

**Condensed interim separate
financial statements
of ENEA S.A.
for the period from 1 January to 30 June 2011**

Poznań, 29 August 2011

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These condensed interim separate 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
.....

Maksymilian Górniak

Member of the Management Board
.....

Hubert Rozpędek

Member of the Management Board
.....

Krzysztof Zborowski

Poznań, 29 August 2011

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2011.

*(all amounts in PLN '000, unless specified otherwise)***Separate Balance Sheet**

| | Balance as at | |
|----------------------------------------------------------------|----------------------|-------------------|
| | 30.06.2011 | 31.12.2010 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 206 282 | 209 566 |
| Land perpetual usufruct right | 1 522 | 1 488 |
| Intangible assets | 11 290 | 3 353 |
| Investments in subsidiaries, associates and co-subsiidiaries | 8 239 742 | 7 874 545 |
| Deferred tax asset | 56 915 | 40 137 |
| Financial assets available for sale | 20 448 | 20 448 |
| Financial assets held to maturity | 26 396 | - |
| Financial assets measured at fair value through profit or loss | 1 377 | 1 411 |
| | 8 563 972 | 8 150 948 |
| Current assets | | |
| Trade and other receivables | 889 910 | 755 466 |
| Current income tax receivables | - | 880 |
| Financial assets measured at fair value through profit or loss | 1 357 038 | 1 781 939 |
| Cash and cash equivalents | 386 815 | 366 119 |
| | 2 633 763 | 2 924 404 |
| TOTAL ASSETS | 11 197 735 | 11 075 352 |

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2011.

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

| EQUITY AND LIABILITIES | Balance as at | |
|--------------------------------------------------------------------------------|----------------------|-------------------|
| | 30.06.2011 | 31.12.2010 |
| EQUITY | | |
| Share capital | 588 018 | 588 018 |
| Share premium | 4 627 673 | 4 627 673 |
| Share-based capital | 1 144 336 | 1 144 336 |
| Revaluation reserve (financial instruments) | 10 941 | 10 941 |
| Reserve capital | 1 062 349 | 892 198 |
| Retained earnings | 2 737 512 | 2 780 708 |
| Total equity | 10 170 829 | 10 043 874 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Credit facilities and loans | - | - |
| Finance lease liabilities | 4 764 | 5 019 |
| Settlement of income due to subsidies and connection fees | 31 326 | 31 840 |
| Liabilities due to employee benefits | 78 795 | 83 256 |
| | 114 885 | 120 115 |
| Current liabilities | | |
| Credit facilities and loans | - | - |
| Trade and other liabilities | 663 769 | 713 729 |
| Finance lease liabilities | 3 356 | 3 422 |
| Settlement of income due to subsidies and connection fees | 2 286 | 2 325 |
| Current income tax liabilities | 12 375 | - |
| Liabilities due to employee benefits | 15 077 | 17 022 |
| Liabilities due to an equivalent of the right to acquire shares free of charge | 532 | 557 |
| Provision for certificates of origin | 168 713 | 130 779 |
| Provisions for other liabilities and charges | 45 913 | 43 529 |
| | 912 021 | 911 363 |
| Total liabilities | 1 026 906 | 1 031 478 |
| TOTAL EQUITY AND LIABILITIES | 11 197 735 | 11 075 352 |

Separate statement of comprehensive income

| | For the period | |
|--------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| | 6 months ended 30 June 2011 | 6 months ended 30 June 2010 |
| Sales revenue | 2 987 565 | 3 385 427 |
| Excise duty | (115 925) | (137 556) |
| Net sales revenue | 2 871 640 | 3 247 871 |
| Other operating revenue | 10 514 | 3 938 |
| Depreciation/amortization | (8 687) | (8 772) |
| Costs of employee benefits | (28 763) | (26 380) |
| Consumption of materials and raw materials and costs of goods sold | (2 700) | (2 065) |
| Energy purchase for sale | (1 820 327) | (2 045 132) |
| Transmission and distribution services | (874 480) | (991 247) |
| Other external services | (71 347) | (61 520) |
| Taxes and charges | (5 577) | (5 286) |
| Gain/(loss) on disposal and liquidation of property, plant and equipment | 215 | (349) |
| Impairment loss on property, plant and equipment | - | - |
| Other operating expenses | (16 285) | (15 408) |
| Operating profit | 54 203 | 95 650 |
| Financial expenses | (3 256) | (3 001) |
| Financial revenue | 56 908 | 61 598 |
| Dividend income | 236 183 | 193 888 |
| Profit before tax | 344 038 | 348 135 |
| Income tax | (22 848) | (30 166) |
| Net profit for the reporting period | 321 190 | 317 969 |
| | | |
| Other items of comprehensive income: | | |
| Measurement of financial assets available for sale | - | - |
| Income tax related to other items of comprehensive income | - | - |
| Other items of net comprehensive income | - | - |
| Comprehensive income | 321 190 | 317 969 |
| | | |
| Earnings attributable to the Company's shareholders | 321 190 | 317 969 |
| Weighted average number of ordinary shares | 441 442 578 | 441 442 578 |
| Net earnings per share (in PLN per share) | 0.73 | 0.72 |
| Diluted earnings per share (in PLN per share) | 0.73 | 0.72 |

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2011.

*(all amounts in PLN '000, unless specified otherwise)***Separate statement of changes in equity**

| | Share capital (face value) | Revaluation of share capital | Total share capital | Share premium | Share-based capital | Revaluation reserve (financial instruments) | Reserve capital | Retained earnings | Total equity |
|---------------------------------------------------------------|---------------------------------------|-----------------------------------------|--------------------------------|----------------------|--------------------------------|----------------------------------------------------------------|----------------------------|------------------------------|-------------------------|
| Balance as at 1 January 2011 | 441 443 | 146 575 | 588 018 | 4 627 673 | 1 144 336 | 10 941 | 892 198 | 2 780 708 | 10 043 874 |
| Comprehensive income | | | | | | | | 321 190 | 321 190 |
| Dividends | | | | | | | | (194 235) | (194 235) |
| Distribution of the financial profit | | | | | | | 170 151 | (170 151) | - |
| Change in the fair value of the employee stock ownership plan | | | | | | | | | |
| Issue of shares | | | | | | | | | |
| Treasury shares acquired under the stabilization option | | | | | | | | | |
| Balance as at 30 June 2011 | 441 443 | 146 575 | 588 018 | 4 627 673 | 1 144 336 | 10 941 | 1 062 349 | 2 737 512 | 10 170 829 |

The separate statement of changes in equity should be analyzed together with notes constituting an integral part of the condensed interim separate financial statements

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2011.

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

| | Share capital (face value) | Revaluation of share capital | Total share capital | Share premium | Share-based capital | Revaluation reserve (financial instruments) | Reserve capital | Retained earnings | Total equity |
|---------------------------------------------------------------|----------------------------|------------------------------|---------------------|------------------|---------------------|---------------------------------------------|-----------------|-------------------|------------------|
| Balance as at 1 January 2010 | 441 443 | 146 575 | 588 018 | 4 627 673 | 1 144 336 | (3 847) | 754 841 | 2 721 427 | 9 832 448 |
| Comprehensive income | | | | | | | | 317 969 | 317 969 |
| Dividends | | | | | | | | (167 748) | (167 748) |
| Distribution of the financial profit | | | | | | | 137 357 | (137 357) | - |
| Change in the fair value of the employee stock ownership plan | | | | | | | | | |
| Issue of shares | | | | | | | | | |
| Treasury shares acquired under the stabilization option | | | | | | | | | |
| Balance as at 30 June 2010 | 441 443 | 146 575 | 588 018 | 4 627 673 | 1 144 336 | (3 847) | 892 198 | 2 734 291 | 9 982 669 |

The separate statement of changes in equity should be analyzed together with notes constituting an integral part of the condensed interim separate financial statements

Separate cash flow statement

| | 6 months ended 30.06.2011 | 6 months ended 30.06.2010 |
|----------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Cash flows from operating activities | | |
| Net profit for the reporting period | 321 190 | 317 969 |
| Adjustments: | | |
| Income tax disclosed in the income statement | 22 848 | 30 166 |
| Depreciation/amortization | 8 687 | 8 772 |
| Costs of benefits due to share-based payments | - | - |
| Loss on disposal and liquidation of property, plant and equipment | (1 687) | 349 |
| Impairment loss on property, plant and equipment | 1 267 | - |
| (Gain)/loss on disposal of financial assets | (712) | 746 |
| Interest income | (57 643) | (61 598) |
| Dividend income | (236 183) | (193 888) |
| Interest expense | 1 283 | 3 001 |
| Exchange (gains)/losses related to credit facilities and loans | - | - |
| | (262 140) | (212 452) |
| Income tax paid | (26 371) | (32 267) |
| Interest received | 16 048 | 11 213 |
| Interest paid | (1 102) | (888) |
| Changes in working capital | | |
| Inventory | - | - |
| Trade and other receivables | 49 400 | 109 862 |
| Trade and other liabilities | (236 028) | (188 919) |
| Liabilities due to employee benefits | (6 406) | 4 582 |
| Settlement of income due to subsidies and connection fees | (1 143) | (1 125) |
| Change in provisions for certificates of origin | 37 934 | 47 556 |
| Change in liabilities due to the equivalent of the right to acquire shares free of charge | (25) | (24) |
| Change in provisions | 2 384 | 557 |
| | (153 884) | (27 511) |
| Net cash flows from operating activities | (106 259) | 56 064 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment and intangible assets | (20 694) | (24 842) |
| Proceeds from disposal of property, plant and equipment and intangible assets | 362 | 853 |
| Proceeds from disposal of financial assets | 465 400 | 5 589 |
| Acquisition of financial assets | (26 000) | (42 300) |
| Acquisition of subsidiaries, associates and a jointly-controlled entity | (365 197) | (5 336) |
| Dividends received | 74 033 | 63 804 |
| Other payments for/proceeds from investing activities | 846 | 107 |
| Net cash flows from investing activities | 128 750 | (2 125) |
| Cash flows from financing activities | | |
| Dividends paid | - | (167 748) |
| Payment of finance lease liabilities | (1 795) | (1 435) |
| Net cash flows from financing activities | (1 795) | (169 183) |
| Net increase (decrease) in cash | 20 696 | (115 244) |
| Opening balance of cash | 366 119 | 301 422 |
| Closing balance of cash | 386 815 | 186 178 |

Notes to the separate financial statements

1. General information about ENEA S.A.

| | |
|-----------------------------------------------------------|------------------------------------------------|
| Name (business name): | ENE A Spółka Akcyjna |
| Legal form: | joint-stock company |
| Country: | Poland |
| Registered office: | Poznań |
| Address: | ul. Nowowiejskiego 11, 60-967 Poznań |
| National Court Register - District Court in Poznań | KRS 0000012483 |
| Telephone: | (+48 61) 856 10 00 |
| Fax: | (+48 61) 856 11 17 |
| E-mail: | enea@enea.pl |
| Website: | www.enea.pl |
| Statistical number (REGON): | 630139960 |
| Tax identification number (NIP): | 777-00-20-640 |

ENE A S.A, operating under the business name Energetyka Poznańska S.A, was entered in the National Court Register at the District Court in Poznań under KRS number 0000012483 on 21 May 2001.

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

As at 30 June 2011 the statutory share capital of ENE A 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.

Trade in electricity is the core business of ENE A S.A. (“ENE A”, “Company”).

ENE A S.A. is the parent in the ENE A Capital Group. As at 30 June 2011 the Group comprised also 20 subsidiaries, 3 subsidiaries and 3 associates.

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

2. Statement of compliance

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

The Management Board of the Company 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 separate financial statements of ENEA S.A. in accordance with IFRS-EU as at 30 June 2011. The presented statements and explanations have been prepared using due diligence. These condensed interim separate financial statements have been reviewed by a certified auditor.

3. Accounting principles

These condensed interim separate financial statements have been prepared in accordance with accounting principles consistent with those applied during the preparation of the most recent annual separate financial statements, except for changes in standards and interpretations endorsed by the European Union which apply to the reporting periods beginning after 1 January 2011.

Accounting policies applied by the Company were presented in the separate financial statements of ENEA S.A. for the financial year ended 31 December 2010.

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

These condensed interim separate financial statements should be read together with the separate financial statements of ENEA S.A. for the financial year ended 31 December 2010.

4. New accounting standards and interpretations

The standards applicable to annual periods beginning after 1 January 2011 as endorsed by the EU have been revised. However, the changes have not had any effect on the preparation of these condensed interim separate financial statements.

5. Material estimates and assumptions

The preparation of these condensed interim separate 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 separate 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 separate financial statements are consistent with the estimates adopted during preparation of the separate financial statements for the previous financial year. The estimates presented in the previous financial years do not exert any significant influence on the current interim period.

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

| | Name and address of the Company | Share of ENEA S.A. in the total number of votes 30.06.2011 | Share of ENEA S.A. in the total number of votes 31.12.2010 |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| 1. | ENERGOMIAR Sp. z o.o. <i>Poznań, ul. Strzeszyńska 58</i> | 100 | 100 |
| 2. | BHU S.A. <i>Poznań, ul. Strzeszyńska 58</i> | 92.55 | 91.47 |
| 3. | Energetyka Poznańska Biuro Usług Technicznych S.A. <i>Poznań, ul. Św. Wojciecha 7/9</i> | 100 | 100 |
| 4. | Hotel "EDISON" Sp. z o.o. <i>Baranowo k/Poznania</i> | 100 | 100 |
| 5. | Energetyka Poznańska Zakład Transportu Sp. z o.o. <i>Poznań, ul. Strzeszyńska 58</i> | 100 | 100 |
| 6. | Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. <i>Lipno, Gronówko 30</i> | 100 | 100 |
| 7. | ENERGO-TOUR Sp. z o.o. <i>Poznań, ul. Marcinkowskiego 27</i> | 99.92 | 99.92 |
| 8. | ENEOS Sp. z o.o. <i>Poznań, ul. Strzeszyńska 58</i> | 100 | 100 |
| 9. | ENTUR Sp. z o.o. <i>Szczecin, ul. Malczewskiego 5/7</i> | 100 | 100 |
| 10. | Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. <i>Inowrocław, ul. Wilkońskiego 2</i> | 99.94 | 99.94 |
| 11. | Elektrownie Wodne Sp. z o.o. <i>Samociążek, 86-010 Koronowo</i> | 100 | 100 |
| 12. | Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. <i>Oborniki, ul. Wybudowanie 56</i> | 90.92 | 87.99 |
| 13. | "IT Serwis" Sp. z o.o. <i>Zielona Góra, ul. Zacisze 28</i> | 100 | 100 |
| 14. | "Auto – Styl" Sp. z o.o. <i>Zielona Góra, ul. Zacisze 15</i> | 100 | 100 |
| 15. | FINEA Sp. z o.o. in liquidation <i>Poznań, ul. Warszawska 43</i> | 100 | 100 |
| 16. | ENEA Operator Sp. z o.o. <i>Poznań, ul. Strzeszyńska 58</i> | 100 | 100 |
| 17. | Elektrownia "Kozienice" S.A. <i>Świerże Górne, gmina Kozienice, Kozienice 1</i> | 100 | 100 |
| 18. | Miejska Energetyka Ciepła Sp. z o.o. <i>64-920 Piła, ul. Kaczorska 20</i> | 65.03 | 63.396 |
| 19. | Kozienice II Sp. z o.o. <i>Świerże Górne, gmina Kozienice, Kozienice 1</i> | - | 80.56 |
| 20. | Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. <i>Ostrów Wlkp., ul. Chłapowskiego 51</i> | 49 | 49 |
| 21. | Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. <i>Śrem, ul. Staszica 6</i> | 41.65 | 41.65 |
| 22. | Elektrociepłownia Białystok S.A. <i>Białystok, ul. Gen. Andersa 3</i> | 99.94 | 30.36 |
| 23. | DOBITT Energia Sp. z o.o. <i>Bierutów, ul. Gorzysława 8</i> | 100 | - |
| 24. | ELKO Trading Sp. z o.o. <i>Świerże Górne, gmina Kozienice, Kozienice 1</i> | _* | _* |
| 25. | Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa <i>Samociążek, 86-010 Koronowo</i> | _*_* | - |
| 26. | "Ecebe" Sp. z o.o. <i>Augustów, ul. Wojciech 8</i> | _*_*_* | - |
| 27. | Energo-Invest-Broker S.A. <i>Toruń, ul. Jęczmienna 21</i> | _*_*_*_* | - |

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

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

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

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

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

Changes in the structure of the ENEA S.A. Capital Group in the period covered by these interim financial statements

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

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

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

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

On 27 January 2011 an auction was announced for the sale of shares in Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. The auction included 6,860 ordinary registered shares of Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. with the face value of PLN 1,000 each and the total value of PLN 6,860 thousand, accounting for 41.65% of its share capital. The total market value of the shares – corresponding to the starting price – is PLN 9,611,820.40 and has been based on measurement carried out as at 30 June 2010. Since none of the potential investors paid the deposit within the deadline, the tender did not end with selecting the buyer, and ENEA S.A. remained the holder of the shares. On 21 February 2011 ENEA S.A. received a letter from Centrozap S.A. (a holder of 51% of shares in PEC Śrem S.A.) declaring the will to buy the holding in question, but due to corporate procedures only after 16 May 2011. At the same time, Centrozap S.A. accepted the starting price published in the tender announcement.

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

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

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 30 June 2011.

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

On 15 February 2011 the Extraordinary Shareholders' Meeting decided to increase the share capital of Hotel EDISON Sp. z o.o. by PLN 35 thousand up to PLN 21,271.5 thousand, by way of creating 70 new shares with the face value of PLN 500 each. All shares in the increased share capital of Hotel EDISON Sp. z o.o. will be acquired by the existing sole shareholder – ENEA S.A. and fully covered with a cash contribution. The increase in the share capital awaits registration in the National Court Register.

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

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

On 31 March 2011 the Group acquired all rights and obligations in ZU-AN Sp. z o. o. sp. k. for the total amount of PLN 28,383 thousand. PLN 28,117 thousand was paid by Elektrownie Wodne Sp. z o.o. and PLN 266 thousand by Energetyka Poznańska Biuro Usług Technicznych S.A. The name of the Acquiree is Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa. 99% of total rights and obligations is vested in Elektrownie Wodne Sp. z o. o. (limited partner), and 1% in Energetyka Poznańska Biuro Usług Technicznych S.A. (general partner).

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

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

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

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

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

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of the Company due to redemption of own shares acquired, Resolution 3 on redemption of own shares acquired for redemption.

On 28 April 2011 District Court for Toruń, VII Business Division of the National Court Register issued a decision to register the decrease in the share capital from PLN 500 thousand to PLN 221.9 thousand due to redemption of 1,780 shares previously held by PGE Górnictwo i Energetyka Konwencjonalna S. A. After redemption the number of shares in EIB S.A. was decreased to 1,420. As a result the share of Elektrownia "Kozienice" S.A. in the share capital of the company was reduced from 12.5% to 28.17%.

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*(all amounts in PLN '000, unless specified otherwise)***7. Segment reporting**

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

| | Trade | All other segments | Total |
|------------------------------------------------|------------------|-------------------------------|------------------|
| Net sales revenue* | 2 843 265 | 28 375 | 2 871 640 |
| Inter-segment sales | - | - | - |
| Total net sales revenue | 2 843 265 | 28 375 | 2 871 640 |
| Total expenses ** | (2 740 406) | (23 827) | (2 764 233) |
| Segment profit/loss | 102 859 | 4 548 | 107 407 |
| Unassigned general and administrative expenses | | | (53 204) |
| Operating profit | | | 54 203 |
| Financial expenses | | | (3 256) |
| Financial revenue | | | 56 908 |
| Dividend income | | | 236 183 |
| Income tax | | | (22 848) |
| Net profit | | | 321 190 |

* - net sales revenue under Trade also includes net revenue from sales of distribution services of PLN 874,418 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution

** - total expenses:

- include the costs of sales of distribution services of PLN 874,480 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution
- include also other operating revenue and expenses

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

| | Trade | Production | All other segments | Exclusions | Total |
|------------------------------------------------|------------------|-------------------|---------------------------|-------------------|------------------|
| Net sales revenue* | 3 219 918 | | 27 953 | | 3 247 871 |
| Inter-segment sales | - | 1 522 | - | (1 522) | |
| Total net sales revenue | 3 219 918 | 1 522 | 27 953 | (1 522) | 3 247 871 |
| Total expenses ** | (3 080 173) | (1 385) | (25 555) | 1 522 | (3 105 591) |
| Segment profit/loss | 139 745 | 137 | 2 398 | - | 142 280 |
| Unassigned general and administrative expenses | | | | | (46 630) |
| Operating profit | | | | | 95 650 |
| Financial expenses | | | | | (3 001) |
| Financial revenue | | | | | 61 598 |
| Dividend income | | | | | 193 888 |
| Income tax | | | | | (30 166) |
| Net profit | | | | | 317 969 |

* - net sales revenue under Trade also includes net revenue from sales of distribution services of PLN 991,172 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution

** - total expenses:

- include the costs of sales of distribution services of PLN 991,247 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution
- include also other operating revenue and expenses

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

Other segment reporting information as at 30 June 2011:

| <u>Balance as at 30 June 2011</u> | Trade | All other segments | Total |
|----------------------------------------------------------------------------------------|----------------|-------------------------------|-------------------|
| Property, plant and equipment | 18 301 | 138 245 | 156 546 |
| Trade and other receivables | 880 656 | 7 985 | 888 641 |
| Total: | 898 957 | 146 230 | 1 045 187 |
| ASSETS excluded from segmentation | | | 10 152 548 |
| - including property, plant and equipment | | | 49 736 |
| - including trade and other receivables | | | 1 269 |
| TOTAL: ASSETS | | | 11 197 735 |
| Trade and other liabilities | 390 180 | 3 090 | 393 270 |
| Equity and liabilities excluded from segmentation | | | 10 804 465 |
| - including trade and other liabilities | | | 270 499 |
| TOTAL: EQUITY AND LIABILITIES | | | 11 197 735 |
| Capital expenditure for fixed assets and intangible assets | - | 6 031 | 6 031 |
| Capital expenditure for fixed assets and intangible assets excluded from segmentation | | | 3 140 |
| Depreciation/amortization of fixed assets/intangible assets | 445 | 7 546 | 7 991 |
| Depreciation/amortization of fixed assets/intangible assets excluded from segmentation | | | 696 |
| Impairment loss on receivables as of 30.06.2011 | 79 233 | 792 | 80 025 |

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

Other segment reporting information as at 31 December 2010:

| <u>Balance as at 31 December 2010</u> | <u>Trade</u> | <u>Production</u> | <u>All other segments</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------|----------------|-------------------|---------------------------|-------------------|
| Property, plant and equipment | 18 746 | | 131 179 | 149 925 |
| Trade and other receivables | 757 212 | | 6 964 | 764 176 |
| Total: | 775 958 | | 138 143 | 914 101 |
| ASSETS excluded from segmentation | | | | 10 161 251 |
| - including property, plant and equipment | | | | 59 641 |
| - including trade and other receivables | | | | 11 290 |
| TOTAL: ASSETS | | | | 11 075 352 |
| Trade and other liabilities | 652 732 | | 5 596 | 658 328 |
| Equity and liabilities excluded from segmentation | | | | 10 417 024 |
| - including trade and other liabilities | | | | 55 401 |
| TOTAL: EQUITY AND LIABILITIES | | | | 11 075 352 |
| Capital expenditure for fixed assets and intangible assets | - | 24 814 | 21 816 | 46 630 |
| Capital expenditure for fixed assets and intangible assets excluded from segmentation | | | | 2 703 |
| Depreciation/amortization of fixed assets/intangible assets | 610 | 1 298 | 14 765 | 16 673 |
| Depreciation/amortization of fixed assets/intangible assets excluded from segmentation | | | | 772 |
| Impairment loss on receivables as of 31.12.2010 | 81 578 | | 765 | 82 343 |

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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 the Energy Law of 10 April 1997 and secondary legislation thereto.

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 6-month period ended 30 June 2011 the Company acquired property, plant and equipment for the total amount of PLN 9,171 thousand (PLN 49,333 thousand during the period of 12 months ended 31 December 2010).

During the 6-month period ended 30 June 2011 the Company sold and liquidated property, plant and equipment for the total net amount of PLN 149 thousand (PLN 35,984 thousand during the period of 12 months ended 31 December 2010).

As at 30 June 2011 the total impairment loss on the carrying amount of property, plant and equipment amounted to PLN 3,312 thousand (PLN 770 thousand as at 31 December 2010).

Impairment test (property, plant and equipment)

As at 31 December 2010 ENEA S.A. compared the book value of its equity with its market value (stock market cap). ENEA S.A. has found no grounds to recognize losses (provisions) on analyzed assets as at 31 December 2010.

As of 30 June 2011 there were no reasons to carry out another impairment test of property, plant and equipment.

9. Intangible assets

During the 6-month period ended 30 June 2011 the Company acquired intangible assets – certificates of origin -

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for the amount of PLN 7,991 thousand (during the period of 12 months ended 21 December 2010 the value was PLN 0).

During the 6-month period ended 30 June 2011 intangible assets of PLN 400 thousand were reclassified from fixed assets under construction (PLN 2,632 thousand during the period of 12 months ended 31 December 2010).

During the 6-month period ended 30 June 2011 the Company did not sell or liquidate intangible assets (the value of intangible assets sold or liquidated was PLN 0 during the period of 12 months ended 31 December 2010).

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

| | 30.06.2011 | 31.12.2010 |
|----------------------------------|-------------------|-------------------|
| Gross value | | |
| Opening balance | 7 874 545 | 7 844 884 |
| Acquisition of investments | 365 197 | 37 144 |
| Other changes | (4 523) | - |
| Impairment loss | 4 523 | (7 483) |
| Closing balance | 8 239 742 | 7 874 545 |
| Impairment loss | | |
| Opening balance | 39 855 | 32 372 |
| Recognized | - | 9 320 |
| Derecognized | - | (1 837) |
| Assigned | (4 523) | - |
| Closing balance | 35 332 | 39 855 |
| Net value opening balance | 7 874 545 | 7 844 884 |
| Net value closing balance | 8 239 742 | 7 874 545 |

In the 6-month period ended 30 June 2011 the Company acquired shares in the following subsidiaries and associates: Hotel „EDISON” Sp. z o. o., Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o., Elektrociepłownia Białystok S.A. for the total amount of PLN 352,772 thousand and acquired 100% shares in DOBITT Energia Sp. z o.o. for the amount of PLN 12,425 thousand (in the 12-month period ended 31 December 2010 the Company acquired shares in subsidiaries for the total amount of PLN 37,144 thousand).

During the 6-month period ended 30 June 2011 and during the period of 12 months ended 31 December 2010 the Company did not dispose of its investments in associates and subsidiaries, but liquidated FINEA Sp. z o. o. in liquidation.

11. Impairment loss on trade and other receivables

| | 30.06.2011 | 31.12.2010 |
|----------------------------------------------------------|-------------------|-------------------|
| Opening balance of impairment loss on receivables | 82 343 | 82 623 |
| Recognized | 7 480 | 14 333 |
| Derecognized | (9 785) | (14 608) |
| Assigned | (13) | (5) |
| Closing balance of impairment loss on receivables | 80 025 | 82 343 |

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During the 6-month period ended 30 June 2011 the impairment loss on the carrying amount of trade and other receivables decreased by PLN 2,318 thousand (during the period of 12 months ended 31 December 2010 the impairment loss decreased by PLN 280 thousand).

12. Cash and cash equivalents

| | 30.06.2011 | 31.12.2010 |
|---------------------------------------------------|-------------------|-------------------|
| Cash in hand and at bank | 386 213 | 365 762 |
| - cash in hand | 233 | 138 |
| - cash at bank | 385 980 | 365 624 |
| Other cash | 602 | 357 |
| - cash in transit | 602 | 357 |
| Total cash and cash equivalents | 386 815 | 366 119 |
| Cash disclosed in the cash flows statement | 386 815 | 366 119 |

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

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

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

13. Investment portfolio

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

| Type of assets | Minimum exposure | Maximum exposure |
|---------------------------------------------------------------------------------------------------|------------------|------------------|
| Debt instruments underwritten or guaranteed by the State Treasury and the National Bank of Poland | 0% | 100% |
| Bank deposits | 0% | 30% |

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

The investment portfolio is treated as financial assets measured at fair value through profit or loss.

The selected strategy is to maximize profit at minimum risk.

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

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

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

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

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

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

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

The value of the employee stock ownership plan was determined by the Company based on the measurement of shares in ENEA S.A. as of the date of drawing up the consolidated financial statements for the financial years ended 31 December 2007, 31 December 2006 and 31 December 2005, included in the prospectus of ENEA S.A. The value of the plan was estimated at PLN 901 million. The ENEA Capital Group recognized the total costs of the plan as a previous years' adjustment in equity of the earliest period presented in the consolidated financial statements, i.e. as of 1 January 2005, and it did not revalue the costs as of any of the dates ending the subsequent financial periods.

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

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

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

Pursuant to the Act of 7 September 2007 on the acquisition of shares from the State Treasury as a result of the energy sector consolidation process, the Eligible Employees of Elektrownia "Kozienice" S.A. were supposed to submit a declaration of the intention to exchange the equivalent for the right to acquire shares in ENEA S.A. free of charge by 18 January 2008. Following the examination of the declarations submitted as well as the result of the complaint procedure, the value of shares to be accounted for as an equivalent was PLN 291,127 thousand (PLN 514,920 thousand as at 31 December 2007). Exchange of the value of the equivalent for subscription rights worth PLN 224,042 thousand was disclosed in the Company's equity under "Share-based capital".

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

15. Deferred income tax

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

| | <u>30.06.2011</u> | <u>31.12.2010</u> |
|------------------------------------------------------------------|-------------------|-------------------|
| Opening balance | (40 137) | (27 366) |
| Amount debited/(credited) to profit | (16 778) | (13 683) |
| Amount debited/(credited) to other items of comprehensive income | - | 912 |
| Closing balance | (56 915) | (40 137) |

During the 6-month period ended 30 June 2011 the Company's profit before tax was credited with PLN 16,778 thousand as a result of an increase in the deferred tax asset (during the period of 12 months ended 31 December 2010 the Company's profit before tax was credited with PLN 13,683 thousand due to a increase in the value of the asset).

16. Certificates of origin

| | <u>30.06.2011</u> | <u>31.12.2010</u> |
|-------------------------------------------------------------|-------------------|-------------------|
| Certificates of origin | (66 684) | (85 950) |
| Advance payments for certificates of origin | (3 175) | (2 610) |
| Provision for costs of redemption of certificates of origin | 238 572 | 219 339 |
| Provision for certificates of origin | 168 713 | 130 779 |

17. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings and penalties

| | <u>30.06.2011</u> | <u>31.12.2010</u> |
|------------------------|-------------------|-------------------|
| Opening balance | 43 529 | 42 338 |
| Increase in provisions | 6 179 | 19 450 |
| Decrease in provisions | (3 795) | (18 259) |
| Closing balance | 45 913 | 43 529 |

Provisions for liabilities are determined in reasonable, reliably estimated amounts. Individual provisions are recognized for projected losses related to court action brought against the Company. The amount recognized as a provision is the best estimate of the expenditure required to settle a claim. The cost of provisions is recognized under other operating expenses. A description of material claims and the related contingent liabilities has been presented in note 22.2.

During the 6-month period ended 30 June 2011 the provision for projected losses due to compensation proceedings and penalties increased by PLN 2,384 thousand (during the period of 12 months ended 31 December 2010 the provision for projected losses due to compensation proceedings and penalties increased by PLN 1,191 thousand).

18. Dividend

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

On 20 April 2010 the General Meeting of Shareholders of ENEA S.A. adopted Resolution 7 on distribution of the net profit for the reporting period from 1 January 2009 to 31 December 2009, whereby PLN 167,748 thousand was allocated to dividend payment for the shareholders (PLN 0.38 per share). The dividend had been paid by 30 June 2010.

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*(all amounts in PLN '000, unless specified otherwise)***19. Related party transactions**

The Company concludes transactions with the following related parties:

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

| | 01.01.2011 - 30.06.2011 | 01.01.2010 - 31.12.2010 |
|------------------------------|--------------------------------|--------------------------------|
| Purchases, including: | 999 843 | 3 491 927 |
| investment purchases | 3 166 | 12 921 |
| materials | 439 | 836 |
| services | 915 773 | 1 803 098 |
| other (including energy) | 80 465 | 1 675 072 |
| Sales, including: | 7 550 | 344 754 |
| energy | 2 354 | 332 399 |
| materials and goods | - | - |
| services | 469 | 2 162 |
| other | 4 727 | 10 193 |
| | 30.06.2011 | 31.12.2010 |
| Receivables | 115 104 | 46 196 |
| Liabilities | 275 747 | 463 655 |

(ii) Transactions concluded between the Company and members of its governing bodies fall within three categories:

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

The value of transactions falling within the scope of the first category has been presented below:

| Item | Management Board of the Company | | Supervisory Board of the Company | |
|-------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|-----------------------------------------|------------------------------------|
| | 01.01.2011 - 30.06.2011 | 01.01.2010 - 30.06.2010 | 01.01.2011 - 30.06.2011 | 01.01.2010 - 30.06.2010 |
| Remuneration under employment contracts | 446 | 607 | - | - |
| Remuneration relating to appointment of members of management or supervisory bodies | - | - | 216 | 208 |
| Remuneration due to the position held in supervisory boards of subsidiaries | 99 | 148 | - | - |
| Remuneration due to other employee benefits, including: (electricity allowance) | 113 | 91 | - | - |
| TOTAL | 658 | 846 | 216 | 208 |

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

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

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

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

* - PLN 21 thousand concerns derecognition of the loan granted to Piotr Koczorowski, who was dismissed from the position of Member of the Management Board as of 16 April 2010.

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.

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

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 electricity and property rights resulting from certificates of origin as regards renewable energy and energy produced the CHP system from companies whose shares are held by the State Treasury;
- sale of electricity, distribution services and other related fees, provided by the Company 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. As the Company does not keep record of the aggregate value of all transactions concluded with all state institutions and entities controlled by the State Treasury, the turnover and balances of transactions with related parties disclosed in these condensed interim separate financial statements do not include data related to transactions with entities controlled by the State Treasury.

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20. Future liabilities under contracts concluded as at the balance sheet date

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

| | 30.06.2011 | 31.12.2010 |
|----------------------------------------------|-------------------|-------------------|
| Acquisition of property, plant and equipment | 10 528 | 14 172 |
| Acquisition of intangible assets | 16 | 160 |
| | 10 544 | 14 332 |

21. 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 summer. This depends on the temperature and the length of the day. The extent of fluctuations depends on low temperature and shorter days in winter as well as higher temperature and longer days in summer. Seasonal sales of electricity apply to a more considerable degree to small clients (46.80% of the sales value), rather than to the industrial sector.

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

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*(all amounts in PLN '000, unless specified otherwise)***22.1. Guarantees for credit facilities and loans as well as other sureties granted by the Company****Guarantees and sureties as of 30 June 2011**

| No. | Name of entity to which a guarantee or surety was granted | Total liabilities for which the guarantee or surety was granted | Term | Relation between the Company and the entity which incurred a liability |
|------------|------------------------------------------------------------------|------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------|
| 1. | EP Zakład Transportu Sp. z o.o. | PLN 195 thousand (EUR 49 thousand) | 31-08-2017 | subsidiary |

Guarantees and sureties as at 31 December 2010

| No. | Name of entity to which a guarantee or surety was granted | Total liabilities for which the guarantee or surety was granted | Term | Relation between the Company and the entity which incurred a liability |
|------------|------------------------------------------------------------------|------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------|
| 1. | EP Zakład Transportu Sp. z o.o. | PLN 194 thousand (EUR 49 thousand) | 31-08-2017 | subsidiary |

In the reporting period the Company did not give any guarantees or sureties for credit facilities or loans.

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22.2. Pending proceedings before common courtsActions 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 grid and other specialized services provided by the Company (the so-called non-electricity cases).

As at 30 June 2011, the total of 5,576 cases brought by the Company were pending before common courts of law for the total amount of PLN 18,892 thousand (5,767 cases for the total amount of PLN 15,748 thousand as at 31 December 2010).

None of the cases can significantly affect the Company's financial 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, identification of illegal electricity consumption and compensation for the Company's use of real property where electrical devices are located. The Company considers actions concerning non-contractual use of real property not owned by the Company as particularly important (note 22.5).

As at 30 June 2011 there were 131 cases pending before common courts of law which have been brought against the Company for the total amount of PLN 37,986 thousand (157 cases for the total amount of PLN 37,691 thousand as at 31 December 2010). Provisions related to the court cases have been presented in note 17.

22.3. Arbitration proceedings

As at 30 June 2011 there were no pending proceedings before competent arbitration bodies.

22.4. Proceedings before public administration bodies

Pursuant to a decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 which closed the proceedings for charging customers with a double subscription fee for January 2008, ENEA S.A. was obliged to pay a fine of PLN 160 thousand. The Company appealed against the decision on 30 September 2008. On 31 August 2009 the Regional Court in Warsaw – Court of Competition and Consumer Protection reduced the fine to PLN 10 thousand. On 25 September 2009, ENEA appealed against the judgment issued by the Court of Competition and Consumer Protection to the Court of Appeals in Warsaw applying for reversal of the decision in whole. On 27 April 2010 the Court reversed the judgment and remanded the case for reconsideration. On 27 January 2011 the Court of Competition and Consumer Protection dismissed

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the appeal of ENEA S. A. against the decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 and upheld the fine of PLN 10 thousand imposed on the Company. On 20 April 2011 the Company appealed against the decision of the Court of Competition and Consumer Protection dated 27 January 2011.

On 27 November 2008 the President of the Energy Regulatory Office concluded that ENEA failed to comply with the obligation to purchase electricity produced in the CHP system in 2006, imposing a fine of PLN 7,594 thousand. On 17 December 2008, ENEA filed an appeal to the Regional Court in Warsaw – the Court of Competition and Consumer Protection. On 15 December 2009 the Court of Competition and Consumer Protection issued a judgment favourable for the Company, changing the decision of the President of the Energy Regulatory Office of 27 November 2008 and discontinuing the administrative proceedings. The President of the Energy Regulatory Office appealed against the decision to the Court of Appeals in Warsaw. Pursuant to its decision of 24 November 2010 (VI ACa 327/10) the Court of Appeal reversed the decision of the Regional Court in Warsaw - Court of Competition and Consumer Protection of 15 December 2009 appealed against by the President of the Energy Regulatory Office and remanded the case for reconsideration and settling the costs of the appeal proceedings. As at 30 June 2011, ENEA recognized a provision in the total amount of the aforementioned fine.

On 28 December 2009 the President of the Energy Regulatory Office issued a decision on ENEA's failure to comply with the obligation to purchase electricity produced in the CHP system in the first half of 2007, imposing a fine of PLN 2,150 thousand on the Company. On 19 January 2010, ENEA filed an appeal against the decision of the President of the Energy Regulatory Office to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. As at 30 June 2011, ENEA recognized a provision in the total amount of the aforementioned fine.

22.5. Risk related to the legal status of property used by the Company

The risk related to the legal status of the property used by the Company (currently used by ENEA Operator Sp. z o.o.) results from the fact that the Company does not have all legal titles to use the land where transmission networks and the related devices are located. In the future the Company may have to incur costs related to non-contractual use of property, which was the case in the past until the spin-off of ENEA Operator Sp. z o.o.

Considering the legal status, there is a risk of additional costs related to compensation claims for non-contractual use of land, rental fee or, rarely, claims related to the change of facility location (restoring land to its previous condition).

Court decisions related to these issues are important as they considerably affect the Company's strategy towards persons who lodged out-of-court claims related to devices located on their land in the past and the approach to the legal status of devices in case of new investments.

The Company recognized a provision for all claims lodged by owners of property located near transmission networks and devices based on best estimates of expenditures necessary to settle the claims adopted by the Management Board. Since the date of unbundling of the distribution system operator such claims have also been filed to ENEA Operator Sp. z o.o., which is currently the owner of the transmission networks and the related devices.

The Company does not recognize a provision for claims which have not been filed yet by owners of land used non-contractually. The value of potential claims may be significant, considering the area of land used non-contractually. The Company does not keep any record and it has no knowledge of the legal status of land, therefore is it unable to reliably estimate the maximum amount of possible claims arising from non-contractual use of land.

22.6. Risk related to participation in costs incurred due to the use of woodland managed by the National Forests for the needs of electricity lines

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

The Company has not created a provision for pre-litigation claims regarding the use of forest land managed by the National Forests for the purpose of locating electricity lines owned by ENEA S.A. before 30 June 2007. (On 30 June 2007 all electricity lines were transferred to ENEA Operator Sp. z o.o.). According to the Company, in line with the common law, claims regarding the period exceeding three years become invalid.

Regardless of the aforementioned actions aimed at general regulation of the legal status of land owned by the National Forests, individual forest district offices lodged claims against the Company for compensation due to its non-contractual use of land (pending). The claims have been accounted for in the provision referred to in note 16.

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23. Post balance sheet events

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