting principles

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

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

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

4. New accounting standards and interpretations

The standards applicable to annual periods beginning on 1 January 2012 as endorsed by the EU have been revised. However, the changes have not had any material effect on the preparation of these condensed interim consolidated financial statements.

5. Material estimates and assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS-EU requires the Management Board to make certain judgments, estimates and assumptions that affect the application of the adopted accounting policies and the amounts reported in the condensed interim consolidated financial statements and notes thereto. The adopted assumptions and estimates are based on the Management Board's best knowledge of the current and future activities and events. The actual figures, however, can be different from those assumed. The estimates adopted for the needs of preparation of these condensed interim consolidated financial statements are consistent with the estimates adopted during preparation of the consolidated financial statements for the previous financial year. The estimates presented in the previous financial years do not exert any significant influence on the current interim period.

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

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

No.	Name and address of the Company	Share of ENEA S.A. in the total number of votes 30.06.2012	Share of ENEA S.A. in the total number of votes 31.12.2011
1.	ENERGOMIAR Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, Strzeszyńska 58*	92.62	92.62
3.	ENEA Centrum S.A. *Poznań, Górecka 1*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
7.	ENERGO-TOUR Sp. z o.o. *Poznań, Marcinkowskiego 27*	99.92	99.92
8.	ENEOS Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
9.	ENTUR Sp. z o.o. *Szczecin, Malczewskiego 5/7*	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, Wilkońskiego 2*	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
12.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, Wybudowanie 56	93.99	91.02
13.	„ITSERWIS" Sp. z o.o. *Zielona Góra, Zacisze 28*	100	100
14.	„Auto – Styl" Sp. z o.o. *Zielona Góra, Zacisze 15*	100	100
15.	ENEA Operator Sp. z o.o. *Poznań, Strzeszyńska 58*	100	100
16.	ENEA Wytwarzanie S.A. *Świerże Górne, Kozienice commune, Kozienice 1*	100	100
17.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, Kaczorska 20*	65.03	65.03
18.	Elektrociepłownia Białystok S.A. *Białystok, Gen. Andersa 3*	99.996	99.94
19.	DOBITT Energia Sp. z o.o. *Gorzesław 8, 56-420 Bierutów*	100	100
20.	Annacond Enterprises Sp. z o.o. *Warszawa, Jana III Sobieskiego ¼*	61	61
21.	Windfarm Polska Sp z o.o. *Koszalin, Wojska Polskiego 24-26*	100	-
22.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., Chłapowskiego 51*	-	49
23.	ELKO Trading Sp. z o.o. *Świerże Górne, Kozienice commune, Kozienice 1*	100*	100*
24.	„Ecebe" Sp. z o.o. *Augustów, Wojciech 8*	99.996**	99.94**

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

25.	Energo-Invest-Broker S.A. *Toruń, Jęczmienna 21*	***	***
26.	Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Sp. k. *Samociążek 92, 86-010 Koronowo*	-*****	100%****

* indirect subsidiary by shares in ENEA Wytwarzanie S.A.
** indirect subsidiary by shares in Elektrociepłownia Białystok S.A.
*** an associate of ENEA Wytwarzanie S.A.
**** indirect subsidiary by shares in Elektrownie Wodne Sp. z o.o. and ENEA Centrum S.A.
*****on 2 January 2012 the business combination with Elektrownie Wodne Sp. z o.o. took place.

Changes in the structure of the ENEA Group in the period covered by these interim financial statements

On 2 January 2012 the business combination of Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Sp. k. and Elektrownie Wodne Sp. z o.o. took place.

On 16 February 2012 ENEA S.A. concluded a sales contract of 269,000 shares of Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. (WIRBET), which is 49% of share capital of WIRBET. On 22 March 2012 ownership of shares was transferred.

On 13 March 2012 the Extraordinary Shareholders' Meeting of Elektrownie Wodne Sp. z o.o. decided to increase the share capital by PLN 49 thousand, up to PLN 239,898.5 thousand, by way of creating 98 new shares. The new shares in the Company's share capital were acquired by ENEA S.A. for contribution in kind as right of perpetual usufruct. On 13 March 2012 the contract transferring the right of perpetual usufruct was signed. The increased share capital of Elektrownie Wodne Sp. z o.o. was registered in the National Court Register on 5 April 2012.

On 8, 9 and 15 March 2012 ENEA S.A. purchase agreement of 984 shares in Elektrociepłownia Białystok (0,05% shares in the share capital and in the total number of votes at the General Meeting of Shareholders), with the register office in Białystok was signed, with the value of PLN 10 per share for the total amount of PLN 325 thousand. The acquisition was realized in April 2012 with due date of 30 days from signing the contract.

On 16 April 2012 ENEA S.A. acquired all 50 shares of Windfarm Polska Sp. z o.o., with the nominal value of PLN 1,000 per share.

On 25 May 2012 Elektrownia "Kozienice" S.A. changed its name in the National Court Register to ENEA Wytwarzanie S.A.

On 6 June 2012 ENEA S.A. acquired 308 employee shares in Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. with the registered office in Oborniki for the total amount of PLN 393 thousand, representing the second tranche (out of total four tranches) of repurchase of employee shares.

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

7. Segment reporting

Segment reporting for the period from 1 January to 30 June 2012:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	2 081 593	1 407 172	1 425 460	107 573	-	5 021 798
Inter-segment sales	153 462	-	154 971	236 755	(545 188)	-
Total net sales revenue	**2 235 055**	**1 407 172**	**1 580 431**	**344 328**	**(545 188)**	**5 021 798**
Total expenses	(2 120 568)	(1 152 956)	(1 364 403)	(321 670)	533 821	(4 425 776)
Segment profit/(loss)	**114 487**	**254 216**	**216 028**	**22 658**	**(11 367)**	**596 022**
Unassigned general and administrative expenses						(65 821)
Operating profit						**530 201**
Financial expenses						(38 122)
Financial revenue						72 933
Revenue from dividends						2 724
Net profit sharing/(loss) coverage in associates						(261)
Income tax						(111 107)
Net profit						**456 368**
Non-controlling interests in net profit						(822)

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

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

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

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

Segment reporting (cont'd)

Other segment reporting information as at 30 June 2012:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	6 328	5 314 880	3 575 493	308 699	(158 530)	9 046 870
Trade and other receivables	657 876	392 965	103 687	145 307	(218 163)	1 081 672
Total:	664 204	5 707 845	3 679 180	454 006	(376 693)	10 128 542
ASSETS excluded from segmentation						3 723 469
- including property, plant and equivalents						445 715
- including trade and other receivables						91 843
TOTAL ASSETS						**13 852 011**
Trade and other liabilities	274 861	313 865	444 858	96 571	(211 306)	918 849
Equity and liabilities excluded from segmentation						12 933 162
- including trade and other liabilities						239 618
TOTAL EQUITY AND LIABILITIES						**13 852 011**
Capital expenditure for tangible assets and intangible assets	-	305 528	156 644	13 199	(25 878)	449 493
Capital expenditure for tangible assets and intangible assets excluded from segmentation						12 271
Depreciation/amortization of fixed assets and intangible assets	268	179 623	194 046	14 262	(4 816)	383 383
Depreciation/amortization of fixed assets and intangible assets excluded from segmentation						17 211
Impairment loss on receivables as at 30 June 2012	76 380	7 447	71 806	9 111	-	164 744

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

Other segment reporting information as at 31 December 2011:

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

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

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

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

8. Property, plant and equipment

During the 6-month period ended 30 June 2012 the Group acquired property, plant and equipment for the total amount of PLN 444,781 thousand (during the period of 12 months ended 31 December 2011 it was PLN 1,078,067 thousand).

During the 6-month period ended 30 June 2012 the Group sold and liquidated property, plant and equipment for the total net amount of PLN 4,015 thousand (during the period of 12 months ended 31 December 2011 it was PLN 31,194 thousand).

During the 6 months ended 30 June 2012, impairment loss on the carrying amount of property, plant and equipment decreased by net amount of PLN 243 thousand (during the 12 months ended 31 December 2011 impairment loss on the carrying amount of property, plant and equipment increased by net amount of PLN 5,654 thousand).

As at 30 June 2012 the total impairment of the carrying amount of property, plant and equipment amounted to PLN 12,184 thousand (as at 31 December 2011: PLN 12,427 thousand).

As at 30 June 2012 the Group transferred assets of a subsidiary Auto-Styl Sp. z o.o. in the amount of PLN 7,442 thousand to non-current assets held for sale. The liabilities of this subsidiary in the amount of PLN 5,244 thousand were transferred to liabilities related to non-current assets held for sale.

9. Intangible assets

During the 6-month period ended 30 June 2012 the Group acquired intangible assets for the total amount of PLN 16,983 thousand, including PLN 10,017 thousand related to CO_2 emission allowances (during the period of 12 months ended 31 December 2011 it was PLN 217,504 thousand, including PLN 198,094 thousand is related to CO_2 emission allowances).

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

During the 6-month period ended 30 June 2012 the Group did not sell or liquidate any considerable intangible assets, except for the redemption of CO_2 emission allowances for the amount of PLN 23,389 thousand (during the period of 12 months ended 31 December 2011 the Group did not sell or liquidate any considerable intangible assets, except for the redemption of CO^2 emission allowances for the amount of PLN 182,608 thousand).

10. Acquisition of a subsidiary

On 16 April 2012 ENEA S.A. concluded acquisition of 100% shares of Windfarm Polska Sp. z o.o. (the "Windfarm"), the owner of working wind farm Bardy 50 MW, consisting of 25 Vestas turbines with 2 MW power each and electricity network connection station. The wind farm is situated in the area with high level of wind, predicted annual production of "green" energy equals 150 000 MWh.

The transaction will enable a significant increase in production capacity from renewable sources in ENEA Group.

In the period from 16 April till 30 June 2012 Windfarm generated revenues of PLN 10,314 thousand and incurred a net loss of PLN 2,920 thousand. The Management Board estimates that if the acquisition had occurred on 1 January 2012 the consolidated revenue would have been PLN 5,021,798 thousand and the consolidated net profit would have been PLN 457,422 thousand.

The following table summarises fair values of identifiable assets acquired and liabilities assumed determined on a provisional basis as at the acquisition date:

	16.04.2012
Purchase price – cash	**101 257**
Property, plant and equipment	345 788
Inventory – certificates of origin	8 348
Trade and other receivables	46 567
Cash and cash equivalents	2 172
Deferred tax assets	23
Liabilities	(404 076)
Fair value of net assets at day of acquisition	**(1 178)**
Goodwill	**102 435**

The accounting for the acquisition has not been finalized as the value of tangible non-current assets acquired and liabilities assumed are still subject to verification. The Company assumes that the final accounting will be carried within the measurement period till the end of current financial year.

As part of the transaction the Company acquired a EUR denominated loan granted to Windfarm by its former shareholder and EUR denominated receivables due to delivery of turbines and wind farm construction for a total amount of PLN 369,137 thousand.

In connection with the transaction the Company incurred transaction costs including tax on civil law transactions amounting to PLN 987 thousand and advisory services amounting to PLN 154 thousand. In these condensed interim consolidated financial statements the transaction costs have been recognized directly in operating expenses in the statement of comprehensive income.

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

11. Impairment allowance on trade and other receivables

	30.06.2012	31.12.2011
Opening balance of impairment allowance on receivables	**168 231**	**155 597**
Acquisition of subsidiaries	-	4 664
Recognized	9 961	34 876
Reversed	(12 785)	(18 679)
Utilized	(663)	(8 227)
Closing balance of impairment allowance on receivables	**164 744**	**168 231**

During the 6-month period ended 30 June 2012 the impairment allowance on the carrying amount of trade and other receivables decreased by PLN 3,487 thousand (during the period of 12 months ended 31 December 2011 the impairment allowance increased by PLN 12,634 thousand).

12. Inventory

As at 30 June 2012 the inventory write-down allowance was PLN 9,427 thousand (PLN 9,879 thousand as at 31 December 2011).

During the 6-month period ended 30 June 2012 the inventory write-down allowance decreased by PLN 452 thousand (during the period of 12 months ended 31 December 2011 the inventory write-down allowance increased by PLN 3,131 thousand).

13. Restricted cash

As at 30 June 2012 the restricted cash of ENEA S.A. amounted to PLN 5,144 thousand and comprised cash at bank (cash blocked due to a security deposit, a deposit for receivables and a transaction deposit).
As at 31 December 2011 the restricted cash of ENEA S.A. amounted to PLN 9,262 thousand.

14. Financial assets measured at fair value through profit or loss

Group has an investment portfolio managed by a specialized financial institution dealing with professional management of cash. In accordance with an agreement with the portfolio manager, the funds are invested only in safe securities, in line with a structure presented below:

Type of assets	Minimum exposure	Maximum exposure
Debt instruments underwritten or guaranteed by the State Treasury and the National Bank of Poland	0%	100%
Bank deposits	0%	40%

As at 30 June 2012 the funds amounts to PLN 730,836 thousand (treasury bills and bonds of PLN 443,074 thousand and deposits in banks specified by the Company of PLN 287,762 thousand).

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

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

15. Credit facilities and loans

	30.06.2012	31.12.2011
	Carrying amount	**Carrying amount**
Long-term		
Bank credit facilities	50 739	59 402
Loans	13 697	13 977
	64 436	**73 379**
Short-term		
Bank credit facilities	43 530	43 859
Loans	759	1 657
	44 289	**45 516**
Total	**108 725**	**118 895**

During the 6-month period ended 30 June 2012 the carrying amount of credit facilities and loans decreased by PLN 10,170 thousand (during the period of 12 months ended 31 December 2011 the carrying amount of credit facilities and loans increased by PLN 4,135 thousand).

16. Deferred income from subsidies and connection fees

	30.06.2012	31.12.2011
	Carrying amount	**Carrying amount**
Long-term		
Deferred income due to subsidies	170 443	159 020
Deferred income due to connection fees	500 929	512 794
	671 372	**671 814**
Short-term		
Deferred income due to subsidies	21 885	15 139
Deferred income due to connection fees	78 025	98 068
	99 910	**113 207**

Amortisation schedule of deferred income

	30.06.2012	31.12.2011
Up to 1 year	99 910	113 207
1 to 5 years	135 642	125 380
Over 5 years	535 730	546 434
	771 282	**785 021**

During the 6-month period ended 30 June 2012 the carrying amount of deferred income from subsidies and connection fees decreased by net PLN 13,739 thousand (during period of 12 months ended 31 December 2011 the carrying amount decreased by PLN 50,564 thousand).

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

17. Deferred income tax

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

	30.06.2012	31.12.2011
Opening balance	105 266	80 453
Acquisition of subsidiaries	(23)	16 056
Amount debited/(credited) to profit	(2 331)	9 075
Amount debited/(credited) to other comprehensive income	1 516	(318)
Closing balance	**104 428**	**105 266**

During the 6-month period ended 30 June 2012, the Company's profit before tax was credited with PLN 2,331 thousand as a result of a decrease in the deferred tax liability (during the period of 12 months ended 31 December 2011 the Company's profit before tax was debited with PLN 9,075 thousand due to an increase in the deferred tax liability).

18. Certificates of origin

Changes in the provisions for certificates of origin:

	30.06.2012	31.12.2011
Opening balance	104 810	92 646
Acquisition of subsidiaries	-	57
Additional provisions	279	12 779
Utilised provisions	(62 716)	(329)
Reversal of provisions	-	(343)
Closing balance	**42 373**	**104 810**

19. Provisions for liabilities and other charges

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

	30.06.2012	31.12.2011
Long-term	164 006	139 236
Short-term	55 459	69 742
Balance as at balance sheet date	**219 465**	**208 978**

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

Changes in the provisions for liabilities and other charges:

for the period ended 30 June 2012

	Provision for non-contractual use of property	Provision for projected losses due to compensation proceedings	Provision for the cost of disposal or storage of ash and slag mixture	Provision for land reclamation	Provision for the payment for using environment	Provision for purchasing CO_2 emission allowances	Other	TOTAL
Opening balance	58 548	67 222	1 376	9 856	2 094	2 836	67 046	208 978
Unwind of discount and changes in discount rate	-	-	-	-	-	-	-	-
Provisions made	15 830	38 080	6	1 435	1 250	-	282	56 883
Provisions used	-	(1 025)	(302)	-	(2 094)	-	(16 461)	(19 882)
Reversal of provisions	(12 083)	(14 248)	(111)	-	-	-	72	(26 514)
Closing balance	**62 295**	**90 029**	**969**	**11 291**	**1 250**	**2 836**	**50 795**	**219 465**

for the period ended 31 December 2011

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

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

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

A description of material claims and the related contingent liabilities has been presented in note 25.

20. Dividend

On 29 June 2012 the General Shareholders' Meeting of ENEA S.A. adopted Resolution no. 7 concerning net profit distribution for the financial period from 1 January 2011 to 31 December 2011 under which the dividend for shareholders amounts to PLN 211,892 thousand, PLN 0.48 per share (the dividend paid in 2011 for the financial period from 1 January 2010 to 31 December 2010 amounted to PLN 194,235 thousand, PLN 0.44 per share). The dividend had not been paid to the shareholders by 30 June 2012.

21. Related party transactions

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

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

Transactions with members of the Company's governing bodies:

	Management Board of the Company		**Supervisory Board of the Company**	
Item	**01.01.2012 - 30.06.2012**	**01.01.2011 – 30.06.2011**	**01.01.2012 - 30.06.2012**	**01.01.2011 - 30.06.2011**
Remuneration under employment contract	-	446	-	-
Remuneration under managerial and consultancy agreements	1 679	-	-	-
Remuneration relating to appointment to management or supervisory bodies	-	-	184	216
Remuneration due to the position held in management and/or supervisory boards of subsidiaries	511	99	-	-
Remuneration due to other employee benefits, including: (electricity allowance)	-	113	-	-
TOTAL	**2 190**	**658**	**184**	**216**

During the 6-month period ended 30 June 2012 the loans granted from the Company's Social Benefits Fund to the members of the Supervisory Board amounted to PLN 24 thousand (PLN 5 thousand during the 12-month period ended 31 December 2012). During this period the repayments of these loans amounted to PLN 4 thousand (PLN 13 thousand during the 12-month period ended 31 December 2012). As at 30 June 2012 the balance of loans granted from Company's Social Benefits Fund amounts to PLN 41 thousand (PLN 21 thousand as at 31 December 2011). There are no loans granted to the members of the Management Board.

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

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

- purchase of coal, electricity and property rights resulting from certificates of origin as regards renewable energy and energy cogenerated with heat from companies whose shares are held by the State Treasury;
- sale of electricity, distribution services and other related fees, provided by the Group both to central and local administration bodies (sale to end users) and entities whose shares are held by the State Treasury (wholesale and retail sale to end users).

Such transactions are concluded under arm's length terms and their conditions do not differ from those applied in transactions with other entities. The Group does not keep record that enable to aggregate value of all transactions concluded with all state institutions and entities controlled by the State Treasury.

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

On 20 April 2012, the Regional Court in Warsaw – Court for Competition and Consumer Protection announced a ruling on annual adjustment of stranded costs for 2008. Pursuant to that ruling, the Decision of the President of Energy Regulatory Office of 31 July 2009 was amended so that the amount of annual adjustment of stranded costs for ENEA Wytwarzanie S.A. for 2008 was determined as PLN -4,192 thousand instead of the original amount of PLN -89,537 thousand. President of the Energy Regulatory Office was charged with all costs of the proceeding. On 2 July 2012 the President of Energy Regulatory Office appealed to the Regional Court in Warsaw against the judgment issued by the Court for Competition of Consumer Protection.

On 27 June 2012, the Regional Court in Warsaw – Court for Competition and Consumer Protection announced a ruling on annual adjustment of stranded costs for 2009 (the hearing took place on 13 June 2012). Pursuant to that ruling, the Decision of the President of Energy Regulatory Office of 29 July 2010 was amended so that the amount of annual adjustment of stranded costs for ENEA Wytwarzanie S.A. for 2009 was determined as PLN 111,084 thousand instead of the original amount of PLN 15,580 thousand. The ruling is not binding yet and may be appealed.

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

On 31 July 2012 the President of Energy Regulatory Office announced the amount of annual adjustment of stranded costs for 2011. It was determined as PLN -37,397 thousand. Considering described above rulings of the court of first instance, the Court for Competition and Consumer Protection, concerning annual adjustments of stranded costs for 2008 and 2009, the Group has not made, as at 30 June 2012, any provisions for potential liabilities resulting from the decision of the President of Energy Regulatory Office dated 31 July 2012 and on 20 August 2012 appealed to the Regional Court in Warsaw – the Court for Competition and Consumer Protection.

ENEA Wytwarzanie S.A. has not requested an advance payment of stranded costs compensation for 2012 neither recognized till 30 June 2012 any revenue due to compensation, as there is no final ruling and the company is not able to determine the probability of obtaining these compensations.

As at the date of preparation of these condensed interim consolidated financial statements, it is not possible to unambiguously determine the final amounts of annual adjustments for 2008, 2009, 2010 and 2011. The full amount of allowable public subsidy granted as compensation for stranded costs will be stated in the decision of the President of Energy Regulatory Office determining the amount of the final adjustment, to be issued in 2015. Considering the foregoing, it should be stated that the revenue from LTC recognised based on annual adjustments set by the President of Energy Regulatory Office may change on the basis of the above referenced decision of the President of Energy Regulatory Office, determining the amount of final adjustment as well as court rulings.

23. Commitments under contract binding as at the reporting date

Contractual obligations assumed as at the reporting date but not yet recognized in the statement of financial position:

	30.06.2012	**31.12.2011**
Acquisition of property, plant and equipment	670 584	739 408
Acquisition of intangible assets	11 210	10 522
	681 794	**749 930**

On May 2012 ENEA Wytwarzanie S.A. settled a tender for construction of power plant unit for supercritical parameters and capacity of up to 1,000 MW and chosen a consortium Polimex-Mostostal and Hitachi Power Europe. On 27 July 2012 the National Board of Appeal dismissed an appeal filed by another bidder, a consortium COVEC/CNEEC allowing for signing a contract between ENEA Wytwarzanie S.A. and Polimex-Mostostal and Hitachi Power Europe. The value of the contract, which will be signed amounts to approximately PLN 6.28 bln gross.

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

Sales of electricity and distribution services during the year are subject to seasonal fluctuations. They increase during the winter months and decrease in summer. This depends on the temperature and the length of the day. The extent of fluctuations depends on low temperature and shorter days in winter and higher temperature and longer days in summer. Seasonal sales of electricity apply to a more considerable degree to small clients (44.73% of the sales value), rather than to the industrial sector.

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

25.1. Pending proceedings before courts of general jurisdiction

Actions brought by the Group

Actions which ENEA S.A. and ENEA Operator Sp. z o.o. brought to courts of general jurisdiction refer to claims for receivables due to provision of electricity (the so–called electricity cases) and claims for other receivables – illegal consumption of electricity, connections to the grid and other specialized services (the so-called non-electricity cases).

Actions brought to courts of general jurisdiction by ENEA Wytwarzanie S.A. are connected mainly with claims for receivables due to breaches of forwarding agreements and penalties from biomass suppliers.

As at 30 June 2012, the total of 10,478 cases brought by the Group were pending before common courts for the total amount of PLN 61,349 thousand (9,198 cases for the total amount of PLN 58,844 thousand as at 31 December 2011).
None of the cases can significantly affect the Group's net profit.

Actions brought against the Group

Actions against the Group are brought both by natural and legal persons. They mainly refer to such issues as compensation for interrupted delivery of electricity, identification of illegal electricity consumption and compensation for the Group's use of real property where electrical devices are located. The Group considers actions concerning non-contractual use of real property not owned by the Group as particularly important.
Court proceedings against ENEA Wytwarzanie S.A. are related to claims for salaries and damages brought by former employees for PLN 485 thousand and a claim brought by Gospodarstwo Ogrodnicze w Ryczywole Kamila Lewek Wiśniewska Jacek Pospieszył spółka cywilna which concerns remedying damages resulting from the operation of the plant owned by ENEA Wytwarzanie S.A. located on the land adjacent to the plot of Gospodarstwo Ogrodnicze, by way of paying PLN 5,082 thousand. Other claims include e.g. the claim of Centrum Konsultingu Menedżerskiego Gordion Sp. z o.o following a claim to institute amicable proceedings - the amount claimed is PLN 5,018 thousand. During the conciliatory session on 17 June 2010 the parties failed to reach an agreement and Centrum Konsultingu Menadżerskiego Gordion Sp. z o.o. filed a claim to the Regional Court in Lublin.

On 30 March 2012, a compromise was made in the Regional Court in Lublin between ENEA Wytwarzanie S.A. and Centrum Konsultingu Menadżerskiego Gordion sp. z o.o. ENEA Wytwarzanie agreed to pay PLN 200,000.00 to Gordion to satisfy Gordion's financial claims for compensation and redress as filed in the suit and in the motion of 10 October 2011; Gordion waived the remaining portion of its financial claims; interest on Gordion's financial claims were redeemed; ENEA Wytwarzanie S.A. agreed to publish a public announcement in *Puls Biznesu* and on the following web portals: www.pb.pl, www.wnp.pl, www.cire.pl, www.Gazetaprawna.pl and www.elko.com.pl, at its sole cost and expense, on the terms specified in detail in the settlement. ENEA Wytwarzanie S.A. agreed to return half of the court fee paid on the case to Gordion. Other costs were mutually offset. As a consequence of the compromise made in the Regional Court the provision in the amount of PLN 5,304 thousand was released.

As at 30 June 2012 there were 894 cases pending before common courts which have been brought against the Group for the total amount of PLN 90,806 thousand (671 cases for the total amount of PLN 92,696 thousand as at 31 December 2011). Provisions related to the court cases have been presented in note 19.

25.2. Proceedings before public administration bodies

As described in the financial statements for the year ended 31 December 2011 in 2008 the President of the Energy Regulatory Office concluded that ENEA failed to comply with the obligation to purchase electricity produced in the energy cogenerated with heat in 2006, imposing a fine of PLN 7,594 thousand. On 30 May 2012 the Court of Appeal in Warsaw reversed the sentence of the Regional Court in Warsaw – Court of Competition and Consumer Protection of 27 September 2011 and remanded the case to the Court of First Instance for settling the costs of the appeal proceedings.

On 11 February 2009 ENEA Wytwarzanie S.A. applied to the Customs Office in Radom for ascertainment and refund of excise duties on electricity paid in excess for the months from January 2006 to December 2008 in the amount of PLN 694.6 million. On 24 November 2009 the company applied to the Customs Office in Radom for ascertainment and refund of excise duties on electricity paid in excess for subsequent months, i.e. January 2009 and February 2009 in the amount of PLN 34.6 million.

On 11 July 2012 the Supreme Administrative Court dismissed 8 complaints of the Director of the Customs Chamber in Warsaw concerning the amounts of excise duties for the months: August 2006, April 2007, May 2007, June 2007, October 2007, June 2008, August 2008 and October 2008. The sentences of the Supreme Administrative Court terminate the judicial and administrative proceedings in the cases.

On 12 July 2012, as a result of the withdrawal of complaints, the Supreme Administrative Court in Warsaw discontinued 7 proceedings concerning the complaints of the Director of the Customs Chamber in Warsaw on the amount of excise duties for the months: May 2008, July 2008, September 2008, November 2008 – February 2009.

The termination of the above mentioned cases does not imply that ENEA Wytwarzanie S.A. will receive the excise duties refund for the above mentioned months. Separate judicial proceedings are pending on excess payments of the excise duties.

The Supreme Administrative Court deferred the hearing concerning the amount of excise tax for March 2008 due to inappropriate notification the attorney (solicitor) of the Director of the Customs Chamber of the hearing date by the Court. New hearing date will be arranged by the Court ex officio.

26. Bond issue programme

On 21 June ENEA S.A. executed a Programme Agreement with five banks acting as issue guarantors, namely Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. The Agreement relates to Bond Issue Programme to the amount of PLN 4 bln. The Agreement was concluded for the term of 10 years. The Programme finishes on 15 June 2022 and the availability period expires on 31 December 2017. The issued bonds will be straight.

The Programme will finance current operations and investment needs of the ENEA SA and ENEA Group's companies, in particular the construction of a new bituminous coal fired power unit of a minimum capacity of 900 MWe and a maximum capacity of 1,000 MWe, which is planned to be built in the Kozienice Power Plant (ENEA Wytwarzanie S.A., former Elektrownia "Kozienice" S.A. – a subsidiary of ENEA S.A.).

The Programme Agreement anticipates a possibility of issuing bonds in numerous series, the nominal value of each series will not be lower than PLN 100 bln and the nominal value of one bond will amount to PLN 1 bln. These will be dematerialised bearer bonds. Within the Bond Issue Programme ENEA S.A. will be entitled to issue bonds of the total value not exceeding the Programme value, i.e. PLN 4 bln. In the particular years of the Programme availability issue limits will be in force which were adapted to the investment needs of the ENEA Group.

The interest rate of the bonds is floating and determined annually based on WIBOR 6M rate plus a fixed margin. The bonds will bear interest from the issue date (inclusive) till the redemption date (exclusive).

According to the Agreement the Company is obligated to maintain a determined level of a ratio: net debt/EBITDA based on data derived from the consolidated financial statements. As at the balance sheet date the condition is met.

27. Post balance sheets events

27.1. Signing of a framework agreement on the exploration for and extraction of shale gas

On 4 July 2012 the Group signed a framework agreement on the exploration for and extraction of shale gas (the "Agreement"). The parties to the Agreement are ENEA S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG"), KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A. (hereafter jointly referred to as the "Parties").

The subject of cooperation of the Parties based on the Agreement will be the exploration, evaluation and extraction of shale gas in geological formations for which concessions have been granted for the exploration and evaluation of deposits of crude oil and natural gas in relation to the Wejherowo concession held by PGNiG (the "Wejherowo Concession"). With respect to the Wejherowo Concession, there will be close cooperation involving an area of approximately 160 km^2 (the "Area of Cooperation"). The Agreement also provides for preferential treatment of the Parties with regard to the possibility of cooperation in relation to the remaining area of the Wejherowo Concession (with the exception of a situation where PGNiG on its own engages in exploration, evaluation or extraction of shale gas and excluding the area in the vicinity of Opalino and Lubocino where PGNiG is already conducting exploratory work).

The Agreement provides for cooperation based on the targeted structure of a limited partnership that, following a successful exploration, will extract shale gas. The Parties foresee the transfer of the concession for the extraction of shale gas to such limited partnership after it has been obtained by PGNiG. Each of the Parties participates in control over the realisation of the project in particular through participation in the operating committee formed for this purpose. Estimated expenditures on exploration, evaluation and extraction with respect to the first three zones (the Kochanowo, Częstkowo and Tępcz pads) within the Area of Cooperation are projected to be in the amount of PLN 1.72 bln. Details regarding the terms of cooperation, including a detailed project budget and timeline, the shares of the Parties in financing the expenditures arising from the agreed-on budget, shares in the project's profits and the principles of responsibility, including contractual penalties in the case of the failure, in particular by PGNiG, to fulfill certain obligations resulting from the Agreement, will be determined by the Parties within four months from the date the Agreement is signed. Should such specific arrangements not be forthcoming, the Agreement may be terminated by each of the Parties. If within three months after reaching such arrangements the Parties have not received all of the required corporate approvals, or if by 30 December 2012 the required antimonopoly clearances have not been received, the Agreement will expire.