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

Poznań, 15 November 2010

Contents of the extended consolidated quaterly report

Selected consolidated financial data of the ENEA Capital Group

	in PLN'000		in EUR '000	
	9 months ended 30.09.2010	9 months ended 30.09.2009	9 months ended 30.09.2010	9 months ended 30.09.2009
Net sales revenue	5 827 752	5 239 438	1 455 955	1 190 971
Profit/loss on operating activities	610 703	439 371	152 573	99 873
Profit/loss before tax	693 378	556 701	173 228	126 543
Net profit/loss for the reporting period	547 009	446 282	136 660	101 444
Net cash flows from operating activities	989 579	523 538	247 228	119 005
Net cash flows from investing activities	(630 462)	(2 015 504)	(157 509)	(458 142)
Net cash flows from financing activities	(202 637)	(216 989)	(50 625)	(49 324)
Total net cash flows	156 480	(1 708 955)	39 094	(388 461)
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	1,24	1,01	0,31	0,23
Diluted earnings per share (in PLN/EUR)	1,24	1,01	0,31	0,23

	Balance as of 30.09.2010	Balance as of 31.12.2009	Balance as of 30.09.2010	Balance as of 31.12.2009
Total assets	12 488 588	12 229 688	3 132 327	2 976 897
Total liabilities	2 715 252	2 857 060	681 026	695 453
Non-current liabilities	1 443 268	1 450 377	361 993	353 044
Current liabilities	1 271 984	1 406 683	319 033	342 409
Equity	9 773 336	9 372 628	2 451 301	2 281 444
Share capital	588 018	588 018	147 484	143 133
Book value per share (in PLN / EUR)	22,14	21,23	5,55	5,17
Diluted book value per share (in PLN / EUR)	22,14	21,23	5,55	5,17

The above financial data for Q3 2010 and 2009 were translated into EUR in line with the following principles:

- individual assets and liabilities - as per the average exchange rate at 30 September 2010– PLN/EUR 3.9870 (as of 31 December 2009– PLN/EUR 4.1082);
- individual items from the income statement and the cash flow statement - as per the arithmetic mean of the average exchange rates determined by the National Bank of Poland as at the last day of each month of the financial period from 1 January to 30 September 2010 - PLN/EUR – 4.0027 (for the period from 1 January to 30 September 2009 – PLN/EUR 4.3993).

Independent auditor's report
on the review of the condensed interim consolidated financial statements
for the period from 1 January 2010 to 30 September 2010

To the Management Board and Supervisory Board of ENEA S.A.

We have reviewed the attached condensed interim consolidated financial statements of the ENEA S.A. Capital Group with ENEA S.A. having its registered office in Poznań, Nowowiejskiego 11 Street, as the Parent, including: consolidated balance sheet prepared as of 30 September 2010, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, prepared for the period from 1 January 2010 to 30 September 2010 and notes to the condensed interim consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information.

Compliance of these condensed interim consolidated financial statements with the requirements laid down in IAS 34 "Interim Financial Reporting" as endorsed by the European Union and with other regulations in force is the responsibility of the Management Board and Supervisory Board of the Parent.

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

Our review has been conducted in accordance with the national auditing standards issued by the National Council of Statutory Auditors. These Standards require that we plan and conduct the review in such a way as to obtain reasonable assurance that the interim financial statements are free from material misstatement. Our review has been conducted mainly based on an analysis of data included in the condensed interim consolidated financial statements, examination of the accounting records as well as information provided by the management and the financial and accounting personnel of the Parent.

The scope and methodology of a review of interim financial statements differ significantly from an audit, which serves as the basis for expressing an opinion on compliance of annual financial statements with the applicable accounting principles (policy) and an opinion on their fairness and clarity. Therefore, no such opinion on the attached condensed interim consolidated financial statements may be issued.

Based on our review, we have not identified any issues which would prevent us from concluding that the condensed interim consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in IAS 34 “Interim Financial Reporting” as endorsed by the European Union.

....
Piotr Waliński
Key certified auditor
conducting the review
No. 4254

....
represented by

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

Warsaw, 15 November 2010

The above auditor’s report on the review is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Condensed interim consolidated financial statements of the ENEA Capital Group for the period from 1 January to 30 September 2010

Poznań, 15 November 2010

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	**Maksymilian Górniak**	**…………………………………**
Member of the Management Board	**Hubert Rozpędek**	**…………………………………**
Member of the Management Board	**Krzysztof Zborowski**	**…………………………………**

Poznań, 15 November 2010

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

Consolidated Balance Sheet

	Note	As of 30.09.2010	31.12.2009
ASSETS			
Non-current assets			
Property, plant and equipment	8	8 083 339	8 060 674
Land perpetual usufruct right		29 029	28 090
Intangible assets	9	40 803	47 985
Investment property	10	5 996	6 091
Investments in associated entities measured with equity method	11	167 331	189 938
Financial assets available for sale		64 108	39 346
Financial assets measured at fair value through profit or loss		1 270	1 219
Trade and other receivables		171	1 330
		8 392 047	**8 374 673**
Current assets			
Inventories	13	246 909	300 830
Trade and other receivables		899 327	925 513
Current income tax receivables		5 910	12 828
Financial assets held to maturity		123 018	55 734
Financial assets measured at fair value through profit or loss		1 762 354	1 652 523
Cash and cash equivalents		1 059 023	902 543
		4 096 541	**3 849 971**
Non-current assets held for sale		**-**	**5 044**
Total assets		**12 488 588**	**12 229 688**

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

		As of	
EQUITY AND LIABILITIES	**Note**	**30.09.2010**	**31.12.2009**
Equity			
Equity attributable to shareholders of the Parent			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Share-based capital	15	1 144 336	1 144 336
Revaluation reserve (financial instruments)		42 203	20 756
Other capitals		(22 110)	(22 110)
Retained earnings		4 365 026	3 985 386
		9 749 937	**9 348 850**
Minority interest		23 399	23 778
Total equity		**9 773 336**	**9 372 628**
LIABILITIES			
Non-current liabilities			
Credit facilities and loans	16	82 612	107 056
Trade and other liabilities		-	58
Finance lease liabilities		2 194	2 291
Settlement of income due to subsidies and connection fees	17	782 397	791 296
Provision for deferred income tax	18	95 088	112 366
Liabilities due to employee benefits		438 208	407 093
Provisions for other liabilities and charges	20	42 769	30 217
		1 443 268	**1 450 377**
Current liabilities			
Credit facilities and loans	16	45 638	46 609
Trade and other liabilities		894 375	991 482
Finance lease liabilities		1 527	1 178
Settlement of income due to subsidies and connection fees	17	42 654	41 856
Current income tax liabilities		62 275	71 359
Liabilities due to employee benefits		125 502	125 542
Liabilities due to an equivalent of the right to acquire shares free of charge		575	618
Provision for certificates of origin	19	28 498	46 539
Provisions for other liabilities and charges	20	70 940	81 500
		1 271 984	**1 406 683**
Total liabilities		**2 715 252**	**2 857 060**
Total equity and liabilities		**12 488 588**	**12 229 688**

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

Consolidated Statement of Comprehensive Income

	9 months ended 30.09.2010	3 months ended 30.09.2010	9 months ended 30.09.2009	3 months ended 30.09.2009
Sales revenue	6 016 457	1 964 670	5 432 899	1 714 242
Excise duty	(188 705)	(54 745)	(193 461)	(66 730)
Net sales revenue	**5 827 752**	**1 909 925**	**5 239 438**	**1 647 512**
Other operating revenue	49 023	25 528	62 088	24 578
Amortization/Depreciation	(490 332)	(165 854)	(482 233)	(163 312)
Costs of employee benefits	(669 023)	(187 689)	(584 554)	(197 634)
Consumption of materials and raw materials and costs of goods sold	(1 151 159)	(423 405)	(1 139 392)	(427 057)
Energy purchase for sale	(1 971 696)	(612 303)	(1 712 290)	(533 289)
Transmission services	(517 207)	(172 370)	(511 516)	(178 035)
Other external services	(263 501)	(90 997)	(238 691)	(96 419)
Taxes and charges	(137 744)	(42 888)	(127 885)	(41 260)
(Profit) / loss on sale and liquidation of property, plant and equipment	(3 333)	(4 349)	1 896	739
Impairment loss on property, plant and equipment	-	-	(7 517)	-
Other operating expenses	(62 077)	(18 408)	(59 973)	(20 380)
Operating profit	**610 703**	**217 190**	**439 371**	**15 443**
Financial expenses	(24 129)	(4 772)	(24 930)	(278)
Financial revenue	113 901	34 974	131 696	47 404
Share in profits/losses of associates measured using the equity method	(7 097)	(11 597)	10 564	1 795
Profit before tax	**693 378**	**235 795**	**556 701**	**64 364**
Income tax %	(146 369)	(53 478)	(110 419)	(9 988)
Net profit for the reporting period	**547 009**	**182 317**	**446 282**	**54 376**
Other items of comprehensive income				
Measurement of financial assets available for sale	23 921	21 073	28 296	6 199
Income tax related to other items of comprehensive income	(2 474)	(1 933)	(5 376)	(1 172)
Other items of net comprehensive income	**21 447**	**19 140**	**22 920**	**5 027**
Comprehensive income for the period	**568 456**	**201 457**	**469 202**	**59 403**
Including net profit:				
attributable to shareholders of the Parent	547 388	183 392	446 372	54 887
attributable to minority interests	(379)	(1 075)	(90)	(511)
Including comprehensive income:				
attributable to shareholders of the Parent	568 835	202 532	469 292	59 914
attributable to minority interests	(379)	(1 075)	(90)	(511)
Net profit attributable to shareholders of the Parent	547 388	183 392	446 372	54 887
Weighted average number of ordinary shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	**1,24**	**0,41**	**1,01**	**0,12**
Diluted earnings per share (in PLN per share)	**1,24**	**0,41**	**1,01**	**0,12**

(all amounts in PLN '000, unless stated 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 of 01.01.2010		**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**20 756**	**(22 110)**	**3 985 386**	**23 778**	**9 372 628**
Comprehensive income								21 447		547 388	(379)	568 456
Dividends	21									(167 748)	-	(167 748)
Balance as of 30.09.2010		**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**42 203**	**(22 110)**	**4 365 026**	**23 399**	**9 773 336**

	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 of 01.01.2009		**441 443**	**146 575**	**588 018**	**(17 396)**	**1 144 336**	**3 632 464**	**(1 099)**	**(28 226)**	**3 675 078**	**31 078**	**9 024 253**
Comprehensive income								22 920		446 372	(90)	469 202
Dividends	21									(203 281)	(6)	(203 287)
Treasury shares acquired under the stabilization option					17 396							17 396
Balance as of 30.09.2009		**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**21 821**	**(28 226)**	**3 918 169**	**30 982**	**9 307 564**

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

Consolidated Cash Flow Statement

	9 months ended 30.09.2010	9 months ended 30.09.2009
Cash flows from operating activities		
Net profit for the reporting period	547 009	446 282
Adjustments:		
Income tax disclosed in the income statement	146 369	110 419
Amortization/Depreciation	490 332	482 233
(Profit) / loss on sale and liquidation of property, plant and equipment	3 333	(1 896)
Impairment loss on property, plant and equipment	-	7 517
(Profit) / loss on sale of financial assets	814	(17 611)
Interest income	(110 599)	(113 915)
Dividend income	(640)	(2 335)
Interest expense	8 006	9 241
Share in the (profit) / loss of associates	7 097	(10 564)
Exchange (gains) / losses on credit facilities and loans	(1 543)	1 332
Other adjustments	1 788	(4 362)
	544 957	**460 059**
Income tax paid	(167 874)	(77 878)
Interest received	36 890	105 038
Interest paid	(4 824)	(9 304)
Changes in working capital		
Inventories	55 941	(83 236)
Trade and other receivables	31 754	(189 639)
Trade and other liabilities	(46 947)	63 767
Liabilities due to employee benefits	28 204	(45 374)
Settlement of income due to subsidies and connection fees	(19 439)	44 490
Change in provisions for certificates of origin	(18 041)	(63 263)
Change in liabilities due to the equivalent of the right to acquire shares free of charge	(43)	(163 375)
Change in provisions	1 992	35 971
	33 421	(400 659)
Net cash flows from operating activities	**989 579**	**523 538**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(543 898)	(426 202)
Proceeds from disposal of property, plant and equipment	8 009	8 888
Acquisition of financial assets	(286 613)	(1 905 500)
Proceeds from disposal of financial assets	181 379	302 951
Dividends received	16 181	10 515
Other outflows	(5 520)	(6 156)
Net cash flows from investing activities	**(630 462)**	**(2 015 504)**
Cash flows from financing activities		
Credit facilities and loans received	(2 382)	811
Credit facilities and loans repaid	(28 526)	(33 959)
Dividend paid to Parent's shareholders	(167 748)	(203 064)
Payment of finance lease liabilities	(3 256)	(2 829)
Proceeds/ (outflows) related to sale/purchase of treasury shares	-	22 479
Other adjustments	(725)	(427)
Net cash flows from financing activities	**(202 637)**	**(216 989)**
Net increase (decrease) in cash	**156 480**	**(1 708 955)**
Opening balance of cash	902 543	2 620 659
Closing balance of cash	**1 059 023**	**911 704**

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

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

Notes to the condensed interim consolidated financial statements

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

Name (business name):	ENEA 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

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

As of 30 September 2010, the shareholding structure of the Parent was as follows (an increase in the share capital as a result of a public offering of shares was registered in the National Court Register on 13 January 2009): the State Treasury of the Republic of Poland – 60.43% of shares, Vattenfall AB – 18.67%, other shareholders – 20.90%.

As of 30 September 2010, the Company's statutory share capital equalled PLN 441,443 thousand (PLN 588,018 thousand upon adoption of EU-IFRS and considering hyperinflation and other adjustments) and was divided into 441,442,578 shares.

As of 30 September 2010, the Capital Group consisted of the parent ENEA S.A. ("Company", "Parent"), 23 subsidiaries and 3 associates.

These condensed interim consolidated financial statements have been prepared as a going concern. There are no circumstances indicating that the Group's ability 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 (IFRS-EU), 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 the individual items of the condensed interim consolidated financial statements of the ENEA Capital Group in accordance with IFRS UE as of 30 September 2010. 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 after 1 January 2010.

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

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.

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

4. New accounting standards and interpretations

The following new standards endorsed by the EU, which the Group complied with in the preparation of these condensed interim consolidated financial statements, apply to annual periods beginning after 1 January 2010:

- IFRIC 18 "Transfers of Assets from Customers"
  The interpretation was adopted by the Company on 1 January 2010. It applies to contracts whereby a customer transfers to an entity property, plant and equipment, which is subsequently used either to connect the client to the grid or to provide the client with continuous access to goods or services, or for both these purposes. Further, the interpretation applies to contracts whereby customers provide the entity with cash used for manufacturing or purchasing property, plant and equipment. The entity receiving the funds recognizes an item of property, plant and equipment if it meets the definition of such asset. Revenue is recognized in correspondence with the asset. The time of recognizing the revenue depends on specific facts and circumstances of the concluded contract. As a result of application of IFRIC 18, the revenue generated

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

by the Group between 1 January and 30 September 2010 increased by approx. PLN 55,055 thousand, while its operating profit by approx. PLN 54,465 thousand.

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.

6. Composition of the Capital 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 30.09.2010	% share of ENEA S.A. in the total number of votes 31.12.2009
1.	ENERGOMIAR Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, ul. Strzeszyńska 58*	91.32	87.97
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. in liquidation *Poznań, ul. Dziadoszańska 10*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Wysokich i Najwyższych Napięć "EWiNN" Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
7.	COGEN Sp. z o.o. *Piła, ul.Kaczorska 20*	100	100
8.	EnergoPartner Sp. z o.o. *Poznań, ul. Warszawska 43*	-	100
9.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
10.	ENERGO-TOUR Sp. z o.o. *Poznań, ul. Marcinkowskiego 27*	99.92	99.92
11.	ENEOS Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
12.	ENTUR Sp. z o.o. *Szczecin, ul. Malczewskiego 5/7*	100	100
13.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, ul. Wilkońskiego 2*	99,94	99,94
14.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
15.	Zakład Usług Przewozowych ENERGOTRANS Sp. z o.o. *Gorzów Wlkp., ul. Energetyków 4*	100	100
16.	"PWE Gubin" Sp. z o.o. Sękowice 100 gm. Gubin	-	50

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

17.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, ul. Wybudowanie 56	87.99	87.99
18.	„ITSERWIS" Sp. z o.o. *Zielona Góra, ul. Zacisze 28*	100	100
19.	"Auto – Styl" Sp. z o.o. *Zielona Góra, ul. Zacisze 15*	100	100
20.	FINEA Sp. z o.o. in liquidation *Poznań, ul.Warszawska 43*	100	100
21.	Przedsiębiorstwo Energetyki Cieplnej – Gozdnica Sp. z o.o. *Gozdnica, ul. Świerczewskiego 30*	100	100
22.	ENEA Operator Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
23.	Elektrownia "Kozienice" S.A. *Świerże Górne, gmina Kozienice, Kozienice 1*	100	100
24.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, ul. Kaczorska 20*	63.396	63.396
25.	Kozienice II Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 1*	100	100
26.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., ul. Chłapowskiego 51*	49	49
27.	Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. *Śrem, ul. Staszica 6*	41.65	41.65
28.	Elektrociepłownia Białystok S.A. *Białystok, ul. Gen. Andersa 3*	30.36	30.36

Changes in the Capital Group structure in the period covered by these condensed interim consolidated financial statements

On 28 January 2010, the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of ENTUR Sp. z o.o. up to PLN 4,134.5 thousand, i.e. by PLN 100 thousand by way of issuing 200 new shares with the face value of PLN 500 each. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in cash. On 3 March 2010 the increased share capital was registered in the National Court Register.

On 4 February 2010 the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o. o. by PLN 1,710 thousand to PLN 17,448 thousand by way of issuing 3,420 new shares with the face value of PLN 500 each. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in cash. The increased share capital was registered in the National Court Register on 8 April 2010.

On 22 December 2009 and on 2 February 2010 the Extraordinary Shareholders' Meeting adopted Resolutions to increase the share capital of BHU S.A. with its registered office in Poznań up to PLN 14,302.5 thousand, i.e. by PLN 4,164.1 thousand by way of issuing 41,641 new shares with the face value of PLN 100 each. On 5 May 2010 the Extraordinary Shareholders' Meeting of BHU S.A. with its registered office in Poznań decided to revoke the resolution of 22 December 2009 on increasing the share capital of the Company by way of issuing J series shares due to the inability to meet the deadline for contributing a real property located in Gorzów Wielkopolski to cover the shares issued. Consequently, on 8 June 2010 the share capital increase by PLN 3,923.8 thousand from PLN 10,138.4 thousand to PLN 14,062.2 thousand was recorded in the National Court Register. The new shares were acquired by ENEA S.A. for a contribution in cash and a contribution in kind.

On 22 December 2009, the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of ENERGOBUD Leszno Sp. z o.o. with its registered office in Gronówko up to PLN 5,676 thousand, i.e. by PLN 2,151.5 thousand by way of issuing 4,303 new shares with the face value of PLN 500 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 was registered in the National Court Register on 2 April 2010.
On 29 June 2010, the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of ENERGOBUD Leszno Sp. z o.o. with its registered office in Gronówko up to PLN 6,216 thousand, i.e. by PLN 540 thousand by way of issuing 1,080 new shares with the face value of PLN 500 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 was registered in the National Court Register on 20 August 2010.

Pursuant to a Resolution of 15 December 2009, the Management Board of ENEA S.A. agreed to sell the shares in PWE Gubin Sp. z o.o. with its registered office in Sękowice held by ENEA S.A.. The shares were sold based on the agreement for the sale of shares of 9 February 2010.

On 19 April 2010, the Extraordinary Shareholders' Meeting adopted a resolution on putting Energetyka Poznańska Biuro Usług Technicznych S. A. into liquidation as of 1 May 2010. Mr Jacek Pałka appointed as Chairman of the Management Board assumed the function of the official receiver.

On 11 June 2010 the Extraordinary Shareholders' Meeting decided to put Finea Sp. z o. o. into liquidation. Ms Katarzyna Mińkowska was appointed the official receiver.

On 12 April 2010, the Extraordinary Shareholders' Meeting adopted Resolution to increase the share capital of ENEOS Sp. z o.o. up to PLN 20,189.5 thousand, i.e. by PLN 630.5 thousand, by way of issuing 1,261 new shares with the face value of PLN 500 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 was registered in the National Court Register on 15 September 2010.

On 1 July 2010, two subsidiaries of ENEA S. A. were combined: Elektrownie Wodne Sp. z o. o. with its registered office in Samociążek (the acquirer) and EnergoPartner Sp. z o. o. with its registered office in Poznań (the acquiree). As a result of the business combination, a new entity was established under the name of Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek. As a result of the business combination, the share capital of the acquirer - Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek was increased by PLN 8,821 thousand up to PLN 213,841 thousand and divided into 427,682 shares with the face value of PLN 500 each.

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

7. Segment reporting

Segment reporting for the period from 1 January to 30 September 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	2 999 836	1 880 051	748 953	198 912	-	5 827 752
Inter-segment sales	233 134	-	1 107 084	303 870	(1 644 088)	-
Total net sales revenue	**3 232 970**	**1 880 051**	**1 856 037**	**502 782**	**(1 644 088)**	**5 827 752**
Total expenses	(3 044 422)	(1 609 594)	(1 636 936)	(477 384)	1 619 821	(5 148 515)
Segment profit/loss	**188 548**	**270 457**	**219 101**	**25 398**	**(24 267)**	**679 237**
Unassigned Group costs (general and administrative						(68 534)
Operating profit						**610 703**
Financial expenses						(24 129)
Financial revenue						113 901
Net profit sharing/loss coverage in associated entities						(7 097)
Income tax %						(146 369)
Net profit						**547 009**
Share in minority interest profit						(379)

Segment reporting for the period from 1 July to 30 September 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	931 779	615 791	284 339	78 016	-	1 909 925
Inter-segment sales	79 190	-	371 488	105 401	(556 079)	-
Total net sales revenue	**1 010 969**	**615 791**	**655 827**	**183 417**	**(556 079)**	**1 909 925**
Total expenses	(961 349)	(525 990)	(563 000)	(169 244)	548 752	(1 670 831)
Segment profit/loss	**49 620**	**89 801**	**92 827**	**14 173**	**(7 327)**	**239 094**
Unassigned Group costs (general and administrative expenses)						(21 904)
Operating profit						**217 190**
Financial expenses						(4 772)
Financial revenue						34 974
Net profit sharing/loss coverage in associated entities						(11 597)
Income tax %						(53 478)
Net profit						**182 317**
Share in minority interest profit						(1 075)

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

Segment reporting for the period from 1 January to 30 September 2009:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	3 368 828	1 651 022	(16 213)	235 801	-	5 239 438
Inter-segment sales	240 400	-	1 742 603	288 154	(2 271 157)	-
Total net sales revenue	**3 609 228**	**1 651 022**	**1 726 390**	**523 955**	**(2 271 157)**	**5 239 438**
Total expenses	(3 457 667)	(1 483 926)	(1 572 664)	(492 837)	2 245 150	(4 761 944)
	151 561	**167 096**	**153 726**	**31 118**	**(26 007)**	**477 494**
Unassigned Group costs (general and administrative						(38 123)
Operating profit						**439 371**
Financial expenses						(24 930)
Financial revenue						131 696
Net profit sharing/loss coverage in associated entities						10 564
Income tax						(110 419)
Net profit						**446 282**
Share in minority interest profit						(90)

Segment reporting for the period from 1 July to 30 September 2009:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	1 119 523	552 353	(120 888)	96 524	-	1 647 512
Inter-segment sales	102 133	-	637 911	86 229	(826 273)	-
Total net sales revenue	**1 221 656**	**552 353**	**517 023**	**182 753**	**(826 273)**	**1 647 512**
Total expenses	(1 186 993)	(497 575)	(587 495)	(161 391)	815 858	(1 617 596)
Segment profit/loss	**34 663**	**54 778**	**(70 472)**	**21 362**	**(10 415)**	**29 916**
Unassigned Group costs (general and administrative expenses)						(14 473)
Operating profit						**15 443**
Financial expenses						(278)
Financial revenue						47 404
Net profit sharing/loss coverage in associated entities						1 795
Income tax						(9 988)
Net profit						**54 376**
Share in minority interest profit						(511)

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

Segment reporting (cont'd)

Other segment reporting information as of 30 September 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Property, plant and equipment	18 966	4 684 767	2 844 389	342 668	(85 047)	7 805 743
Trade and other receivables	469 895	322 202	231 488	124 487	(252 987)	895 085
Total	488 861	5 006 969	3 075 877	467 155	(338 034)	8 700 828
ASSETS excluded from segmentation						3 787 760
- including property, plant and equipment						277 596
- including trade and other receivables						4 413
TOTAL: ASSETS						**12 488 588**
Trade and other liabilities	363 441	294 377	315 488	108 499	(252 987)	828 818
Equity and liabilities excluded from segmentation						11 659 770
- including trade and other liabilities						65 557
TOTAL: EQUITY AND LIABILITIES						**12 488 588**
Capital expenditure for fixed assets and intangible assets	-	241 288	190 195	40 032	(15 898)	455 617
Capital expenditure for fixed assets and intangible assets excluded from segmentation						47 634
Amortization/Depreciation	290	269 933	188 961	25 741	(607)	484 318
Amortization/depreciation excluded from segmentation						6 014
Revaluation write-downs on receivables as of 30.09.2010	82 003	10 662	55 203	5 360	-	153 228

(all amounts in PLN ’000, unless stated otherwise)

Segment reporting (cont’d)

Other segment reporting information as of 31 December 2009:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Property, plant and equipment	19 609	4 724 365	2 832 857	340 394	(68 090)	7 849 135
Trade and other receivables	528 425	355 886	268 461	157 840	(389 342)	921 270
TOTAL:	548 034	5 080 251	3 101 318	498 234	(457 432)	8 770 405
ASSETS excluded from segmentation						3 459 283
- including property, plant and equipment						211 539
- including trade and other receivables						5 573
TOTAL: ASSETS						**12 229 688**
Trade and other liabilities	426 258	404 541	289 852	144 341	(389 342)	875 650
Equity and liabilities excluded from segmentation						11 354 038
- including trade and other liabilities						115 890
TOTAL: EQUITY AND LIABILITIES						**12 229 688**
Capital expenditure for fixed assets and intangible assets	-	412 015	302 369	80 009	(32 352)	762 041
Capital expenditure for fixed assets and intangible assets excluded from segmentation						70 688
Amortization/Depreciation	353	345 190	246 344	59 964	3 381	655 232
Amortization/depreciation excluded from segmentation						6 113
Revaluation write-downs on receivables as of 31.12.2009	81 976	8 971	53 916	5 769	-	150 632

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 Group's revenue that may be reasonably attributed to a given 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 a given segment with a relevant portion of the Group's costs that may be reasonably allocated to a given segment.

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

Supplementary reporting – geographical segments

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

8. Property, plant and equipment

During the 9 months ended 30 September 2010, the Group acquired property, plant and equipment for the total amount of PLN 499,828 thousand (during the 12 months ended 31 December 2009: PLN 823,383 thousand).

During the 9 months ended 30 September 2010, the Group sold and liquidated property, plant and equipment for the total net amount of PLN 16,870 thousand (during the 12 months ended 31 December 2009: PLN 17,177 thousand).

During the 3 months ended 30 September 2010, revaluation write-downs on the carrying amount of property, plant and equipment increased by PLN 36 thousand (during the 3 months ended 30 September 2009 revaluation write-downs on the carrying amount of property, plant and equipment did not change).

As of 30 September 2010 the total revaluation write-down on the carrying amount of property, plant and equipment was PLN 1,568 thousand (as of 31 December 2009: PLN 16,726 thousand).

Impairment test (property, plant and equipment)

Property, plant and equipment related to distribution were last tested for impairment on 31 December 2008.
The test did not reveal any impairment of property, plant and equipment related to distribution as of 31 December 2008. As of 31 December 2009 there were no reasons to carry out another impairment test of property, plant and equipment related to distribution. In Q4 2010 the Group will again verify whether there are any circumstances indicating a risk of impairment of distribution assets.

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

9. Intangible assets

During the 9 months ended 30 September 2010 the Group acquired intangible assets for the total amount of PLN 3,423 thousand (during the 12 months ended 31 December 2009: PLN 9,346 thousand).

During the 9 months ended 30 September 2010, the Group did not sell or liquidate intangible assets (during the 12 months ended 31 December 2009 the Group did not sell or liquidate intangible assets, either).

10. Investment property

During the 9 months ended 30 September 2010, the Group did not acquire investment property (during the 12 months ended 31 December 2009 the Group acquired investment property for the amount of PLN 163 thousand).

11. Investments in associates and jointly-controlled entities

During the 9 months ended 30 September 2010 the Group did not acquire any shares in associates (during the 12 months ended 31 December 2009 the Group acquired shares in associates and jointly-controlled entities for the total amount of PLN 5,500 thousand).

During the 9 months ended 30 September 2010 the Group sold shares in a jointly-controlled entity - PWE Gubin Sp. z o. o. (as of 31 December 2009 the shares were recognized as "non-current assets held for sale"). The related gain was PLN 545 thousand.

12. Revaluation write-downs on trade and other receivables

	30.09.2010	30.09.2009
Opening balance of revaluation write-down on receivables	**150 632**	**124 232**
Created	19 216	63 641
Released	(16 227)	(31 462)
Applied	(393)	(5 779)
Closing balance of revaluation write-down on receivables	**153 228**	**150 632**

During the 9 months ended 30 September 2010, the revaluation write-down on the carrying amount of trade and other receivables increased by PLN 2,596 thousand (during the 12 months ended 31 December 2009 the revaluation write-down increased by PLN 26,400 thousand).

During the 3 months ended 30 September 2010, the revaluation write-down on the carrying amount of trade and other receivables decreased by PLN 818 thousand (during the 3 months ended 30 September 2009 the revaluation write-down increased by PLN 324 thousand).

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

13. Inventories

As of 30 September 2010 the total revaluation write-down on the carrying amount of inventories was PLN 9,293 thousand (as of 31 December 2009: PLN 6,277 thousand).

During the 9 months ended 30 September 2010, the revaluation write-down on the carrying amount increased by PLN 3,016 thousand (during the 12 months ended 31 December 2009 the revaluation write-down increased by PLN 1,411 thousand).

During the 3 months ended 30 September 2010, the revaluation write-down on the carrying amount of inventories decreased by PLN 19 thousand (during the 3 months ended 30 September 2009 the revaluation write-down decreased by PLN 52 thousand).

14. 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 a specialized financial institution dealing with professional management of cash was transferred the amount of PLN 1,913,840 thousand. In accordance with the Agreement, the 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 September 2010 the funds amounted to PLN 1,762,354 thousand (treasury bills and bonds of PLN 1,443,288 thousand) and deposits (in banks specified by the Company – PLN 319,066 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.

15. 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").
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 made an announcement regarding the disposal of employee shares in a national and local newspaper and it is now entering into agreements for the sale of shares free of charge with eligible individuals.

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 on general terms by the State Treasury.

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 SA 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.

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 program as of 30 September 2010 stood at PLN 921 million.

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

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 of 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 of 30 September 2010, a part of the equivalent was paid to the Eligible Employees of Elektrownia "Kozienice" S.A. As of 30 September 2010 the remaining liability due to the equivalent amounted to PLN 575 thousand
(PLN 618 thousand as of 31 December 2009).

16. Credit facilities and loans

	30.09.2010 Carrying amount	31.12.2009 Carrying amount
Long-term		
Bank credit facilities	78 621	102 312
Loans	3 991	4 744
	82 612	**107 056**
Short-term		
Bank credit facilities	37 104	37 634
Loans	8 534	8 975
	45 638	**46 609**
Total	**128 250**	**153 665**

During the 9 months ended 30 September 2010, the net decrease in the carrying amount of credit facilities and loans was PLN 25,415 thousand (during the 12 months ended 31 December 2009 the carrying amount of credit facilities and loans decreased by PLN 51,725 thousand).

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

17. Settlement of income due to subsidies and connection fees

	30.09.2010	31.12.2009
	Carrying amount	**Carrying amount**
Long-term		
Deferred income due to subsidies	197 520	216 061
Deferred income due to connection fees	584 877	575 235
	782 397	**791 296**
Short-term		
Deferred income due to subsidies	15 118	14 640
Deferred income due to connection fees	27 536	27 216
	42 654	**41 856**

Deferred income schedule

	30.09.2010	31.12.2009
Up to 1 year	42 654	41 856
1 to 5 years	101 558	99 694
Over 5 years	680 839	691 602
	825 051	**833 152**

During the 9 months ended 30 September 2010 the carrying amount of the settlement of income due to subsidies and connection fees decreased by PLN 8,101 thousand net (during the 12 months ended 31 December 2009 the carrying amount increased by PLN 39,559 thousand).

18. Deferred income tax

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

	30.09.2010	31.12.2009
Opening balance	112 366	123 480
Amount debited/(credited) to profit	(19 752)	(16 240)
Amount debited/(credited) to other items of comprehensive income	2 474	5 126
Closing balance	**95 088**	**112 366**

During the 9 months ended 30 September 2010, the Group's profit before tax was credited with PLN 19,752 thousand as a result of a decrease in the deferred tax liability (during the 12 months ended 31 December 2009 the Group's profit before tax was credited with PLN 16,240 thousand due to a decrease in the liability).

During the 3 months ended 30 September 2010, the Group's profit before tax was charged with PLN 6,313 thousand as a result of an increase in the deferred tax liability (during the 3 months ended 30 September 2009 the Group's profit before tax was credited with PLN 27,706 thousand due to a decrease in the liability).

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

19. Certificates of origin

	30.09.2010	31.12.2009
Certificates of origin	(123 746)	(45 437)
Advance payments for certificates of origin	(1 270)	(1 259)
Provision for costs of redemption of certificates of origin	153 514	93 235
Provision for certificates of origin	**28 498**	**46 539**

20. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings

	30.09.2010	31.12.2009
Opening balance	**87 738**	**81 028**
Increase in provisions	1 500	21 979
Applied provisions	(1 017)	(11 407)
Decrease in provisions	(2 461)	(3 862)
Closing balance	**85 760**	**87 738**

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

A description of material claims and the related contingent liabilities has been presented in notes 26.2, 26.4, 26.5 and 26.6.

During the 9 months ended 30 September 2010, the provision for projected losses due to compensation proceedings decreased by PLN 1,978 thousand (during the 12 months ended 31 December 2009 it increased by PLN 6,710 thousand).

During the 3 months ended 30 September 2010, the provision for projected losses due to compensation proceedings decreased by PLN 1,664 thousand (during the 3 months ended 30 September 2009 it decreased by PLN 2,177).

Other provisions

	30.09.2010	31.12.2009
Opening balance	**23 979**	**36 909**
Increase in provisions	69 776	67 789
Applied provisions	(63 426)	(68 824)
Release of unused provision	(2 380)	(11 895)
Closing balance	**27 949**	**23 979**

During the 9 months ended 30 September 2010, other provisions increased by PLN 3,970 thousand (during the 12 months ended 31 December 2009 they fell by PLN 12,930 thousand).

During the 3 months ended 30 September 2010, other provisions increased by PLN 3,998 thousand (during the 3 months ended 30 September 2009 they increased by PLN 14,370 thousand).

Provision for land reclamation

After closing or filling a slag and ash dump, the Group is obliged to carry out appropriate land reclamation. As the Group has large unfilled dumps, land reclamation is planned for 2060. Future estimated costs of land reclamation were discounted to their present value using a 5.59% discount rate. The value of the provision for land reclamation is reviewed as of 31 December and 30 June, unless significant changes in estimation assumptions occur.

As of 30 September 2010 the provision amounted to PLN 9,744 thousand (as of 31 December 2009: PLN 7,629 thousand).

Provision for the cost of disposal or storage of ash and slag mixture

The Group produces two types of waste in the process of burning coal: ash and ash and slag mixture. As the Group incurs costs related to mixture disposal, it recognizes a relevant provision. Future estimated costs of disposal or storage of ash and slag mixture were discounted to their present value using a 5.59% discount rate. The provision for costs of disposal or storage of ash and slag mixture is reviewed as of 31 December and 30 June, unless significant changes in estimation assumptions occur.

As of 30 September 2010 the provision amounted to PLN 2,144 thousand (as of 31 December 2009: PLN 4,107 thousand).

Provision for purchasing CO_2 emission rights

As of 30 September 2010 the provision determined based on the market price of CO2 emission rights amounted to PLN 3,554 thousand (as of 31 December 2009: PLN 11,109 thousand).

21. Dividend

On 20 April 2010 the General Meeting of Shareholders of ENEA S.A. adopted Resolution No. 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 has already been paid to the shareholders.

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

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

22. Related party transactions

The Capital Group companies subject to consolidation conclude the following related-party transactions:

- the Capital 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 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.;
  - those resulting from civil–law agreements;
- transactions with entities whose shares are held by the State Treasury of the Republic of Poland.

Transactions with members of the Group's governing bodies:

No.	Item	Management Board of the Company 01.01.2010 - 30.09.2010	Management Board of the Company 01.01.2009 - 30.09.2009	Supervisory Board of the Company 01.01.2010 - 30.09.2010	Supervisory Board of the Company 01.01.2009 - 30.09.2009
1.	Remuneration under employment contracts	831	1 141	-	-
2.	Remuneration relating to appointment of members of management and supervisory bodies	-	-	312	251
3.	Remuneration due to the position held in supervisory boards of subsidiaries	211	126	-	-
4.	Remuneration due to other employee benefits (electricity allowance)	233	44	-	-
	TOTAL	**1 275**	**1 311**	**312**	**251**

Members of the Management Board and Supervisory Board are subject to the provisions of the Act of 3 March 2000 on remuneration of persons managing certain legal entities (companies with the majority interest of the State Treasury). Pursuant to the Act, the maximum monthly remuneration cannot exceed six average monthly remunerations in the enterprise sector, excluding profit bonuses in Q4 of the preceding year, 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 bonus granting.

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

No.	Company body	Balance as of 01.01.2010	Granted on 01.01.2010	Maturing on 30.09.2010	Balance as of 30.09.2010
1.	Management Board	21	-	(21)	-
2.	Supervisory Board	29	10	(9)	**30**
	TOTAL	**50**	**10**	**(30)**	**30**

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

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

The Group also concludes business transactions with entities of the central and local administration and entities controlled 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 produced in the CHP system, transmission and distribution services provided by the Group to companies whose shares are held by the State Treasury;
- sale of electricity, distribution services, connection to the grid and other related fees, provided 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 a register which would allow it to aggregate the values of all transactions with state institutions and entities whose shares are held by the State Treasury.

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

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

- by 31 August each year companies file applications for advance payments relating to the settlements;

- by 31 July of the following year the President of the Energy Regulatory Office determines the value of the annual stranded cost adjustment (adjustment of advance payments);

- by 31 August of the year following the end of the adjustment period the President of the Energy Regulatory Office determines the value of the final adjustment (31 August 2015 in the case of the Group).

The Group has developed a calculation model based on which it applies to the President of the Energy Regulatory Office for advance payments and annual settlements. Determination of the amounts due is not straightforward, as it depends on a number of factors, including interpretation of statutory provisions.
The Group decided to recognize as revenue only the amounts resulting from the decision on the annual stranded cost adjustment.

a/ 2008 settlements

In 2008 Elektrownia "Kozienice" S. A. received advance payments for stranded costs of PLN 93,132 thousand from Zarządca Rozliczeń S. A. The amount of PLN 80,976 thousand was recognized in the 2008 financial statements as revenue due to compensation. On 5 August 2009 Elektrownia "Kozienice" S.A received a Decision of the President of the Energy Regulatory Office dated 31 July 2009 determining the amount of the annual stranded cost adjustment (i.e. advance payments received earlier from Zarządca Rozliczeń S. A.) for Elektrownia "Kozienice" S. A. for 2008. Pursuant to the Decision, the amount of the annual stranded cost adjustment (i.e. the amount of advance payments to be returned to Zarządca Rozliczeń S.A.) was PLN 89,537 thousand, which implies that revenue due to compensation for 2008 is lower than the amount of PLN 77,381 thousand recognized by Elektrownia "Kozienice" S.A. in its financial statements for the year 2008 (and thus, in the consolidated financial statements of the ENEA Capital Group).

According to the Management Board of Elektrownia "Kozienice" S.A. and ENEA S.A., the majority of assumptions made by the President of the Energy Regulatory Office in his Decision and the interpretation of the Act on principles of financing the costs incurred by producers following early termination of long-term contracts for the sale of power and electricity of 29 June 2007 are incorrect or inappropriately applied. Consequently, on 19 August 2009 Elektrownia "Kozienice" S.A. filed an appeal to the Regional Court in Warsaw - Court of Competition and Consumer Protection. The appeal also contained an application for suspension of decision enforcement until the case is decided. On 23 September 2009, the Regional Court in Warsaw - Court of Competition and Consumer Protection issued a decision whereby it suspended enforcement of the decision appealed against in excess of the amount of PLN 44,768 thousand and dismissed the motion for the further amount. Therefore, on 30 September 2009, the Management Board of Elektrownia „Kozienice" S.A. decided to return the advance payment in the amount resulting from the Decision of the President of the Energy Regulatory Office which had not been suspended by the Court.

On 2 October 2009 Elektrownia "Kozienice" S. A. lodged a complaint against the above decision to the Court of Appeals in Warsaw, VI Civil Division. On 19 May 2010 the Court of Appeals changed the decision of the Court of Competition and Consumer Protection of 23 September 2009 and suspended enforcement of the decision of the President of the Energy Regulatory Office of 31 July 2009 on the annual stranded cost adjustment in whole. The Court of Appeals emphasised that the Court of Competition and Consumer Protection did not have legal grounds to refuse partial suspension of the enforcement of the decision. Therefore, if it had found grounds for suspending enforcement of the decision, it should have suspended the enforcement of the decision in whole. Consequently, on 27 May 2010 Elektrownia "Kozienice" S. A. requested Zarządca Rozliczeń S. A. to return PLN 40,577 thousand with interest due. However, Zarządca Rozliczeń refused to do so claiming that the only legal basis for the return might be a change of the decision of the President of the Energy Regulatory Office of 31 July 2009. On 5 July 2010 Elektrownia "Kozienice" S. A. filed the final pre-trial demand for payment of PLN 40,577 thousand with interest due to Zarządca Rozliczeń S. A. In a letter dated 12 July 2010 Zarządca Rozliczeń S. A. upheld its original decision and refused to return the amount in question.

The Management Board of Elektrownia "Kozienice" S.A. decided not to recognize further revenue from compensation and to adjust the revenue from compensation recognized in 2008 by PLN 77,380 thousand. The above adjustment was recognized in the statement of comprehensive income for the period from 1 January to 31 December 2009 as sales revenue (amount reducing the sales revenue). If in the future the Court issues a decision on the appeal against the decision of the President of the Energy Regulatory Office obliging Elektrownia "Kozienice" S.A. to return an amount lower than that specified in the decision of the President of the Energy Regulatory Office, it will increase the financial profit of the Group.

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

b/ 2009 settlements

On 29 July 2010 the President of the Energy Regulatory Office issued a decision whereby the amount of the annual stranded cost adjustment for 2009 to be received by Elektrownia "Kozienice" S. A. from Zarządca Rozliczeń S. A. is PLN 15,580 thousand. This decision is also unfavourable for the Group and on 17 August 2010 the Group appealed against it to the Court of Competition and Consumer Protection, Regional Court in Warsaw. The above amount has been recognized in these condensed interim consolidated financial statements as sales revenue and receivables.

Assuming that the decisions obtained by Elektrownia "Kozienice" S.A. regarding the appeals against the decisions issued by the President of the Energy Regulatory Office determining the amounts of the annual adjustments for 2008 and 2009 are favourable for the Company:
- the annual adjustment for 2009 is estimated at PLN 111,100 thousand (+);
- the annual adjustment for 2010 is estimated at PLN 78,600 thousand (+) (the estimate has been based on the realization for the 9 months of 2010 and the plan for Q4 2010).

As no judicial decisions have been issued with respect to the appeals filed by the Company, the possibility to determine the probability of obtaining the aforementioned amounts (estimated based on the current knowledge and available data) in relation to the annual stranded cost adjustments is limited.

Therefore, the amount of revenue disclosed in these condensed interim consolidated financial statements has been determined using the best knowledge of the Management Board and in line with the prudence principle.

24. Future liabilities under contracts concluded as of the balance sheet date

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

	30.09.2010	**31.12.2009**
Acquisition of property, plant and equipment	440 371	415 833
Acquisition of intangible assets	11 464	12 547
	451 835	**428 380**

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

Sales of electricity during the year are subject to seasonal fluctuations. They increase during the winter months and decrease in 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 (43.75% of the sales value), rather than to the industrial sector.

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

26.1. Guarantees for credit facilities and loans as well as other sureties granted by ENEA S.A and its subsidiaries

The Company and its subsidiaries did not grant any guarantees for credit facilities or loans, or sureties during the reporting period.

26.2. Pending proceedings before common courts

Actions brought by the Group

Actions which ENEA S.A. and ENEA Operator Sp. z o.o. brought to common courts 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).

The majority of actions which Elektrownia "Kozienice" S.A. brought to common courts refer to claims for receivables due to default under freight forwarding contracts and liquidated damages from the biomass suppliers.

As of 30 September 2010, common courts heard the total of 5,845 cases brought by the Group for the total amount of PLN 42,695 thousand (as of 31 December 2009 there were 6,063 cases for the total amount of 38,496 thousand).

None of the cases can significantly affect the Group's profit/loss.

Actions brought against the Group

Actions against the Group are brought both by natural and legal persons. They mainly refer to such issues as compensation for interrupted delivery of electricity, 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 (note 26.5).

Actions brought against Elektrownia "Kozienice" S.A. are related to claims resulting from the flying ash sales agreement (demand for Elektrownia "Kozienice" S.A. to pay fees for loading delay, calculated by the buyer). The liability was settled on 2 April 2010 under an amicable agreement. Court proceedings against Elektrownia "Kozienice" S.A. are also related to claims of Gospodarstwo Ogrodnicze w Ryczywole Kamila Lewek Wiśniewska Jacek Pospieszył spółka cywilna. The claim concerns remedying damages resulting from the operation of the plant owned by Elektrownia 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 to institute amicable proceedings - the amount claimed is PLN 5,018 thousand. During a conciliatory meeting held on 17 June 2010, the parties did not reach an agreement and

Centrum Konsultingu Menedżerskiego Gordion Sp. z o.o. filed a statement of claim in the Regional Court in Lublin.

As of 30 September 2010 common courts heard 536 cases against the Group for the total amount of PLN 49,279 thousand (as of 31 December 2009 there were 351 cases for the total amount of PLN 25,102 thousand). Provisions related to the court cases have been presented in note 20.

26.3. Arbitration proceedings

As of 30 September 2010 there were no proceedings heard by arbitration bodies.

26.4. 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.

Pursuant to a decision of the President of the Office of Competition and Consumer Protection of 30 September 2008 which closed the proceedings for abuse of market position by not keeping deadlines related to connection decisions and determining the impact of the designed wind power station on the electricity system, ENEA Operator Sp. z o.o. was obliged to pay a fine of PLN 11,626 thousand. ENEA Operator Sp. z o.o. lodged an appeal against the decision. As of the date of preparation of these condensed interim consolidated financial statements the appeal had not been examined. As of 30 September 2010, the Group created a provision in the total amount of the aforementioned fine.

On 27 November 2008 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 2006, imposing a fine of PLN 7,594 thousand on the Company. 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. As of 30 September 2010, the Group created 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 of 30 September 2010, the Group created a provision in the total amount of the aforementioned fine.

On 11 February 2009 Elektrownia Kozienice applied to the Customs Office in Radom for ascertainment and refund of overpaid excise on electricity for the months from January 2006 to December 2008 in the amount of PLN 694.6 million with return correction.

On 24 November 2009 the Company applied to the Customs Office in Radom for ascertainment and refund of overpaid excise on electricity for subsequent months, i.e. January 2009 and February 2009 in the amount of PLN 34,6 million, including PLN 247 thousand of excise on renewable energy.

Excise adjustments, excluding excise on renewable energy, stem from the differences in the Polish and EU regulations concerning tax on electricity in the period from 1 January 2006 to 28 February 2009.

Proceedings related to overpaid tax for 2006: the Company appealed to the Provincial Administrative Court in Warsaw against the decisions of the Director of the Customs Chamber in Warsaw which sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for the particular months of 2006 and the amounts specified in the original tax return were correct.

Proceedings related to overpaid tax for 2007: the Company appealed to the Provincial Administrative Court in Warsaw against the decisions of the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for the particular months of 2007 and the amounts specified in the original tax return were correct.

Proceedings related to overpaid tax for 2008 - the Head of the Customs Office in Radom issued decisions determining the overpaid amount of excise only with respect to renewable electricity for individual months of 2008 in the total amount of PLN 2.6 million. As for the period when Polish regulations were inconsistent with those of the EC, he refused returning overpaid tax and specified tax liabilities at amounts reduced by the excise on energy from renewable resources for the period in question. The Company appealed against the decisions to the Director of the Customs Chamber in Warsaw who sustained the decisions of the Head of the Radom Customs Office whereby the Company was not entitled to a return of overpaid excise for January 2008, February 2008 and April 2008 and specifying the tax liability for the months at amounts resulting from the initial returns of the Company, less excise on green energy. As of 30 September 2010 the Company had appealed to the Provincial Administrative Court against the decisions of the Director of the Tax Chamber in Warsaw concerning January 2008, February 2008 and April 2008.

Proceedings related to overpaid tax for January 2008 and February 2009 – the Head of the Customs Office in Radom issued decisions determining the overpaid amount of excise only with respect to renewable electricity for January 2009 and February 2009 at PLN 247 thousand. As for the period when Polish regulations were inconsistent with those of the EC, he refused returning overpaid tax and specified tax liabilities in amounts reduced by the excise on energy from renewable resources for the period in question. The Company appealed against the above decisions to the Director of the Customs Chamber in Warsaw.

Due to the nature of the Group's business, as of 30 September 2010 there were many other proceedings before the public administration bodies.

A vast majority of the proceedings have been instigated at the request of the Group, which has applied to relevant administration bodies for:

- instigation of administrative enforcement in order to recover receivables for illegal consumption of electricity;
- building permits with respect to new facilities and modernization of the existing ones;
- permit for occupation of a road lane by electricity equipment;
- determination of fees for perpetual usufruct of land;
- designation of land for electrical devices.

Some of the proceedings are complaints submitted to government and local government administration bodies or administrative courts with respect to decisions issued in the above cases.
The result of these proceedings is unlikely to have a significant impact on the Group's net profit.

Due to the nature of operations of ENEA Operator Sp. z o.o. (operations in the regulated monopoly market) there have been numerous court actions brought against the Company by the President of the Energy Regulatory Office and the President of the Office for Competition and Consumer Protection at the request of buyers of electricity supplied by the Group.
The President of the Energy Regulatory Office, as a key central administration body appointed to regulate operations of companies in the energy sector, settles disputes related to a refusal to conclude agreements for connection to the grid or provision of transmission services, or to the provisions thereof.

As of 30 September 2010 the President of the Energy Regulatory Office carried out a series of explanatory and administrative proceedings against the Group.
The result of these proceedings is unlikely to have a significant impact on the Group's net profit.

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

The risk related to the legal status of the property used by the Group results from the fact that the Group does not have all legal titles to use the land where transmission networks and the related devices are located. The Group may have to incur costs related to non-contractual use of property in the future.
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).

Claims against the Group are claims for payment (compensation for non-contractual use of property, impairing the value of property, lost benefits) and claims for discontinuing infringement of ownership rights (demand to remove devices).
Decisions related to these issues are important as they considerably affect the Group's strategy towards persons who lodged pre-trial 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 Group 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. The Group does not recognize provisions for possible claims which have not been yet filed by owners of land used non-contractually. Possible claim amounts may be significant for the Group, considering the area of non-contractually used land where the Group's transmission networks or the related devices are located. The Group 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.

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

As of 30 September 2010 there were no regulations in this respect and the Group did not create provisions for possible claims due to the use of woodland managed by National Forests for the needs of the Group's electricity lines. On 29 November 2006 a meeting was held initiated by the Minister of Environment and 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. This year 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. The draft is being discussed by experts from various ministries and it assumes that the consideration for the transmission easement would be determined in the amount of taxes and local charges paid by the National Forests for the land under easement.

Currently, it is not possible to estimate a provision for participating in the costs of the National Forests related to property tax for the land owned by the State Treasury. The value of the potential claims may be significant, considering the area of land.

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 Group due to its non-contractual use of land. The claims have been accounted for in the provision referred to in Note 20.

27. Actions aimed at acquiring a coal mine

The Company has taken steps aimed at acquiring an organized part of a coal mine – Kopalnia Węgla Kamiennego "Brzeszcze – Silesia" Ruch II Silesia and made an informal acquisition offer to the existing shareholder. As of the date of preparation of these consolidated financial statements, the Management Board of ENEA S.A. decided to withdraw from acquisition of a part of Kompania Węglowa S. A. named Ruch II Silesia KWK „Brzeszcze-Silesia". ENEA S.A. does not rule out further talks and defining new frameworks of cooperation with Kompania Węglowa, which is the owner of the KWK Silesia mine. In the case of the KWK

Silesia mine the decision-making process is in progress and ENEA S.A. is considering other forms of investments.

28. Changes in excise

On 1 March 2009, an amendment to the Act on Excise Duty of 23 January 2004 came into force. Polish excise regulations required an amendment in order to comply with the EU laws. Based on the amendment, the excise obligation arises when electricity is supplied to end customers (not at the time of electricity production). Consequently, since 1 March 2009 ENEA S.A. has been obliged to pay excise (while before it was paid by Elektrownia "Kozienice" S.A.).

On 12 February 2009 the European Court of Justice issued a judgment stating that the previous Polish regulations determining the time of chargeability of excise on electricity did not comply with the regulations of the EU Energy Directive.
On 11 February 2009 Elektrownia Kozienice applied to the Customs Office in Radom for ascertainment and refund of overpaid excise in the amount of PLN 694,6 million for the period from January 2006 to December 2008. Additionally, on 24 November 2009 the Company applied to the Customs Office in Radom for ascertainment and refund of overpaid excise on electricity in the amount of PLN 34.6 million for January and February 2009. The related administrative proceedings have been presented in detail in Note 26.4.

As the outcome is not certain, the excise refund applied for has not been recognized in these condensed interim consolidated financial statements.

29. Negotiations concerning acquisition of shares

On 28 June 2010 the Minister of the State Treasury with its headquarters in Warsaw, acting on behalf of the State Treasury pursuant to the Act on Commercialisation and Privatisation (Journal of Laws of 2002 No. 171, item 1397 as amended) and the Regulation of the Council of Ministers concerning the detailed procedure for disposing of State Treasury shares (Journal of Laws of 2009 No. 34, item 264), published an invitation to negotiate with regard to acquiring 225,135,940 shares in ENEA S.A. constituting 51 per cent of the Company's share capital. The State Treasury intends to sell 225,135,940 shares with a par value of PLN 1 per share. The State Treasury currently holds 55.11 per cent of the Company's shares, with 4.11 per cent of those being employee shares. Some of the employee shares from the pool of 9.43 per cent in the Company's share capital have already been allocated to authorised persons on the basis of appropriate agreements concluded between the State Treasury and the authorised persons.
The deadline for submitting written replies to a public invitation to negotiate with regard to the acquisition of shares by potential investors who collected the Investment Memorandum was to have elapsed on 28 July 2010. On 23 July 2010 the Minister of the State Treasury stated that the deadline for submitting replies had been extended to 13 August 2010.
In reply to the invitation to negotiate on acquiring the shares in ENEA S.A., six companies submitted initial offers. After considering the replies submitted, Potential Investors were informed by 24 August about the Minister of the State Treasury's decision. The Minister of the State Treasury decided to admit five potential Investors to the next stage of privatisation.

On 30 September 2010 an electronic Data Room was made available to the Potential Investors (information, data and documents prepared for a due diligence examining the ENEA Group).

On 5 October 2010 the deadline passed for submitting binding offers to acquire the shares in ENEA S.A.

The Minister of the State Treasury ultimately decided to hold parallel negotiations on the sale of 51 per cent of the shares in ENEA S.A. with two companies: GDF Suez and Kulczyk Holding. On 28 October 2010 the Ministry of the State Treasury decided to set a time period for exclusive negotiations for Kulczyk Holding as the guarantor and Elektron Sp. z o.o. as the purchaser until 3 November 2010.

30. Post-balance sheet events

On 8 October 2010 the Extraordinary Shareholders' Meeting of Energetyka Poznańska Biuro Usług Technicznych S.A. adopted a Resolution on the reversal of the liquidation and further existence of the Company. The next Extraordinary Shareholders' Meeting is planned for 4 November 2010 with the agenda including: the increase in the share capital of the Company with no right to acquire shares granted to ENEA S.A. as the existing sole shareholder of the Company and the offer to acquire new shares issued under private subscription to be directed to Elektrownia "Kozienice".

An auction for the sale of shares in the share capital of ITSERWIS Sp. z o. o. in Zielona Góra was announced on 14 and 15 October 2010. The offer covers 12,728 shares constituting 100% of the share capital of the Company, with the face value of PLN 500 each and the total face value of PLN 6,364,000. The starting price of the shares is PLN 9,596,912. The auction is planned for 15 December 2010 in the office of the Management Board of ENEA S.A.

Selected separate financial data

	in PLN '000 PLN		in EUR '000	
	9 months ended 30 September 2010	9 months ended 30 September 2009	9 months ended 30 September 2010	9 months ended 30 September 2009
Net sales revenue	4 713 546	5 208 019	1 177 595	1 183 838
Profit/loss on operating activities	126 874	117 762	31 697	26 769
Profit/loss before tax	405 345	299 850	101 268	68 159
Net profit/loss for the reporting period	359 661	257 587	89 855	58 552
Net cash flows from operating activities	40 312	(322 408)	10 071	(73 287)
Net cash flows from investing activities	124 827	(1 606 441)	31 186	(365 161)
Net cash flows from financing activities	(170 522)	(182 916)	(42 602)	(41 579)
Total net cash flows	(5 383)	(2 111 765)	(1 345)	(480 027)
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.81	0.58	0.20	0.13
Diluted earnings per share (in PLN/EUR)	0.81	0.58	0.20	0.13

	Balance as of 30 September 2010	Balance as of 31 December 2009	Balance as of 30 September 2010	Balance as of 31 December 2009
Total assets	10 961 806	10 914 041	2 749 387	2 656 648
Total liabilities	922 288	1 081 593	231 324	263 277
Non-current liabilities	123 092	122 662	30 873	29 858
Current liabilities	799 196	958 931	200 450	233 419
Equity	10 039 518	9 832 448	2 518 063	2 393 371
Share capital	588 018	588 018	147 484	143 133
Book value per share (in PLN/EUR)	22.74	22.27	5.70	5.42
Diluted book value per share (in PLN/EUR)	22.74	22.27	5.70	5.42

The above financial data for Q3 2010 and 2009 were translated into EUR in line with the following principles:

- individual assets and liabilities - as per the average exchange rate at 30 September 2010– PLN/EUR 3.9870 (as of 31 December 2009 - PLN/EUR 4.1082);
- individual items from the income statement and the cash flow statement - as per the arithmetic mean of the average exchange rates determined by the National Bank of Poland as of the last day of each month of the financial period from 1 January to 30 September 2010 - PLN/EUR – 4.0027 (for the period from 1 January to 30 September 2009 – PLN/EUR 4.3993).

Independent auditor's report
on the review of the condensed interim separate financial statements
for the period from 1 January 2010 to 30 September 2010

To the Management Board and Supervisory Board of ENEA S.A.

We have reviewed the attached condensed interim separate financial statements of ENEA S.A. ("the Company") with its registered office in Poznań, Nowowiejskiego 11 Street, including: separate balance sheet prepared as of 30 September 2010, separate statement of comprehensive income, separate statement of changes in equity, separate statement of cash flows, prepared for the period from 1 January 2010 to 30 September 2010 and notes to the separate financial statements, comprising a summary of significant accounting policies and other explanatory information.

Compliance of these condensed interim financial statements with the requirements laid down in IAS 34 "Interim Financial Reporting" as endorsed by the European Union and with other regulations in force is the responsibility of the Management Board and Supervisory Board of the Company.

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

Our review has been conducted in accordance with the national auditing standards issued by the National Council of Statutory Auditors. These Standards require that we plan and conduct the review in such a way as to obtain reasonable assurance that the interim financial statements are free from material misstatement. Our review has been conducted mainly based on an analysis of data included in the condensed interim separate financial statements, examination of the accounting records as well as information provided by the management and the financial and accounting personnel of the Company.

The scope and methodology of a review of interim financial statements differ significantly from an audit, which serves as the basis for expressing an opinion on compliance of annual financial statements with the applicable accounting principles (policy) and an opinion on their fairness and clarity. Therefore, no such opinion on the attached condensed interim separate financial statements may be issued.

Based on our review, we have not identified any issues which would prevent us from concluding that the condensed interim financial statements have been prepared, in all material respects, in compliance with the requirements laid down in IAS 34 “Interim Financial Reporting” as endorsed by the European Union.

....
Piotr Waliński
Key certified auditor
conducting the review
No. 4254

....
represented by

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

Warsaw, 15 November 2010

The above auditor’s report on the review is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Condensed interim separate financial statements of ENEA S.A. for the period from 1 January to 30 September 2010

Poznań, 15 November 2010

Index to the condensed interim separate financial statements

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, 15 November 2010

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

Separate balance sheet

	Balance as of	
	30.09.2010	**31.12.2009**
ASSETS		
Non-current assets		
Property, plant and equipment	224 899	211 217
Land perpetual usufruct right	1 829	3 213
Intangible assets	4 236	1 405
Investments in subsidiaries, associates and co-subsidiaries	7 851 203	7 844 884
Deferred tax asset	35 470	27 366
Financial assets available for sale	20 904	3 866
Financial assets measured at fair value through profit or loss	1 270	1 219
	8 139 811	**8 093 170**
Current assets		
Trade and other receivables	759 140	850 247
Current income tax receivables	4 462	11 090
Financial assets measured at fair value through profit or loss	1 762 354	1 652 523
Cash and cash equivalents	296 039	301 422
	2 821 995	**2 815 282**
Non-current assets held for sale		**5 589**
TOTAL ASSETS	**10 961 806**	**10 914 041**

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

	Balance as of	
TOTAL EQUITY AND LIABILITIES	**30.09.2010**	**31.12.2009**
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)	11 310	(3 847)
Reserve capital	892 198	754 841
Retained earnings	2 775 983	2 721 427
Total equity	**10 039 518**	**9 832 448**
LIABILITIES		
Non-current liabilities		
Credit facilities and loans	-	-
Finance lease liabilities	4 897	5 882
Settlement of income due to subsidies and connection fees	31 967	33 194
Liabilities due to employee benefits	86 228	83 586
	123 092	**122 662**
Current liabilities		
Credit facilities and loans	-	-
Trade and other liabilities	692 001	836 574
Finance lease liabilities	2 862	2 845
Settlement of income due to subsidies and connection fees	2 257	2 244
Current income tax liabilities	-	-
Liabilities due to employee benefits	11 938	8 701
Liabilities due to an equivalent of the right to acquire shares free of charge	575	618
Provision for certificates of origin	48 296	65 611
Provisions for other liabilities and charges	41 267	42 338
	799 196	**958 931**
Total liabilities	**922 288**	**1 081 593**
TOTAL EQUITY AND LIABILITIES	**10 961 806**	**10 914 041**

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

Separate statement of comprehensive income

	9 months ended 30.09.2010	3 months ended 30.09.2010	9 months ended 30.09.2009	3 months ended 30.09.2009
Sales revenue	4 905 842	1 520 415	5 366 865	1 751 458
Excise duty	(192 296)	(54 740)	(158 846)	(66 725)
Net sales revenue	**4 713 546**	**1 465 675**	**5 208 019**	**1 684 733**
Other operating revenue	6 504	2 566	18 185	3 499
Amortization/Depreciation	(13 041)	(4 269)	(10 453)	(3 337)
Costs of employee benefits	(39 177)	(12 797)	(22 734)	(11 211)
Consumption of materials and raw materials and costs of goods sold	(2 685)	(620)	(2 380)	(992)
Energy purchase for sale	(2 980 317)	(935 185)	(3 381 416)	(1 108 663)
Transmission and distribution services	(1 433 161)	(441 914)	(1 572 903)	(504 336)
Other external services	(96 699)	(35 179)	(81 189)	(24 365)
Taxes and charges	(7 306)	(2 020)	(6 518)	(1 379)
(Profit)/loss on sale and liquidation of property, plant and equipment	(473)	(124)	683	(44)
Impairment loss on property, plant and equipment	-	-	(7 517)	-
Other operating expenses	(20 317)	(4 909)	(24 015)	(6 070)
Operating profit	**126 874**	**31 224**	**117 762**	**27 835**
Financial expenses	(4 413)	(1 412)	(5 563)	(810)
Financial revenue	88 996	27 398	108 754	40 689
Dividend income	193 888	-	78 897	-
Profit before tax	**405 345**	**57 210**	**299 850**	**67 714**
Income tax	(45 684)	(15 518)	(42 263)	(9 588)
Net profit for the reporting period	**359 661**	**41 692**	**257 587**	**58 126**
Other items of comprehensive income:				
Measurement of financial assets available for sale	16 156	16 156	-	-
Income tax related to other items of comprehensive income	(999)	(999)	-	-
Other items of net comprehensive income	**15 157**	**15 157**	**-**	**-**
Comprehensive income for the period	**374 818**	**56 849**	**257 587**	**58 126**
Earnings attributable to the Company's shareholders	359 661	41 692	257 587	58 126
Weighted average number of ordinary shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	**0.81**	**0.09**	**0.58**	**0.13**
Diluted profit per share (in PLN per share)	**0.81**	**0.09**	**0.58**	**0.13**

(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 of 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**
Measurement of financial assets available for sale									
Dividend									
Sale of financial assets available for sale									
Total profit for the period						15 157		359 661	**374 818**
Total profit and loss recognized for the period						**15 157**		**359 661**	**374 818**
Distribution of the financial profit							137 357	(137 357)	**-**
Dividends								(167 748)	**(167 748)**
Increase in share capital									
Balance as of 30 September 2010	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**11 310**	**892 198**	**2 775 983**	**10 039 518**

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

	Share capital (face value)	Revaluation of share capital	Total share capital	Treasury shares	Share premium	Share-based capital	Revaluation reserve (financial instruments)	Reserve capital	Retained earnings	Total equity
Balance as of 1 January 2009	**441 443**	**146 575**	**588 018**	**(17 396)**	**4 627 673**	**1 144 336**	**(3 847)**	**754 425**	**2 619 709**	**9 712 918**
Measurement of financial assets available for sale										
Sale of financial assets available for sale										
Total profit for the period									257 587	**257 587**
Total profit and loss recognized for the period									**257 587**	**257 587**
Redemption of shares										
Cash equivalent exchanged for shares										
Change in the fair value of the employee stock ownership plan										
Distribution of the financial profit								416	(416)	**-**
Dividends									(203 281)	**(203 281)**
Issuance of shares										
Disposal of treasury shares acquired under the stabilization option				17 396						**17 396**
Balance as of 30 September 2009	**441 443**	**146 575**	**588 018**	**-**	**4 627 673**	**1 144 336**	**(3 847)**	**754 841**	**2 673 599**	**9 784 620**

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

Separate cash flow statement

	9 months ended 30.09.2010	9 months ended 30.09.2009
Cash flows from operating activities		
Net profit for the reporting period	359 661	257 587
Adjustments:		
Income tax disclosed in the income statement	45 684	42 263
Amortization/Depreciation	13 041	10 453
Costs of benefits due to share-based payments	-	-
Loss on disposal and liquidation of property, plant and equipment	473	(683
Impairment loss on property, plant and equipment	-	-
(Gain)/loss on disposal of financial assets	1 803	(14 217)
Interest income	(88 996)	(94 570)
Dividend income	(193 888)	(78 897)
Interest expense	4 413	3 082
Exchange (gains)/losses related to credit facilities and loans	-	-
	(217 470)	**(125 052)**
Income tax paid	(48 158)	(48 974)
Interest received	16 167	87 837
Interest paid	(1 310)	(3 082)
Changes in working capital		
Inventories	-	-
Trade and other receivables	96 623	(145 953)
Trade and other liabilities	(150 960)	(81 495)
Liabilities due to employee benefits	5 879	(5 201)
Settlement of income due to subsidies and connection fees	(1 691)	(1 664)
Change in provisions for certificates of origin	(17 315)	(92 244)
Change in liabilities due to the equivalent of the right to acquire shares free of charge	(43)	(163 375)
Change in provisions	(1 071)	(792)
	(68 578)	(490 724)
Net cash flows from operating activities	**40 312**	**(322 408)**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(27 088)	(916)
Proceeds from disposal of property, plant and equipment and intangible assets	941	1 475
Proceeds from disposal of financial assets	5 589	243 147
Acquisition of financial assets	(42 300)	(1 900 000)
Acquisition of subsidiaries, associates and a jointly-controlled entity	(6 353)	(26 349
Dividends received	193 888	78 897
Other payments for/proceeds from investing activities	150	(2 695)
Net cash flows from investing activities	**124 827**	**(1 606 441)**
Cash flows from financing activities		
Proceeds from sale of own shares	-	22 479
Dividends paid	(167 748)	(203 064)
Payment of finance lease liabilities	(2 774)	(2 331)
Net cash flows from financing activities	**(170 522)**	**(182 916)**
Net increase (decrease) in cash	**(5 383)**	**(2 111 765)**
Opening balance of cash	301 422	2 321 386
Closing balance of cash	**296 039**	**209 621**

The separate cash flow statement should be analyzed together with notes constituting an integral part of the condensed interim separate financial statements.

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

1. General information about ENEA S.A.

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

ENEA S.A, operating under the 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 of 30 September 2010 ENEA S.A.'s shareholder structure was as follows (an increase in the share capital as a result of issuance of shares under a public offering, was registered in the National Court Register on 13 January 2009):): the State Treasury of the Republic of Poland – 60.43% of shares, Vattenfall AB – 18.67%, other shareholders – 20.90%.

As of 30 September 2010 the Company's statutory share capital equaled PLN 441,443 thousand (PLN 588,018 thousand upon adoption of EU-IFRS and considering hyperinflation and other adjustments) and was divided into 441,442,578 shares.

Trade in electricity is the core business of ENEA S.A. ("ENEA", "Company").

ENEA S.A. is the parent company in the ENEA S.A. Capital Group. As of 30 September 2010 the Group comprised also 23 subsidiaries and 3 associates.

These condensed interim separate financial statements have been prepared on the 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 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 ENEA S.A.

The Management Board of the Company used its best knowledge as to the application of standards and interpretations as well as measurement methods and principles applicable to the individual items of the condensed interim individual financial statements of ENEA S.A. in accordance with EU-IFRS as of 30 September 2010. The presented statements and explanations have been determined using due diligence. These condensed interim separate financial statements have been reviewed by a certified auditor.

3. Accounting principles applied

These condensed interim separate financial statements have been prepared in accordance with accounting policies 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 2010.

Accounting polices applied by the Company were presented in the separate financial statements of ENEA S.A. for the financial year ended 31 December 2009.

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 2009.

4. New accounting standards and interpretations

The standards applicable to annual periods beginning after 1 January 2010 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.

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

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

No.	Name and address of the Company	ENEA S.A. percentage share in the total number of votes 30.09.2010	ENEA S.A. percentage share in the total number of votes 31.12.2009
1.	ENERGOMIAR Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, ul. Strzeszyńska 58*	91.32	87.97
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. in liquidation *Poznań, ul. Dziadoszańska 10*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Wysokich i Najwyższych Napięć "EWiNN" Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
7.	COGEN Sp. z o.o. *Piła, ul. Kaczorska 20*	100	100
8.	EnergoPartner Sp. z o.o. *Poznań, ul. Warszawska 43*	-	100
9.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
10.	ENERGO-TOUR Sp. z o.o. *Poznań, ul. Marcinkowskiego 27*	99.92	99.92
11.	ENEOS Sp. z o.o. *Poznań, ul.Strzeszyńska 58*	100	100
12.	ENTUR Sp. z o.o. *Szczecin, ul. Malczewskiego 5/7*	100	100
13.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, ul. Wilkońskiego 2*	99.94	99.94
14.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
15.	Zakład Usług Przewozowych ENERGOTRANS Sp. z o.o. *Gorzów Wlkp., ul. Energetyków 4*	100	100
16.	"PWE Gubin" Sp. z o.o. Sękowice 100 gm. Gubin	-	50
17.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, ul. Wybudowanie 56	87.99	87.99
18.	„ITSERWIS" Sp. z o.o. *Zielona Góra, ul. Zacisze 28*	100	100
19.	"Auto – Styl" Sp. z o.o. *Zielona Góra, ul. Zacisze 15*	100	100
20.	FINEA Sp. z o.o. in liquidation *Poznań, ul.Warszawska 43*	100	100
21.	Przedsiębiorstwo Energetyki Cieplnej - Gozdnica Sp. z o.o. *Gozdnica, ul. Świerczewskiego 30*	100	100
22.	ENEA Operator Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
23.	Elektrownia "Kozienice" S.A.	100	100

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

	Świerże Górne, gmina Kozienice, Kozienice 1		
24.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, ul. Kaczorska 20*	63.396	63.396
25.	Kozienice II Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 2*	80.56	80.56
26.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., ul. Chłapowskiego 51*	49	49
27.	Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. *Śrem, ul. Staszica 6*	41.65	41.65
28.	Elektrociepłownia Białystok S.A. *Białystok, ul. Gen. Andersa 3*	30.36	30.36

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

On 28 January 2010 the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of ENTUR Sp. z o.o. up to PLN 4 134.5 thousand, i.e. by PLN 100 thousand by way of issuing 200 new shares with the face value of PLN 500 each. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in cash. On 3 March 2010 the increased share capital was registered in the National Court Register.

On 4 February 2010 the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o. o. by PLN 1 710 thousand to PLN 17 448 thousand by way of issuing 3 420 new shares with the face value of PLN 500 each. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in cash. The increased share capital was registered in the National Court Register on 8 April 2010.

Pursuant to a Resolution of 15 December 2009, the Management Board of ENEA S.A. agreed to sell the shares in PWE Gubin Sp. z o.o. with its registered office in Sękowice held by ENEA S.A. The shares were sold based on the agreement for the sale of shares of 9 February 2010.

On 22 December 2009 and on 2 February 2010 the Extraordinary Shareholders' Meeting adopted Resolutions to increase the share capital of BHU S.A. with its registered office in Poznań up to PLN 14 302.5 thousand, i.e. by PLN 4 164.1 thousand by way of issuing 41 641 new shares with the face value of PLN 100 each. On 5 May 2010 the Extraordinary Shareholders' Meeting of BHU S.A. with the registered office in Poznań decided to revoke a resolution of 22 December 2009 on increasing the share capital of the Company by way of issuing J series shares due to the inability to meat the deadline for contributing a real property located in Gorzów Wielkopolski to cover the shares issued. Consequently, on 8 June 2010 the share capital increase by PLN 3,923.8 thousand from PLN 10,138.4 thousand up to PLN 14,062.2 thousand was recorded in the National Court Register. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in cash and a contribution in kind.

On 22 December 2009, the Extraordinary Shareholders' Meeting passed Resolution No. 1 regarding the increase of the share capital of ENERGOBUD Leszno Sp. o.o. with the registered office in Gronówko up to PLN 5,676 thousand, i.e. by PLN 2,151.5 thousand by issuing 4,303 new shares with nominal value of PLN 500 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 was registered in the National Court Register on 2 April 2010.
On 29 June 2010 the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of ENERGOBUD Leszno Sp. z o.o. with its registered office in Gronówko up to PLN 6,216 thousand, i.e. by PLN 540 thousand by way of issuing 1 080 new shares with the face value of PLN 500 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 was registered in the National Court Register on 20 August 2010.

On 12 April 2010 the Extraordinary Shareholders' Meeting adopted Resolution to increase the share capital of ENEOS Sp. z o.o. up to PLN 20 189.5 thousand, i.e. by PLN 630.5 thousand by way of issuing 1 261 new shares with the face value of PLN 500 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 was registered in the National Court Register on 15 September 2010.

On 19 April 2010 the Extraordinary Shareholders' Meeting adopted a resolution on putting Energetyka Poznańska Biuro Usług Technicznych S. A. into liquidation as of 1 May 2010. Mr. Jacek Pałka appointed Chairman of the Management Board assumed the function of the official receiver.

On 11 June 2010 the Extraordinary Shareholders' Meeting decided to put Finea Sp. z o. o. into liquidation. Ms. Katarzyna Mińkowska was appointed the official receiver.

On 1 July 2010 two subsidiaries of ENEA S. A. were combined: Elektrownie Wodne Sp. z o. o. with its registered office in Samociążek (the acquirer) and Energopartner Sp. z o. o. with its registered office in Poznań (the acquiree). As a result of the business combination, a new entity was established under the name of Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek. As a result of the business combination, the share capital of the acquirer - Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek was increased by PLN 8 821 thousand up to PLN 213 841 thousand and is divided into 427 682 shares with the face value of PLN 500 each.

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

7. Segment reporting

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

	Trade	Production	All other segments	Exclusions	Total
Net sales revenue*	4 671 103	-	42 443	-	4 713 546
Inter-segment sales	-	1 561	-	(1 561)	-
Total net sales revenue	**4 671 103**	**1 561**	**42 443**	**(1 561)**	**4 713 546**
Total expenses **	(4 481 239)	(1 424)	(37 036)	1 561	(4 518 138)
Segment profit/loss	**189 864**	**137**	**5 407**	**-**	**195 408**
Unassigned general and administrative expenses					(68 534)
Operating profit					**126 874**
Financial expenses					(4 413)
Financial revenue					88 996
Dividend income					193 888
Income tax					(45 684)
Net profit					**359 661**

* - net sales revenue under Trade also includes net revenue from sales of distribution services of PLN 1 433 176 thousand which was presented separately in the condensed interim consolidated financial statements of the ENEA S.A Group under Distribution.

** - total expenses:
- include the costs of sales of distribution services of PLN 1 433 161 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA S.A. Group under Distribution
- include also other operating revenue and expenses

Segment reporting for the period from 1 July to 30 September 2010 is as follows:

	Trade	Production	All other segments	Exclusions	Total
Net sales revenue*	1 451 185	-	14 490	-	1 465 675
Inter-segment sales	-	39	-	(39)	-
Total net sales revenue	**1 451 185**	**39**	**14 490**	**(39)**	**1 465 675**
Total expenses **	(1 401 066)	(39)	(11 481)	39	1 412 547
Segment profit/loss	**50 119**	**-**	**3 009**	**-**	**53 128**
Unassigned general and administrative expenses					(21 904)
Operating profit					**31 224**
Financial expenses					(1 412)
Financial revenue					27 398
Dividend income					-
Income tax					(15 518)
Net profit					**41 692**

* - net sales revenue under Trade also includes net revenue from sales of distribution services of PLN 442,004 thousand which was presented separately in the condensed interim consolidated financial statements of the ENEA S.A Group under Distribution

** - total expenses:
- include the costs of sales of distribution services of PLN 441 914 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA S.A Group under Distribution
- include also other operating revenue and expenses

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

Segment reporting for the period from 1 January to 30 September 2009 is as follows:

	Trade	All other segments	Total
Net sales revenue*	5 168 589	39 430	5 208 019
Inter-segment sales	-	-	-
Total net sales revenue	**5 168 589**	**39 430**	**5 208 019**
Total expenses **	(5 015 781)	(36 353)	(5 052 134)
Segment profit/loss	**152 808**	**3 077**	**155 885**
Unassigned general and administrative expenses			(38 123)
Operating profit			**117 762**
Financial expenses			(5 563)
Financial revenue			108 754
Dividend income			78 897
Income tax			(42 263)
Net profit			**257 587**

* - net sales revenue under Trade also includes net revenue from sales of distribution services of PLN 1 572 757 thousand which was presented separately in the condensed interim consolidated financial statements of the ENEA S.A Group under Distribution.

** - total expenses:
- include the costs of sales of distribution services of PLN 1 572 903 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA S.A. Group under Distribution
- include also other operating revenue and expenses

Segment reporting for the period from 1 July to 30 September 2009 is as follows:

	Trade	All other segments	Total
Net sales revenue*	1 671 511	13 222	1 684 733
Inter-segment sales	-	-	-
Total net sales revenue	**1 671 511**	**13 222**	**1 684 733**
Total expenses **	(1 631 850)	(10 576)	(1 642 426)
Segment profit/loss	**39 661**	**2 646**	**42 307**
Unassigned general and administrative expenses			(14 472)
Operating profit			**27 835**
Financial expenses			(810)
Financial revenue			40 689
Dividend income			-
Income tax			(9 588)
Net profit			**58 126**

* - net sales revenue under Trade also includes net revenue from sales of distribution services of PLN 504,298 thousand which was presented separately in the condensed interim consolidated financial statements of the ENEA S.A Group under Distribution

** - total expenses:
- include the costs of sales of distribution services of PLN 504 336 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA S.A Group under Distribution
- include also other operating revenue and expenses

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

Segment reporting (cont'd)

Other segment reporting information as of 30 September 2010:

<u>**Balance as of 30 September 2010**</u>	**Trade**	**Production**	**All other segments**	**Total**
Property, plant and equipment	18 966	24 842	129 202	173 010
Trade and other receivables	747 860	-	6 868	754 728
Total:	**766 826**	**24 842**	**136 070**	**927 738**
ASSETS excluded from segmentation				10 034 068
- including property, plant and equipment				51 889
- including trade and other receivables				4 413
TOTAL ASSETS				**10 961 806**
Trade and other liabilities	641 406	-	5 499	646 905
Equity and liabilities excluded from segmentation				10 314 901
- including trade and other liabilities				45 096
TOTAL EQUITY AND LIABILITIES				**10 961 806**
Capital expenditure for fixed assets and intangible assets	-	24 814	6 050	30 864
Capital expenditure for fixed assets and intangible assets excluded from segmentation				790
Depreciation/amortization of fixed assets/intangible assets	290	1 046	11 212	12 548
Depreciation/amortization of fixed assets/intangible assets excluded from segmentation				493
Revaluation write-down on receivables as of 30.09.2010	82 003	-	753	82 756

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

Segment reporting (cont'd)

Other segment reporting information as of 31 December 2009:

Balance as of 31 December 2009	**Trade**	**All other segments**	**Total**
Property, plant and equipment	19 609	131 335	150 944
Trade and other receivables	840 691	6 694	847 385
Total:	**860 300**	**138 029**	**998 329**
ASSETS excluded from segmentation			9 915 712
- including property, plant and equipment			60 273
- including trade and other receivables			2 862
TOTAL: ASSETS			**10 914 041**
Trade and other liabilities	776 385	5 630	782 015
Equity and liabilities excluded from segmentation			10 132 026
- including trade and other liabilities			54 559
TOTAL: EQUITY AND LIABILITIES			**10 914 041**
Capital expenditure for fixed assets and intangible assets	-	20 488	20 488
Capital expenditure for fixed assets and intangible assets excluded from segmentation			8 966
Depreciation/amortization of fixed assets/intangible assets	353	12 308	12 661
Depreciation/amortization of fixed assets/intangible assets excluded from segmentation			625
Revaluation write-down on receivables as of 31.12.2009	81 970	653	82 623

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 a given 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 a given segment with a relevant portion of the Company's costs that may be reasonably allocated to a given segment.

Market prices are used in inter-segment transactions, which allows individual entities to earn a margin sufficient to carry out independent operations the market. Prices specified in the Energy Law of 10 April 1997 and the related secondary legislation apply to trade in electricity and provision of transmission services.

Supplementary reporting - geographical segments

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

8. Property, plant and equipment

During the 9-month period ended 30 September 2010, the Company acquired property, plant and equipment for the total amount of PLN 31 654 thousand (during the period of 12 months ended 31 December 2009 it was PLN 29 454 thousand).

During the 9-month period ended 30 September 2009, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 9 406 thousand (during the period of 12 months ended 31 December 2008 it was PLN 5 870 thousand).
During the 9-month period ended 30 September 2010 the Company reduced its property, plant and equipment by a contribution of assets with the total net book value of PLN 2,703 thousand to BHU Sp. z o.o., Eneos Sp. z o.o and ENERGOBUD Leszno Sp. o.o.

During the 3-month period ended 30 September 2010, revaluation write-downs on the carrying value of property, plant and equipment did not change (during the period of 3 months ended 30 September 2009 revaluation write-downs on the carrying value of property, plant and equipment did not change).

As of 30 September 2010 the total revaluation write-downs on the carrying value of property, plant and equipment was PLN 770 thousand (as of 31 December 2009: PLN 15 998 thousand).

Impairment test (property, plant and equipment)

The Company's property, plant and equipment were tested for impairment as of 31 December 2009. Based on the test, as of 31 December 2009 no impairment of property, plant and equipment was identified.

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

9. Intangible assets

During the 9-month period ended 30 September 2010, the Company did not incur any expenditure to acquire intangible assets (during the period of 12 months ended 31 December 2009: PLN 0).

During the 9-month period ended 30 September 2010 intangible assets of PLN 2,632 thousand were transferred from fixed assets under construction (PLN 773 thousand during the period of 12 months ended 31 December 2009).

During the 9-month period ended 30 September 2010, the Company did not sell or liquidate intangible assets (during the period of 12 months ended 31 December 2008: PLN 0).

On 15 January 2010 ENEA S. A. acquired a biogas power plant in Liszków. As a result of a difference between the acquisition price and the fair value of the acquired net assets negative goodwill of PLN 668 thousand arose.

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

	30.09.2010	31.12.2009
Opening balance	**7 844 884**	**7 780 241**
Reclassification to non-current assets held for sale	-	(6 000)
Acquisition of investments	7 309	89 291
Revaluation write-down	(990)	(18 648)
Closing balance	**7 851 203**	**7 844 884**

During the 9-month period ended 30 September 2010 the Company acquired shares in subsidiaries - BHU S. A. in Poznań, Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o. o. in Inowrocław, ENERGOBUD Leszno Sp. o. o. with its registered office in Gronówko, ENEOS Sp. z o.o. with the registered office in Poznań and ENTUR Sp. z o.o. in Szczecin for the total amount of PLN 7 309 thousand (the value of shares in subsidiaries acquired during the period of 12 months ended 31 December 2009 was PLN 89,291 thousand).

During the 9-month period ended 30 September 2010 the Company disposed of shares in a jointly-controlled entity - PWE Gubin Sp. z o. o. (as of 31 December 2009 the above shares were disclosed as "non-current assets held for sale").

Revaluation write-down on investments

	30.09.2010	31.12.2009
Opening balance of revaluation write-down on investments	**32 372**	**13 724**
Created	990	19 365
Released	-	(717)
Closing balance of revaluation write-down on investments	**33 362**	**32 372**

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

11. Revaluation write-downs on trade and other receivables

	30.09.2010	31.12.2009
Opening balance of revaluation write-down on receivables	**82 623**	**93 519**
Created	9 498	12 544
Released	(9 357)	(23 452)
Applied	(8)	12
Closing balance of revaluation write-down on receivables	**82 756**	**82 623**

During the 9-month period ended 30 September 2010 the revaluation write-down on the carrying amount of trade and other receivables increased by PLN 133 thousand (during the period of 12 months ended 31 December 2009 the revaluation write-down decreased by PLN 10,896 thousand).

During the 3-month period ended 30 September 2010, the revaluation write-down on the carrying amount of trade and other receivables decreased by PLN 523 thousand (during the period of 3 months ended 30 September 2009 the revaluation write-down decreased by PLN 1 538 thousand).

12. Investment portfolio

ENEA S.A. fulfilled the conditions necessary to release funds due to issuance of shares at the WSE from the ESCROW account. Therefore, on 6 February 2009 a specialized financial institution dealing with professional management of cash was transferred the amount of PLN 1 913 840 thousand. In 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 September 2010 the funds amounted to PLN 1 762 354 thousand (treasury bills and bonds of PLN 1 443 288 thousand) and deposits (in banks specified by the Company – PLN 319 066 thousand).
The investment portfolio is treated as financial assets measured at fair value through profit or loss.
The selected strategy is to maximize profit at minimum risk.

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

On the basis of the Act on Commercialization and Privatization dated 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").
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 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 has made an announcement regarding the disposal of employee shares in a national and local newspaper and it has been entering into agreements for the sale of shares free of charge with eligible individuals.
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 on general terms by the State Treasury.

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 SA 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 specify the principles of settling the program in line with the Act on Commercialization and Privatization. In particular, they do not allow for unambiguous interpretation of a situation when the total number of shares due to staff employed was determined at the moment of commercialization, i.e. before the Grant Date, 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 issuance of additional shares but as a result of a reduction of the number of shares for other staff members.

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.

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

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 program as of 30 September 2010 stood at 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 of 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 September 2010, a part of the equivalent was paid to the Eligible Employees of Elektrownia "Kozienice" S.A. As of 30 September 2010 the remaining liability due to the equivalent amounted to PLN 575 thousand.

(PLN 618 thousand as of 31 December 2009).).

14. Deferred income tax

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

	30.09.2010	31.12.2009
Opening balance	**(27 366)**	**(39 701)**
Amount debited/(credited) to profit	(9 103)	12 335
Change recognized in other items of comprehensive income	999	-
Closing balance	**(35 470)**	**(27 366)**

During the 9-month period ended 30 September 2010, the Company's profit before tax was credited with PLN 8 104 thousand as a result of an increase in the deferred tax asset (during the period of 12 months ended 31 December 2009 the Company's profit before tax was charged with PLN 12 335 thousand due to a decrease in the asset).

During the 3-month period ended 30 September 2010, the Company's profit before tax was credited with PLN 4 058 thousand as a result of an increase in the deferred tax asset (during the period of 3 months ended 30 September 2009 the Company's profit before tax was credited with PLN 1 728 thousand due to an increase in the asset).

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

15. Certificates of origin

	30.09.2010	31.12.2009
Certificates of origin	(106 077)	(26 218)
Advance payments for certificates of origin	(1 270)	(1 259)
Provision for costs of redemption of certificates of origin	155 643	93 088
Provision for certificates of origin	**48 296**	**65 611**

16. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings

	30.09.2010	31.12.2009
Opening balance	**42 338**	**42 268**
Increase in provisions	1 437	3 898
Applied provisions	(972)	-
Decrease in provisions	**(1 536)**	(3 828)
Closing balance	**41 267**	**42 338**

Other provisions

	30.09.2010	31.12.2009
Opening balance	**-**	**1 609**
Increase in provisions	-	315
Decrease in provisions	-	(1 924)
Closing balance	-	-

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 provisions are created in the amount of the claim considering the probability of losing the case based on a legal opinion. The cost of provisions is recognized under other operating expenses. A description of material claims and the related contingent liabilities has been presented in note 21.

During the 9-month period ended 30 September 2010, the provision for projected losses due to compensation proceedings decreased by PLN 1 071 thousand (during the period of 12 months ended 31 December 2009 the provision for projected losses due to court proceedings and other provisions decreased by PLN 1 539 thousand).

During the 3-month period ended 30 September 2010, the provision for projected losses due to compensation proceedings decreased by PLN 1 628 thousand (during the period of 3 months ended 30 September 2009 it increased by PLN 682 thousand).

17. Dividend

On 20 April 2010 the General Meeting of Shareholders of ENEA S.A. adopted Resolution No. 7 on distribution of the net profit for the reporting period from 1 January 2009 to 31 December 2009, pursuant to which the amount of PLN 167,748 thousand was allocated to dividend payment for the shareholders (PLN 0.38 per share). The dividend had been paid by 30 September 2010.

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

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

18. Related party transactions

The Company concludes transactions with the following related parties:

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

	30.09.2010	31.12.2009
Purchases, including:	**2 610 861**	**4 569 444**
investment purchases	3 941	23 861
materials	566	717
services	1 325 913	2 168 382
Other (including energy)	1 280 441	2 376 484
Sales, including:	**242 578**	**402 142**
energy	233 134	385 107
materials and goods	-	-
services	1 897	1 579
other	7 547	15 456

	30.09.2010	31.12.2009
Receivables	36 732	61 291
Liabilities	438 698	556 104

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

- resulting from employment contracts with Members of the Management Board of the Parent and related to the appointment of Members of Supervisory Boards;
- 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.

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

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	
	01.01.2010 - 30.09.2010	**01.01.2009 - 30.09.2009**	**01.01.2010 - 30.09.2010**	**01.01.2009 - 30.09.2009**
Remuneration under employment contracts	831	1 141	-	-
Remuneration relating to appointment of members of management or supervisory bodies	-	-	312	251
Remuneration due to the position held in supervisory boards of subsidiaries	211	126	-	-
Remuneration due to other employee benefits, including: (electricity allowance)	233	44	-	-
TOTAL	**1 275**	**1 311**	**312**	**251**

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 bonus granting.

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

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

No.	Body	Balance as of 01.01.2010	Granted on 01.01.2010	Maturing on 30.09.2010	Balance as of 30.09.2010
1.	Management Board	21	-	(21)*	-
2.	Supervisory Board	29	10	(9)	**30**
	TOTAL	**50**	**10**	**(30)**	**30**

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

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

* - PLN 18 thousand concerns elimination of the loan granted to Czesław Kolterman, who was dismissed from the position of Member of the Management Board as of 1 September 2009.

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 a 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.

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

19. Future liabilities under contracts concluded as of the balance sheet date

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

	30.09.2010	31.12.2009
Acquisition of property, plant and equipment	12 529	13 053
Acquisition of intangible assets	195	160
	12 724	**13 213**

20. Explanations of the seasonal and cyclical nature of the Company's business

Sales of electricity during the year are subject to seasonal fluctuations. They increase during the winter months and decrease in 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 (43.75% of the sales value), rather than to the industrial sector.

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

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

21.1 Guarantees for credit facilities and loans as well as other sureties granted by the Company

Guarantees and sureties as of 30 September 2010

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

Guarantees and sureties as of 31 December 2009

No.	Name of entity to which a guarantee or surety was given	Total liabilities for which the guarantee or surety was given	Term	Relationship between the Company and the entity which assumed the liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 201 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.

21.2 Pending proceedings before common courts of law

Actions brought by the Company

Actions which ENEA S.A. brought to common courts of law refer to claims for receivables due to provision of electricity (the so-called electricity cases) and claims for other receivables - illegal consumption of electricity, connections to the grid and other specialized services provided by the Company (the so-called non-electricity cases).

As at 30 September 2010 there were 4 837 cases pending before common courts of law which have been brought by the Company for the total amount of PLN 16 320 thousand (as of 31 December 2009 there were 5 054 cases for the total amount of PLN 12 435 thousand). 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 21.5).

As at 30 September 2010 there were 156 cases pending before common courts of law which have been brought against the Company for the total amount of PLN 15 408 thousand (as of 31 December 2009 there were 126 cases for the total amount of PLN 11 835 thousand). Provisions related to the court cases have been presented in note 16.

21.3 Arbitration proceedings

As at 30 September 2010 there were no pending proceedings before competent arbitration bodies.

21.4 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, as a result of the appeal filed by the Company, the Court of Competition and Consumer Protection changed the decision of the President of the Office of Competition and Consumer Protection and 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 November 2008 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 2006, imposing a fine of PLN 7,594 thousand on the Company. On 17 December 2008, ENEA filed an appeal to the District 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.

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 appealed against the decision issued by the President of the Energy Regulatory Office to the Court of Competition and Consumer Protection.

21.5 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 unbundling 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).

Claims against the Company are of the nature of claims for payment (compensation for non-contractual use of property, impairing the value of property, lost benefits) and claims for discontinuing infringement of ownership rights (demand to remove devices).

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 the 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.

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

As on 30 September 2010 there were no regulations in this respect and the Company did not create provisions for possible claims due to the use of woodland managed by the National Forests for the needs of the Company's electricity lines. On 29 November 2006 a meeting was held initiated by the Minister of Environment and 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. This year 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 project assumes that the use of such land would be based on transmission easement for consideration. The draft is being discussed by experts from various ministries and it assumes that the consideration for the transmission easement would be determined in the amount of taxes and local charges paid by the National Forests for the land under easement. Currently, it is not possible to estimate a provision for participating in the costs of the National Forests related to property tax for the land owned by the State Treasury. The value of the potential claims may be significant, considering the area of land.

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. The claims have been accounted for in the provision referred to in note 16.

22. Actions aimed at acquiring a coal mine

The Company has taken steps aimed at acquiring an organized part of a coal mine – Kopalnia Węgla Kamiennego "Brzeszcze – Silesia" Ruch II Silesia and made an informal acquisition offer to the existing shareholder. As of the date of preparing these separate financial statements, the Management Board of ENEA S.A. decided not to acquire the organized part of Kompania Węglowa S.A. named Ruch II Silesia KWK "Brzeszcze-Silesia". ENEA S.A. does not rule out further talks and defining new frameworks of cooperation with Kompania Węglowa, which is the owner of the KWK Silesia mine. The decision making process regarding KWK Silesia is being continued, and ENEA S.A. considers other potential investment forms.

23. Negotiations concerning acquisition of shares

On 28 June 2010 the Minister of the State Treasury with its headquarters in Warsaw, acting on behalf of the State Treasury pursuant to the Act on Commercialisation and Privatisation (Journal of Laws of 2002 No. 171, item 1397 as amended) and the Regulation of the Council of Ministers concerning the detailed procedure for disposing of State Treasury shares (Journal of Laws of 2009 No. 34, item 264), published an invitation to negotiate with regard to acquiring 225,135,940 shares in ENEA S.A. constituting 51 per cent of the Company's share capital. The State Treasury intends to sell 225,135,940 shares with a par value of PLN 1 per share. The State Treasury currently holds 55.11 per cent of the Company's shares, with 4.11 per cent of those being employee shares. Some of the employee shares from the pool of 9.43 per cent in the Company's share capital have already been allocated to authorised persons on the basis of appropriate agreements concluded between the State Treasury and the authorised persons.

The deadline for submitting written replies to a public invitation to negotiate with regard to the acquisition of shares by potential investors who collected the Investment Memorandum was to have elapsed on 28 July 2010. On 23 July 2010 the Minister of the State Treasury stated that the deadline for submitting replies had been extended to 13 August 2010.

In reply to the invitation to negotiate on acquiring the shares in ENEA S.A., six companies submitted initial offers. After considering the replies submitted, Potential Investors were informed by 24 August about the Minister of the State Treasury's decision. The Minister of the State Treasury decided to admit five potential Investors to the next stage of privatisation.

On 30 September 2010 an electronic Data Room was made available to the Potential Investors (information, data and documents prepared for a due diligence examining the ENEA Group).

On 5 October 2010 the deadline passed for submitting binding offers to acquire the shares in ENEA S.A.

The Minister of the State Treasury ultimately decided to hold parallel negotiations on the sale of 51 per cent of the shares in ENEA S.A. with two companies: GDF Suez and Kulczyk Holding. On 28 October 2010 the Ministry of the State Treasury decided to set a time period for exclusive negotiations for Kulczyk Holding as the guarantor and Elektron Sp. z o.o. as the purchaser until 3 November 2010.

24. Post balance sheet events

On 8 October 2010 the Extraordinary Shareholders' Meeting of Energetyka Poznańska Biuro Usług Technicznych S.A. adopted a Resolution on the reversal of the liquidation and further existence of the Company. The next Extraordinary Shareholders' Meeting is planned for 4 November 2010 with the agenda including: the increase of the share capital of the Company with no right to acquire shares granted to ENEA S.A. as the existing sole shareholder of the Company and the offer to acquire new shares issued under private subscription to be directed to Elektrownia "Kozienice".

An oral tender (auction) on the sale of shares in the share capital of ITSERWIS Sp. z o. o. in Zielona Góra was announced on 14 and 15 October 2010. The offer covers 12 728 shares constituting 100% of the share capital of the Company, with the face value of PLN 500 each and the total face value of PLN 6 364 000. The starting price of the shares is PLN 9 596 912. The tender is planned for 15 December 2010 in the office of the Management Board of ENEA S.A.

Other information
to the ENEA S.A
extended consolidated
report for Q3 2010

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

A description of the organisation of the issuer's capital group, and an indication of the units subject to consolidation, along with a description of the changes to the structure of the issuer's capital group are contained in Note 6 to the consolidated quarterly financial statements (page 16 hereof).

Description of the Capital Group's operations

As part of its basic activities, the ENEA Capital Group (the "Group") is involved in generating, distributing and trading in electricity. The above activities are performed by companies from our Group on the basis of licences granted by the President of the Energy Regulatory Office ("ERO"), the body established to carry out regulatory tasks with regard to the management of fuels and energy, and to encourage competition in the energy sector. Within our Group, we hold, specifically, the following concessions:

(I) ENEA has a licence to trade in electricity, valid until the end of 2025;

(II) ENEA Operator has a licence to distribute electricity, valid until mid-2017;

(III) Elektrownia Kozienice has a licence to generate electricity, valid until the end of 2025, and a licence to trade in electricity, valid until the end of 2012;

(IV) Elektrownie Wodne holds a concession for the generation of[licence to generate?] electricity, valid until 30 March 2011.

Moreover, the companies of our Group also conduct operations supplementary to the basic operations listed above, including:

- the construction, expansion, modernisation and repair of electric power equipment and networks;
- the design, construction, production and sale of electrical and power equipment and apparatus;
- services related to the maintenance of street lighting and low-voltage networks;
- transport services (including the sale, servicing, repair and leasing of vehicles); and
- social activities (tourist destinations, healthcare).

Generation

In the ENEA S.A. capital group, electricity is produced by Elektrownia "Kozienice" S.A., which joined the Group in October 2007. It is Poland's largest coal-fired power plant. It comprises 10 high-performance, updated power blocks with a total generating capacity of 2,880 MW. The power plant emits low levels of carbon dioxide: in 2009, the emission level was at 882 kg/MW, with 883 kg/MW in Q3 2010, and has one of the lowest levels of coal consumption per MWh of generated electricity, reported at 0.406 Mg/MWh for Q3 2010. In Q3 2010, Elektrownia "Kozienice" S.A. had an overall gross efficiency of 38.3 per cent.

Electricity generated by Elektrownia "Kozienice" S.A. in 2010 (gross MWh):

2010	**Quantity of electricity [MWh]**
Q1	2,995,473.7
Q2	2,914,317.7
Q3	3,247,671.5
Total	**9,157,462.9**

In Q3 2010, Elektrownia "Kozienice" S.A. generated gross electricity of 3,247,671.5 MWh. This is a small increase compared to the same period last year, when the Power Plant generated gross electricity of 3,135,020 MWh.

Since 9 August 2010, pursuant to Article 49a.1 of the Energy Law, Elektrownia "Kozienice" S.A. is required to sell 15 per cent of its power through the Polish Power Exchange. In performance of this obligation, the electricity sold on the Polish Power Exchange between 9 August 2010 and 30 September 2010 accounted for 23 per cent of all concluded contracts. Cumulatively, the net value of the electricity sold on the Polish Power Exchange since 6 May 2010, as of the date hereof was PLN 2,182,894,161.25.

In order to streamline trading in electricity, on 21 October 2010, notarised articles of association were executed for ELKO Trading Sp. z o.o. with its registered office in Świerże Górne, with a capital of PLN 33,000,000, composed of a share capital of PLN 13,500,000 and a reserve capital of PLN 19,500,000. In return for cash, Elektrownia "Kozienice" S.A. will subscribe for 13,500 shares in ELKO Trading Sp. z o.o. with a nominal value of PLN 1,000 and a total nominal value of PLN 13,500,000, which constitute the share capital of ELKO Trading Sp. z o.o. and will cover the share capital of ELKO Trading Sp. z o.o. with PLN 19,500,000 in cash. The primary object of the activity of ELKO Trading Sp. z o.o. will be trading in electricity.

In January 2008, Elektrownia "Kozienice" S.A. also began to generate power from renewable sources by co-firing biomass with conventional fuels (coal). In Q3 2010, Elektrownia acknowledged 94,079.415 MWh worth of energy certificates of origin. In Q3 2009, Elektrownia acknowledged 72,274.440 MWh worth of renewable energy certificates. When comparing the corresponding periods, it is important to emphasise the 30.16 per cent increase in the amount of renewable energy produced. The company intends to consistently increase the share of biomass in fuel, which, in terms of generated power, is to amount to 2.1 per cent in 2015 (it is currently at 1.5 per cent). The company predicts that in 2010, the power plant will use approximately 120,000 tonnes of biomass.

In 2010, the amount of energy, by certificate, generated by Elektrownia "Kozienice" S.A. from renewable sources and through co-generation, was as follows:

2010	Energy from renewable sources Green certificates [MWh]	Energy from cogeneration Red certificates [MWh]
Q1	32,358.190	26,826.461
Q2	89,270.247	11,924.907
Q3	94,079.415	7,157.417
Total	**215,707.852**	**45,908.785**

Our subsidiary, Elektrownie Wodne Sp. z o.o., also generates electricity from renewable sources. Cumulatively for 2010, the quantity of electricity generated by twenty hydroelectric power plants, introduced into the grid and the green certificates obtained therefor, are as follows:

2010	Energy from renewable sources Green certificates of origin (number)	Energy introduced into the grid (MWh)
Q1	35,597,833	35,105.623
Q2	38,755,730	38,318.564
Q3	33,119,587	32,657.884
Total	**107,473,150**	**106,082.071**

Currently, Elektrownie Wodne is pursuing the area of wind farm development. In the area of wind power generation, the 22.5 MW Farma Wiatrowa Baczyna [Baczyna Wind Farm] is under development. For the 22.5 MW Farma Wiatrowa Baczyna I project, changes have been made to the local zoning plan for the Lubiszyn district, which allow for the wind farm to be erected in the wind turbine area, together with internal facilities, which fulfils phase 4 of the co-operation agreement with Renpro Sp. z o.o. The approved document was delivered in September 2010 to Enea Operator, as a supplement to the request for connection to the power supply grid.

Moreover, three scenarios were developed for connecting the wind farm with the end-user station. The final solution will be chosen on the basis of formal requirements (obtaining approvals from the owners of the properties through which the cable will run, alternatively establishing easements therefor) and technical and economic requirements (length of the line and associated costs).

Under a resolution of the Shareholders Meeting approving the adjusted 2010-2012 Material and Financial Schedule, the Company refrained from implementing projects for which no changes have been made to the local zoning plan within the statutory timeline that allows it to supplement the request for connection to the grid, i.e.: Baczyna II, Czarnkowo, Kamienica and Choszczno.

In addition to the 22.5 MW project under development and a potential 30 MW greenfield project, the Company, under a resolution of the General Meeting of Shareholders, is scoping out wind farm projects that can be acquired at the building permit or occupancy permit stage. The Company decided to evaluate facilities with a total capacity of 450 MW, out of which facilities with a total capacity of 150 MW would be chosen. The investments to be evaluated must have the following features:

- fully secured land for the wind farm and the internal infrastructure
- obtained the conditions for connection to the grid
- wind measurements for a full twelve months, or ongoing measurements.

As part of investing into co-generation resources, on 15 January 2010, ENEA S.A. purchased a newly-erected biogas power plant located in Liszkowo, in the Rojewo district of the Kujawsko-Pomorskie Province, with a capacity of 2.126 MW. The plant is innovative on a national scale, is advanced technologically and serves as a low-energy biomass by-product treatment facility (primarily wet distillery by-products). More information on this subject was provided in previous interim reports. Below, please find production volumes and the quantity of certificates of origin for the Liszkowo biogas power plant for each quarter of 2010:

2010	Volume of power generated and quantity of certificates of origin
Q1	1,878.64 MWh
Q2	2,208.104 MWh
Q3	1,582.072 MWh
Total	**5,668.816 MWh**

As regards the efforts to obtain energy from renewable sources, MEC Piła (an ENEA group company) is working on the specification for the "Development of a Biomass Co-Generation Block Using the ORC Technology at the KR-Koszyce District Boiler Plant in Piła" – the efforts will be partly funded by community resources. Once the construction process is completed, we will be generating certificates of origin also from this source.

Distribution

Within our Group, the distribution of electricity is the responsibility of ENEA Operator Sp. z o.o. ("ENEA Operator"), which acts as the operator of the electricity distribution system. It operates in north-western Poland (the Wielkopolskie, Zachodniopomorskie, Lubuskie, Kujawsko-Pomorskie Provinces, and also, to a smaller extent, the Dolnośląskie and Pomorskie provinces) in the area that overlaps with the area served by ENEA S.A.

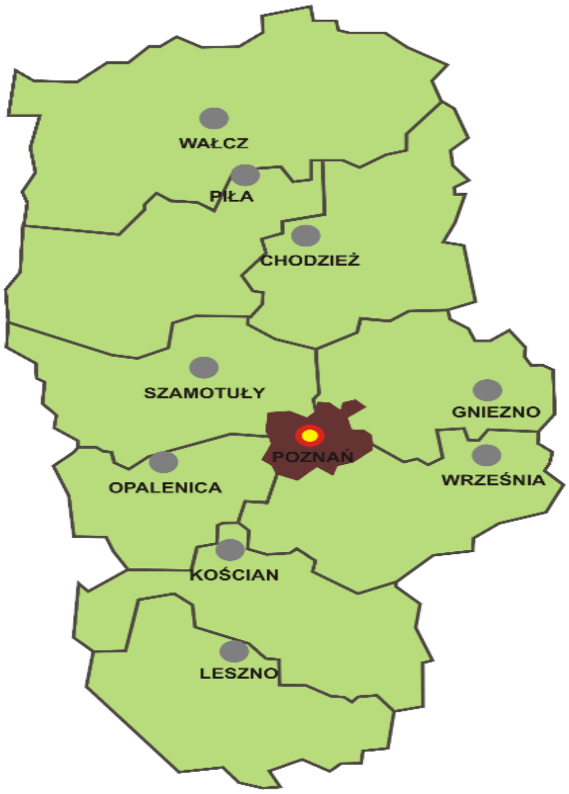
The distribution network of ENEA Operator covers approximately 20 per cent of Poland. The Company has more than 126,000 kilometres worth of power lines (together with connectors) and approximately 34,400 power stations (as on 31 December 2009).

The total area on which ENEA Operator operates is 58,192 square kilometres. An area of activity this vast requires a well-developed organisational structure. The Company has five Branches. The Poznań branch serves an area of 20,510 square kilometres; the Bydgoszcz branch serves 10,349 square kilometres; the Gorzów branch - 8,484 square kilometres; the Szczecin branch – 9,981 square kilometres; and the Zielona Góra branch – 8,868 square kilometres.

The Branches are further divided into Distribution Areas, of which the Poznań Branch has 10, the Bydgoszcz and Zielona Góra branches have 6, and the Gorzów and Szczecin branches have 5 each.

ENEA Operator branches

Distribution Areas in the Poznań Branch



Distribution Areas in the Bydgoszcz Branch

Distribution Areas in the Gorzów Wielkopolski Branch

Distribution Areas in the Szczecin Branch

Distribution Areas in the Zielona Góra Branch

Trade

In our Group, wholesale electricity trade and selling electricity to retail consumers is primarily handled by ENEA S.A. In Q3 2010, the overall electricity sales amounted to 4,280.1 GWh, of which retail consumer sales accounted for 3,577.9 GWh. As of 30 September 2010, there were approximately 2.4 million retail consumers (both businesses and households).

In the area of wholesale trade effected in transactions concluded by ENEA S.A. on Towarowa Giełda Energii S.A. (Polish Power Exchange) from 1 November 2009 to 30 September 2010, the turnover was as follows:

1. from 1 November 2009 to 6 June 2010 - when TGE S.A. was in charge of payments - PLN 88,326,261.73
2. from 7 June 2010 to 30 September 2010 - when IRGiT took over payments - PLN 924,076,169.74.

On 7 June 2010, TGE S.A. handed over payment clearing to IRGiT S.A. and the Warsaw Commodity Clearing House (IRGiT) became the entity processing sales and purchases of power and property rights.

Description of changes in the structure of the Group

In Q3 2010, the following events occurred that may result in present or future changes to the structure of the ENEA Capital Group:

On 30 July 2010, the District Court in Poznań received a merger plan concerning PEC Gozdnica Sp. z o.o., Cogen Sp. z o.o. and MEC Piła Sp. z o.o. It stipulates a merger through the acquisition of PEC Gozdnica Sp. z o.o. and Cogen Sp. z o.o. by MEC Piła Sp. z o.o., as the acquiring entity. The plan was agreed on 28 July 2010 and published in *Monitor Sądowy i Gospodarczy* (Court and Business Gazette) No. 154 of 10 August 2010.

On 23 August 2010, the District Court in Poznań received a merger plan concerning Energotrans Sp. z o.o., EWiNN Sp. z o.o. and Energobud Leszno Sp. z o.o. It stipulates a merger through the acquisition of Energotrans Sp. z o.o. and EWiNN Sp. z o.o. by Energobud Leszno Sp. z o.o., as the acquiring entity. The plan was agreed on 23 August 2010 and published in Monitor Sądowy i Gospodarczy (*Court and Business Gazette*) No. 172 of 3 September 2010.

On 15 October 2010, an oral auction (bid) announcement was published with respect to the sale of shares in the share capital of ITSERWIS Sp. z o.o. in Zielona Góra. The auction sale involves 12,728 shares, which constitute the entire share capital of the Company, for an asking price of PLN 9,596,912. The auction will be held on 15 December 2010 at the offices of the management board of ENEA S.A.

Description of equity investments within the Group

On 28 May 2010, Extraordinary General Meetings of Shareholders of Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek, and EnergoPartner Sp. z o.o. with its registered office in Poznań were held, during which a merger of the two companies was approved. The merger was effected by incorporating EnergoPartner Sp. z o.o. into Elektrownie Wodne Sp. z o.o. in accordance with the procedure set out in Article

492.1.1 of the Commercial Companies Code, i.e. by transferring all the assets of EnergoPartner Sp. z o.o. to Elektrownie Wodne Sp. z o.o., in return for the shares in Elektrownie Wodne Sp. z o.o. that had been vested in ENEA SA as the sole shareholder of the target. On 1 July 2010, in a decision of the District Court in Bydgoszcz, 13th Commercial Division of the National Court Register, the two companies merged. As a result of the merger, the share capital of Elektrownie Wodne Sp. z o.o. was increased by PLN 8,821,000, from PLN 205,020,000 to PLN 213,841,000, by establishing 17,642 new shares with a nominal value of PLN 500 each. On the basis of EnergoPartner Sp z. o.o., a branch of Elektrownie Wodne Sp z. o.o. was established in Poznań to continue the previous activity of EnergoPartner Sp z. o.o., i.e. the development of wind farm projects.

On 12 April 2010, an Extraordinary General Meeting of Shareholders of Eneos Sp z. o.o. with its current registered office in Poznań took place, at which the company's share capital was increased by PLN 630,500 to PLN 20,189,500 by creating 1,261 new shares, which were covered by an in-kind contribution of the perpetual usufruct right to a property in Szczecin and the ownership right to a gatehouse building located thereon. On 15 September 2010, the share capital increase was registered with the National Court Register.

On 29 June 2010, an Extraordinary General Meeting of Shareholders of EP PUE ENERGOBUD Leszno Sp z. o.o. with its registered office in Gronówko took place, at which the company's share capital was increased from PLN 5,676,000 by PLN 540,000 to PLN 6,216,000 by creating 1,080 new shares, which were covered by an in-kind contribution of the perpetual usufruct right to a property in Bydgoszcz and the ownership right to an office and workshop building located thereon and constituting a separate property. On 20 August 2010, the share capital increase was registered with the National Court Register. Currently, the share capital of EP PUE ENERGOBUD Leszno Sp. z o.o. amounts to PLN 6,216,000 and is divided into 12,365 shares, each with a value of PLN 500. Sixty-seven shares were redeemed out of net profit.

On 4 November 2010, an Extraordinary General Meeting of Shareholders of Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna was held, at which the Company's share capital was increased by PLN 2,054,300, from PLN 1,973,700 to PLN 4,028,000, by issuing 20,543 ordinary registered shares with a nominal value of PLN 100 each and an issue price of PLN 608.23. Furthermore, Elektrownia "Kozienice" S.A. with its registered office in Świerże Górne received a subscription offer for all 20,543 shares by a private placement.

On 8 November 2010, an Extraordinary General Meeting of Shareholders of Elektrownie Wodne Sp. z o.o. was held, at which the Company's share capital was increased by PLN 26,000,000, from PLN 213,841,000 to PLN 239,841,000, by issuing 52,000 shares with a nominal value of PLN 500 each. All the new shares in the Company's share capital will be offered for subscription to the existing sole shareholder, ENEA S.A., which will cover them in full with an in-kind contribution in the form of an organised part of the enterprise of ENEA Spółka Akcyjna, i.e. a self-balancing registration branch of the Company, separate in terms of organisation and finances, operating under the business name: ENEA S.A. Oddział Elektrownia Biogazowa Liszkowo.

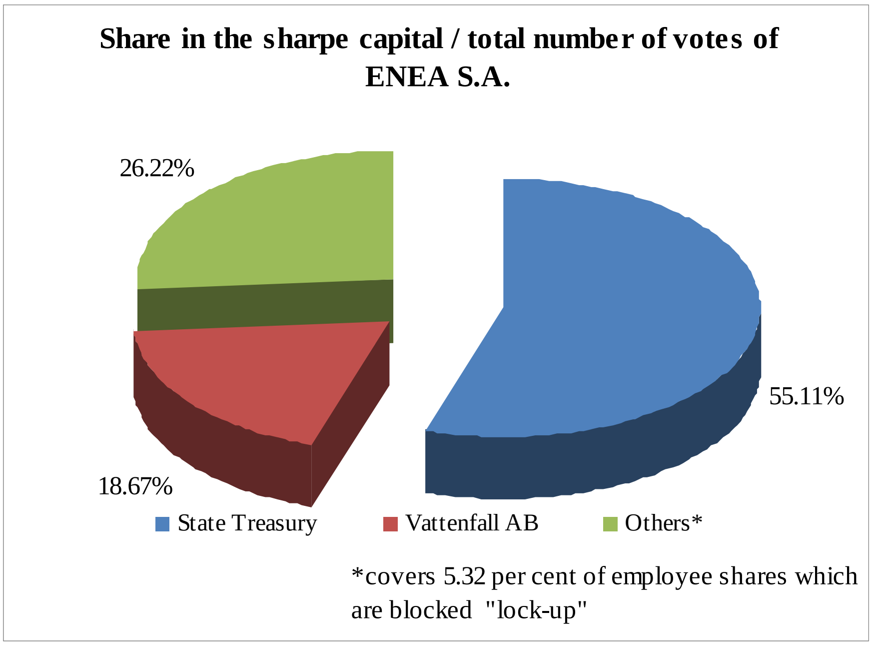
II. Position of the management board in relation to the possibility of achieving previously published forecasts of the results for a given year

The management board of ENEA S.A. has not published any financial forecasts for 2010.

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

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

No.	Shareholder	Number of shares	Share of share capital	Number of votes in the General Meeting of Shareholders	Share of votes in the General Meeting of Shareholders
1	State Treasury	243,281,142	55.11%	243,281,142	55.11%
2	Vattenfall AB	82,395,573	18.67%	82,395,573	18.67%
3	Others	115,765,863	26.22%	115,765,863	26.22%
	Total	**441,442,578**	**100.00%**	**441,442,578**	**100.00%**



Currently, there is an ongoing process at ENEA S.A. whereby entitled employees of the ENEA Capital Group can purchase ‘employee shares’ free of charge. The take up of shares is being conducted under a procedure in which employees conclude agreements for the gratuitous disposal of shares in ENEA S.A. by the State Treasury. The employee shares, acquired gratuitously, are covered by a temporary prohibition against disposal. In accordance with Article 38 par.3 UKiP, shares acquired gratuitously by employees of ENEA or their legal successors may not be traded before 16 February 2012, that is, before the lapse of two years from the day of the disposal by the State Treasury of the first shares under general rules, or, in the case of shares acquired by employees who are members of the management board of ENEA, before the lapse of three years from the day of the disposal by the State Treasury of the first shares under general rules, that is, before 16 February 2013.

Changes in the shareholding structure

In the period since the publication of the last periodic report, the Company has received two notifications on a change in the State Treasury's share in the total number of votes in ENEA S.A. as a result of the State Treasury concluding agreements for the disposal of shares in ENEA S.A. with entitled employees and their legal successors in accordance with the provisions of the Act on Commercialisation and Privatisation of 30 August 1996 and the Act on the Principles of Acquiring Shares from the State Treasury in the Process of Consolidating Power Industry Companies of 7 September 2007.

In accordance with a notification received on 3 November 2010, the State Treasury reduced its share in the total number of votes in ENEA as a result of a disposal of 11,182,044 shares constituting a 2.53 per cent share in the share capital of ENEA in the period 14-22 October 2010. The total number of shares in ENEA S.A. held by the State Treasury before the above change was 266,774,895, which corresponded to 60.43 per cent of the share capital of ENEA S.A. Those shares provided entitlement to 266,774,895 votes constituting 60.43 per cent of the total number of votes in the Company. The total number of shares in ENEA S.A. now held by the State Treasury is 255,592,851, which corresponds to 57.90 per cent of the share capital of ENEA S.A. Those shares provide entitlement to 255,592,851 votes constituting 57.90 per cent of the total number of votes in the Company.

The complete text of the notification by the State Treasury on the reduction in its share of the total number of votes in ENEA S.A. was published in current report No. 41/2010 of 4 November 2010.

On 5 November 2010, the Company received a notification under which the State Treasury reduced its share in the total number of votes as a result of a disposal of 12,311,709 shares constituting a 2.79 per cent share in the share capital of ENEA S.A. The disposal of the above shares took place in the period 22 October to 2 November 2010. The total number of shares in ENEA S.A. held by the State Treasury before the above change was 266,774,895, which corresponded to 57.90 per cent of the share capital of ENEA S.A. Those shares provided entitlement to 266,774,895 votes constituting 57.90 per cent of the total number of votes in the Company. The total number of shares in ENEA S.A. now held by the State Treasury is 243,281,142, which corresponds to 55.11 per cent of the share capital of ENEA S.A. Those shares provide entitlement to 243,281,142 votes constituting 55.11 per cent of the total number of votes in the Company.

The complete text of the notification by the State Treasury on the above reduction in its share of the total number of votes in ENEA S.A. was published in current report No. 42/2010 of 5 November 2010.

Privatisation Scheme

As announced in November 2009, in February 2010, the Ministry of the State Treasury (MST) carried out the next stage of the privatisation process of ENEA S.A., initiated in 2008. The privatisation of the MST entity was to involve selling shares in ENEA S.A. in a two-stage process – as part of transactions carried out via public markets (Stage I / February 2010), followed by the disposal of more than 50 per cent of the Company's shares to an industry investor (Stage II / mid-2010). The main purpose of Stage I was to increase the number of the Company's shares in free float (i.e. the number of shares held by shareholders whose holdings do not exceed five per cent in the Company's capital).

On 10 February 2010, the MST disposed of 70,851,533 shares in ENEA S.A. (constituting 16.05 per cent of the Company's share capital). The sale was conducted on the Warsaw Stock Exchange. This was the second-largest transaction in the "fully-marketed offer" formula in the history of the WSE, and the largest in the preceding three years. The Company's shares were offered exclusively to domestic and foreign institutional investors. The price of the offered shares was set at PLN 16 per share. The total value of the offer amounted to PLN 1,134 billion .

As a result of the subscription, 80 per cent of the offering was taken up by domestic institutional investors, including 60 per cent that was acquired by pension funds. As a result of the transaction, the State Treasury's stake in the Company's share capital decreased from 76.48 to 60.43 per cent. The share of the second largest shareholder, Vattenfall AB, remained at 18.67 per cent, while 20.90 per cent of ENEA S.A. shares are in free float.

On 28 June 2010, the MST published an invitation to negotiate the purchase of 225,135,940 shares with a nominal value of PLN 1 each, owned by the State Treasury and accounting for 51 per cent of the company's share capital. Initially, the deadline for potential investors to submit responses to the public invitation to negotiate was scheduled for 28 July 2010. However, on 23 July 2010, the MST extended this deadline until 13 August 2010. The next stage in the sale of shares in ENEA S.A. was to undertake negotiations with selected investors who submitted their initial offers for the purchase of 51 per cent of the Company's shares by 13 August 2010. Upon receiving the initial offers, the Minister of the State Treasury admitted five potential investors to the next stage. On 28 October, the MST decided to set a deadline for Kulczyk Holding S.A. (as the guarantor) and Elektron Sp. z o. (as the buyer) for negotiations as 3 November 2010. If the exclusivity period lapses ineffectively, the Minister of the State Treasury will undertake negotiations with another entity approved for the negotiations.

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

As on the date of delivery hereof, Mr Tadeusz Dachowski, a member of the Company's supervisory board, holds a total of 4,440 shares in ENEA S.A., of which 300 shares were purchased on the Warsaw Stock Exchange, and the remaining shares were acquired free of charge as part of an employee share ownership scheme (see below).

Mr Maksymilian Górniak, member of the management board responsible for sales, holds a total of 3,740 shares of ENEA S.A.

Shareholding Changes

As part of the process, currently under way at ENEA S.A., of providing eligible employees with employee shares, the following supervisory board members, appointed by the employees, concluded agreements concerning the complimentary acquisition of the shares in ENEA S.A. from the State Treasury:

- Mr Paweł Balcerowski – on 14 October 2010;

- Mr Tadeusz Dachowski – on 18 October 2010; and

- Mr Mieczysław Pluciński – on 27 October 2010.

Under these agreements, each of these individuals acquired 4,140 shares in ENEA S.A.

Moreover, Mr Krzysztof Zborowski, member of the management board responsible for production, acquired 6,864 shares in ENEA S.A. by signing, on 20 October 2010, an agreement for the complimentary acquisition of shares by converting a right to the equivalent in shares.

On the date of delivering this report, members of ENEA S.A.'s management and supervisory boards did not hold any shares in the subsidiaries of ENEA S.A.

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

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

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

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

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

A description of pending proceedings other than those referred to above, to which ENEA S.A. or its Group companies are a party, is set out in Note 26.2-4 to the consolidated quarterly financial statements (page 35 hereof).

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

In Q3 2010, the Group did not conclude any significant transactions under non-market conditions with any affiliated companies.

A description of other transactions concluded by the issuer or its subsidiary with affiliated companies is set out in Note 22 to the consolidated quarterly financial statements (page 31 hereof).

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

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

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

Regardless of the information included in the remaining parts of the quarterly report, in the opinion of the management board, the following information regarding ENEA S.A. should be emphasised:

Strong market position

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

Efficient generation assets

Elektrownia "Kozienice" S.A., which forms part of the capital group, is one of the most efficient coal-fired power plants in Poland. It has updated generation units that produce electricity with awareness of the natural environment surrounding the company's facilities and in observance of environmental laws.

Our activity significantly affects the environment and requires a number of approvals for the use of its resources. The power plant holds integrated permits, obtained pursuant to Decision of the Mazowieckie Province Administrator No. WŚR.I.6640/13/6/05 of 20 December 2005.

The principal ways in which Elektrownia “Kozienice” S.A. affects the environment are in areas related to releasing pollution into the atmosphere, coal combustion waste storage, water supply and sewage removal. The most harmful pollutants emitted into the atmosphere include sulphur dioxide, nitric oxide, dust and carbon dioxide.

In Q3 2010, the pollutant emissions were as follows:

- SO_2 – 9,056 Mg
- NOx - 5,572 Mg
- ash - 269 Mg
- CO - 394 Mg
- CO_2– 2,867,557 Mg
- waste (mixture of ash and slag) – 52,779 Mg.

Reduction in the emission of pollutants

The power plant has fume, anti-dust installations with high-efficiency electrostatic precipitators mounted on each of its energy units. In the course of block upgrades, the company takes into account the need for the power plant to maintain the permitted ash concentration in the combustion gases removed from each block at no more than 50 mg/ Nm^3. The electrofilters were replaced in block 2 (in 2006), block 1 (2007) and block 6 (2008). In March 2010, work began on exchanging the electrofilter in unit No. 10 was initiated, together with the ash removal system, exhaust ducting, and exhaust ventilator elbow intakes. The replacement of the electrostatic precipitator in power unit 10 has currently been completed, and the unit put into operation.

The power plant has in place installations for the initial reduction of nitric oxides. Their role is to limit the concentration of nitric oxides to a guaranteed level of 500 mg/Nm^3, utilising such devices as ROBTAS low-emission burners and a system of air nozzles installed on the front and rear walls of the furnaces above the burner zone (OFA and SOFA nozzles). Due to the fact that, after 2015, the emission standards will be tightened for nitric oxides to 200mg/ Nm^3, the company will be required to build catalytic nitrogen oxide reduction systems on power blocks 4 through 10. In 2009, preparatory work was carried out in relation to future investments in this regard. In October 2010, the company is to announce a public procurement procedure concerning the design, delivery and installation of catalytic nitrogen oxide reduction installations and systems for combustion gases in blocks 4 through 10. The installation work should commence in 2011.

Emissions of SO2 are reduced through the use of fume desulphurisation installations using the wet limestone method: IOS I (Fume Desulphurisation Installation) for installed capacity of 500 MW, which covers block 9, and IOS II for installed capacity of 800 MW, which covers the 200 MW blocks 4 through 8. In order to ensure the compliance of SO_2 emissions to the tightened Community law regulations, in 2008, the company commenced the construction of a fume desulphurisation installation using the wet limestone method for the 535 MW block 10, which is scheduled to be completed in December 2010.

Waste management

The company manages its waste in accordance with the applicable laws, i.e. in accordance with the Waste Act of 21 April 2001. The power plant has a designated ash and slag storage area with an active storage area of 313 hectares, composed of six component fields, of which it has designated: a combustion waste storage area and a storage area for gypsum residue from the Fume Desulphurisation Installation.

In Q3 2010, the company strove to maximise the use of combustion waste, with 79.63 per cent of such waste being reused. In Q3 2010, the company repurposed 34,571.24 tonnes of gypsum residue from the Fume Desulphurisation Installation (total quantity generated: 40,475.4 tonnes).

The following sales are also important: fly ash – 168,242.76 tonnes, microspheres – 298.95 tonnes, and delivery of the ash and slag mixture (ASM) for reuse from the slag and ash storage area in the amount of: ASM 44,593.04 tonnes, and sending in to the warehouse for reuse: 37,835.42 tonnes of ASM.

In the vicinity of the waste storage facilities, the systematic monitoring of the quality of the environment is carried out in accordance with the relevant binding regulations. The physical and chemical properties of the ash and cinders are tested, as is water quality. The results of the tests reveal only a small impact on the environment.

The power plant undertakes activity designed to avoid the repeated spread of dust, through the periodic sprinkling of fields, the flooding of fields not in use and protecting surfaces with membrane-forming chemicals, maintenance and conservation works (maintaining green areas and the area of the storage facility, planting trees and bushes), and hydroseeding embankments.

Fuel management

As a result of adapting Polish legislation to the requirements of the Directives of the European Parliament and of the Council of Europe, the power plant performs obligations resulting from the implementation of:

- the CO_2 emission trading scheme,
- the production of energy from renewable sources,
- the generation of electricity.

To meet the needs of emission trading, CO_2 emissions are monitored using our own certified chemical laboratory (launched in 2008).

The solid biomass co-firing system, developed in 2007 and updated in 2009, allows for generating power from renewable sources. In the near future, the company intends to launch a liquid biomass co-firing system that will increase the volume of energy generated from renewable sources.

In Q3 2010, the company co-fired 51,339.7 Mg of biomass. Such a quantity of biomass results in avoiding carbon dioxide emissions of 86,651.32 Mg.

As a result of updating the spark ignition turbine engines in the 200 MW and 500 MW blocks, we effectively reduced coal consumption, thus reducing the levels of carbon dioxide released into the atmosphere.

New supercritical power block with a capacity of up to 1000 MW

Elektrownia “Kozienice” S.A. is one of Poland's first power plants to take action in order to develop a new supercritical power block with a capacity of up to 1000 MW. To this end, in 2008, ENEA S.A. and Elektrownia "Kozienice" S.A. established special purpose vehicle Kozienice II Sp. z o.o., whose primary objective was to prepare the investment and to develop the new power block using hard coal as the primary fuel. The new block will be the eleventh block at Elektrownia “Kozienice” S.A.

The power block will be designed and built using high-performance technology that involves the combustion of coal in a supercritical power furnace that meets the most recent requirements of the BAT directive, and will feature a fume purification system with the required environmental components: electrofilters, nitrogen oxide reduction systems and fume desulphurisation systems. The block will feature a closed cooling system with a cooling tower and a fume incinerator heat recovery system. It is assumed that the new power block will be a designated block using the existing technical, technological and organisational systems at Elektrownia "Kozienice" S.A.

The block will be equipped with: a dedicated coal yard and the above associated auxiliary systems, as well as an adjacent power transmission point to a 400 kV power system switchgear.

The new unit will be prepared to become a CO_2 capture-ready plant.

The block's net electrical capacity is at least 900 MW; the block's net efficiency is at least 44.5 per cent.

More information about the status of this block's development is set out in item IX below.

Diversified customer portfolio

The portfolio of customers to whom we sell electricity is highly diversified.

As of 30 September 2010, ENEA S.A. provided end-to-end services (which involved the sale of electricity and distribution services) or supplied electricity to more than 2.1 million retail customers and approximately 0.3 million corporate customers.

In Q3 2010, the proceeds from supplying electricity to our largest customer accounted for 5.2 per cent of the overall value of electricity and distribution sales, and the share of the ten largest customers amounted to 13.8 per cent.

Convenient location for developing wind farms

Investments in renewable wind power are a crucial element of our strategy. Our distribution network covers the north-western part of Poland that, due to the prevailing atmospheric conditions in this part of the country – plenty of wind – is a good location for building wind farms. The coastal area, regarded as a very convenient location for developing wind farms, has an estimated year-average wind speed of more than 6 m/s. In Q3 2010, we continued our efforts to acquire wind farm projects at various stages of development, in order to expand the Group's wind generation capacity and reach our 2020 goal of between 250 and 350 MW in installed capacity. Currently the Group is pursuing wind farm projects at various stages of development, with a combined installed capacity of 52.5 MW (due to the amendment of the Energy Law, some of the formerly developed projects were suspended), including one greenfield project. In the years 2010-2012, ENEA S.A. intends to recapitalise Elektrownie Wodne Sp. z o.o. (formerly, EnergoPartner Sp. z o.o.; currently, Elektrownie Wodne Sp. z o.o., after the acquisition of EnergoPartner Sp. z o.o. by Elektrownie Wodne Sp. z o.o. on 1 July 2010) with a cash contribution for a total value of PLN 245,854,000 (2010: PLN 1,525,000) for the purpose of seeking new wind power projects for purchase, in particular for the development of the projects owned by the Company (also with Renpro Sp. z o.o.).

Tariffs

ENEA S.A. supplies electricity to customers in tariff groups A, B and C (institutional buyers) and in tariff group G (households).

The supply of electricity to group A, B and C customers is governed by the "Electricity Tariff" implemented on 1 January 2009 under Resolution of the management board of ENEA S.A. No. 786/2008 of 25 November 2008, and amended with respect to electricity pricing on 1 June 2009, under Resolution of the management board of ENEA S.A. No. 266/2009 of 27 April 2009.

The sale of electricity to end users in tariff group G connected to the network of ENEA Operator Sp. z o.o. is carried out on the basis of the "Electricity Tariff" approved by the President of the ERO for the period ending 31 December 2010. Under Resolution of the management board of ENEA S.A. No. 25/2010 of 14 January 2010, the tariff came into force on 27 January 2010. The cost bracket recognised as reasonable by the President of the ERO in that tariff is lower than the costs incurred by the Company under its power supply contracts.

Risks relating to the Company's activity and its environment

Notwithstanding the above positive factors in the evaluation of the staffing, property and financial situation and the financial result of the Issuer and its Group, a series of factors exist that are identifiable as risks relating to the activity conducted by the Company and the environment in which it takes place. Among them, we must point out the potential effect of the events and occurrences set out in the Management Report on the operations of the ENEA Group published as part of the consolidated interim report on 27 August 2010 and in Notes 26-27 to the consolidated quarterly financial statements (pages 35-40 hereof).

Collective labour disputes

Approximately 70% of our employees belong to trade unions. The position of trade unions in the power sector is particular strong because of the volume of employment in the sector and its strategic influence on the operation of the economy. Furthermore, the expectations of the trade unions are based on conditions won by the employees of other power companies or power generators in agreements concluded in relation to the earlier privatisation of these companies. Although we are endeavouring to maintain good relations with our employees and to resolve on an ongoing basis all problems that arise, we cannot exclude the possibility of collective disputes taking place in the future. Collective disputes with employees may lead to a disruption in our ongoing activities, and in particular to stoppages, and may also cause an increase in labour costs, which may have a negative effect on our business, financial situation, financial results or development prospects. In the period from May to June 2008, the Company conducted negotiations with the trade unions existing within the Company on resolving the issue of Employee Shares. These discussions covered, among other matters, the subject of payment of monetary benefits as compensation for the loss of rights to some Employee Shares as a result of Group restructuring processes and the payment of monetary benefits to employees of the Company who are not entitled to acquire Employee Shares. As an effect of the discussions, on 28 May 2008 an agreement was signed between the Company and the employee side, which ended the collective dispute about Employee Shares. Because the Minister of the State Treasury did not sign the appendix to the agreement of 28 May 2008, the position of some of the trade unions that signed the agreement on concluding the dispute differs from the Company's position in this matter. There is a risk of the renewal of the collective dispute about Employee Shares, and this may lead to disruptions in our ongoing activities, and in particular to stoppages, which may have a negative effect on our business, financial situation, financial results or development prospects. Our ability to improve productivity and reduce costs by restructuring employment is limited by collective agreements. If we consider that the improvement of our profitability and ability to compete effectively thanks to greater efficiency depends on reducing employment, our efforts to do so will be subject to restrictions imposed by collective bargaining agreements concluded with the trade unions existing within the Group. In particular, in accordance with the agreement concluded with trade unions on 18 December 2002, our employees are covered by specific guarantees that conditions of work and payment will be maintained, and also by a guarantee of long-term employment. On the basis of this agreement, we undertook to pay an employee, in the event of the termination of his or her contract of employment, severance pay amounting to the product of the individual's monthly remuneration and the period remaining to the end of the period guaranteed by the agreement. Of this amount, 80% is payable if the payment is made in a lump sum, and 100% if payment is made monthly. Furthermore, some of our current or past senior managers will be covered by employee guarantees until 31 December 2018.

At present, ENEA SA is a party to one collective dispute initiated on 7 September 2009, which concerns the proposed privatisation of ENEA SA and the effect of the potential shareholder change on the status of its employees. The dispute has not been settled to date.

ENEA Operator Sp. z o.o.

On 15 September 2010, at ENEA Operator Sp. z o.o., the Strike Committee carried out a referendum at the Company with regard to commencing a strike if no remuneration agreement is reached and if the arrangements and provisions of the Company Collective Bargaining Agreement in force in the Company continue to be breached and challenged. On 22 September 2010, the management board of ENEA Operator met with the trade unions to discuss remuneration matters. The negotiations continued on 4 October 2010 and were concluded by signing an agreement regarding the implementation of the remuneration policy in 2010 by ENEA Operator Sp. z o.o.

Long-Term Power Purchase Agreements (LTPPA)

As the European Commission has found that long-term contracts with the state-owned company PSE S.A. regarding the sale of power and electricity constitute prohibited public aid, the Polish Parliament has adopted an act intended to terminate these contracts. Under the Act on Covering Stranded Costs Incurred by Power Companies due to the Early Termination of Long-Term Power Purchase Agreements of 29 June 2007 (the "LTPPA Termination Act"), the Group (Elektrownia "Kozienice" S.A.), starting from 1 April 2008, is entitled to compensation for the stranded costs it has incurred as a result of the early termination of long-term power purchase agreements. Pursuant to the Act, the Group will be entitled to compensation until 2014.

The LTPPA compensation mechanism is as follows:

- companies submit requests for advance compensation payments by 31 August of each year,
- the President of the ERO determines the annual adjustment value for the stranded costs (advance adjustment) by 31 July of the following year,
- the President of the ERO determines the final adjustment value by 31 August of the year following the end of the adjustment period (for the Group, it will be 31 August 2015).

The Group developed a calculation model on the basis of which it requests advance payments and annual settlements from the President of the ERO. The calculation of the amounts due is not final as it is determined by numerous factors, including the interpretation of the Act.

The Group has decided to enter as proceeds only amounts stipulated in the decision concerning the annual adjustment of stranded costs.

a/ 2008 payments

In 2008, Elektrownia “Kozienice” S.A. obtained advance payments towards stranded costs from Zarządca Rozliczeń S.A. in the amount of PLN 93,132,000, of which it reported PLN 80,796,000 as compensation in its financial statements for 2008. On 5 August 2009, Elektrownia “Kozienice” S.A. obtained a decision of the President of the ERO of 31 July 2009 setting the amount of the adjustment of the yearly stranded costs (i.e. advance payments received from Zarządca Rozliczeń S.A.) for Elektrownia “Kozienice” S.A. for 2008. Pursuant to that decision, the amount of the adjustment to the yearly stranded costs (i.e. advance payments received from Zarządca Rozliczeń S.A.) was set at PLN 89,537,000, or PLN 77,381,000 less than the revenues reported by Elektrownia “Kozienice” S.A. in its financial statements for 2008 (as well as in the consolidated financial statements of the ENEA Group).

According to the management boards of Elektrownia Kozienice S.A. and ENEA S.A., the assumptions made in drafting the decision of the President of the ERO, as well as the interpretation of the LTPPA Termination Act are in many places erroneous or inappropriately applied. On 19 August 2009, Elektrownia “Kozienice” S.A. filed an appeal with the Regional Court in Warsaw, at the Court of Competition and Consumer Protection. In that appeal, it also moved for abstention from the enforcement of that decision pending a ruling in the matter. In its decision of 23 September 2009, the Regional Court in Warsaw, the Court of Competition and Consumer Protection, ruled to suspend the enforcement of the contested decision above the amount of PLN 44,768,000, dismissing the remainder of the motion. As a result, on 30 September 2009, the management board of the Company decided to return the advance payments resulting from the decision of the President of the ERO in an amount not suspended by the court.

On 2 October 2009, Elektrownia Kozienice S.A. submitted an appeal against the above ruling to the Court of Appeals in Warsaw, Division VI (Civil). On 19 May 2010, the Court of Appeals amended the decision of the Court of Competition and Consumer Protection of 23 September 2009 and suspended the enforcement of the decision of the President of the ERO of 31 July 2009 on the annual adjustment of stranded costs in its entirety. The Court of Appeals stressed that the Court of Competition and Consumer Protection had no legal basis to refuse to suspend the enforcement of the decision in part. Therefore, since it found grounds to suspend the enforcement of the decision, it should have suspended the enforcement of the decision in full. As a result of this decision, on 27 May 2010, Elektrownia "Kozienice" S.A. requested the reimbursement of the sum of PLN 40,577,000 together with applicable interest from Zarządca Rozliczeń S.A. However, Zarządca Rozliczeń S.A. refused to do so, arguing that reimbursement may only be based on an amendment of the decision by the President of the ERO of 31 July 2009. On 5 July 2010, Elektrownia “Kozienice” S.A. submitted a final pre-litigation demand to Zarządca Rozliczeń S.A. for the reimbursement of PLN 40,577,000 together with applicable interest. In its letter of 12 July 2010, Zarządca Rozliczeń S.A. upheld its earlier position in this matter and declined to return the sum in question.

The management board of Elektrownia "Kozienice" S.A. resolved not to recognise any compensation proceeds and to recognise the adjustment of the 2008 compensation proceeds of PLN 77,380,000. The above adjustment is recognised as proceeds from sale (as a sum decreasing proceeds from sale) in the comprehensive income statement for the period from 1 January to 31 December 2009. If in the future the Court issues a ruling on the appeal against the decision of the President of the ERO under which Elektrownia Kozienice S.A. is obliged to return a lower amount than that resulting from the decision of the President of the ERO, this will improve the financial result.

b/ 2009 payments

On 29 July 2010, the President of the ERO issued a decision that indicates that the 2009 annual adjustment of stranded costs to be received by Elektrownia "Kozienice" S.A. from Zarządca Rozliczeń S.A. will amount to PLN 15,580,000. As this decision is also unfavourable for the Group, on 17 August 2010, an appeal against this decision was filed with the Court for Competition and Consumer Protection at the Regional Court in Warsaw. The above amount was booked in these abbreviated mid-year consolidated financial statements under the item sales revenues and liabilities.

Assuming that Elektrownia "Kozienice" S.A. obtains favourable resolutions of the appeal against the decision of the President of the ERO with regard to 2008 and 2009 annual adjustment amounts:
- the company estimates its 2009 annual amount at + PLN 111,100,000
- the company estimates its 2010 annual amount at + PLN 78,600,000 (the estimate is based on the performance in the 9 months of 2010 and the plan for Q4 2010).
Due to the absence of court decisions regarding the appeals submitted, it is not possible to assess the likelihood of the company being awarded the above amounts (estimated on the basis of the company's current knowledge and available data) as part of annual adjustment for stranded costs.
Therefore, the financial statements disclose proceeds calculated prudently and in accordance with the management board's best knowledge.

Privatisation

In the "2008-2011 Privatisation Plan", adopted by the Council of Ministers on 22 April 2008, ENEA S.A. was identified as one of the energy groups to be privatised in the years 2008-2011. The first stage of the above process was the 2008 sale of a block of newly-issued shares of the Company in an IPO.

More information about subsequent stages of privatisation of ENEA S.A. is set out in chapter II. Shareholders (…) on pages 90 -91 hereof.

Information on transactions hedging the currency risk

As part of their operations, neither ENEA S.A. nor its subsidiaries concluded any transactions hedging the currency risk in Q3 2010.

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

One of key factors that will affect long-term performance is the implementation of the Group's strategy.

Our strategy is based on the mission of the Group that is, to provide high-quality services to customers, to ensure a safe environment for our employees, and to build shareholder value while caring for the natural environment.

We intend to implement that strategy by:

- **Developing the basic operations of the Group – areas in which we will concentrate on:**
  - developing and diversifying the generation capacity,
  - developing and modernising the distribution network,
  - developing wholesale trade operations,
  - ensuring the security of bituminous coal supplies from optimal sources,
  - increasing profit from electricity sales,
  - ensuring technical and technological development,

- **Improving the effectiveness of the functioning of the Group – areas in which we will concentrate on:**
  - optimising fundamental processes,
  - optimising support functions,
  - ensuring the operational integration of the Group,
  - reorganising the operations of the Group's subsidiaries,

- **Building a socially responsible business – areas in which we will concentrate on:**
  - ensuring well-balanced human resource management,
  - ensuring a dialogue with the local community and taking their voice into account in business operations,
  - promoting environmentally beneficial solutions and behaviours.

An integral part of this strategy is the implementation of a new business model for the Group, which provides for the functioning of the following business areas:

- Corporate Centre,
- Generation based on fossil fuels and renewable sources,
- Wholesale trading
- Sales,
- Distribution,
- Shared Services Centre.

Creating, in addition to the core business areas, a corporate centre and a shared service centre divisions, should increase the efficiency of managing the Group and enable cost synergies to be obtained from the centralised management of Group operations and a shared customer service system.

As part of the Group's strategic area that involves core activity development, one of the principal course of action to be taken by the Group is to undertake efforts aimed at concluding long-term coal supply contracts. Irrespective of the opportunities there may be to acquire additional generation capacity by acquiring existing entities, we are planning to increase our own generation capacity, including at the Kozienice Power Plant, where by 2016 we plan to construct a new power unit with a total capacity of approximately 1000 MW. In connection with anticipated increases in the requirements for renewable and co-generated energy sources, we are taking action aimed at increasing our control over the costs of meeting the legal requirements. To this end, we plan to continue concluding long-term agreements for the purchase of energy certificates for energy produced from renewable sources and cogeneration from external entities, and to carry out direct investments in such sources. Our intention is to invest in wind farm projects, agricultural biogas plants and biogas generators, already commenced and at various stages of development, by acquiring existing entities or investing in co-operation with external entities. There are four possible acquisition scenarios, depending on the stage of a given project: searching for projects that would in part be implemented by a third party on a developer service basis, purchasing a project from a third party before that entity has obtained a building permit, and continuing the development of the project, purchasing projects/special purpose vehicles (set up by developers for the purpose of implementing a project) after a final building permit has been issued for the project/special purpose vehicle, or purchasing 'turnkey' completed wind farms, biogas plants and biogas generators. Furthermore, in the near future we plan to continue modernising acquired thermal plants and thermal-electric power plants. Acquired thermal plants will be transformed into thermal-electric plants, including those fuelled by biomass, which will generate electricity and heat through cogeneration, enabling us to obtain additional energy certificates.

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

Within the strategic area of building a socially responsible business, targets will be set that in the long run will increase the value of the business by incorporating responsible business principles into the operations of the ENEA Group.

The effective implementation of a policy on the developmental direction of the Company and the entire ENEA Capital Group is dependent on initiating a new business model for the Group. A fundamental task of this new model is to guarantee that the ENEA Group will be able to function flexibly over the long term, thereby taking full advantage of the opportunities and meeting the challenges that arise in the Polish power industry.

Financial resources will be essential for the implementation and development of the Group’s strategy, and securing these resources is the key to the implementation of the above investment plans and increasing the Group's value to its shareholders. In implementing our strategy, we assume a base variant of about PLN 18.7 billion for investments in conventional generation (about 39.4 per cent of all investment outlays), distribution (about 34.4 per cent of total investment outlays) and renewable energy sources and cogeneration (about 26.2 per cent of total investment outlays).

Our main goal for conventional generation is to construct a new 1000-MW bituminous coal-fired power unit in Świerze Górne (we assume an average construction cost of EUR 1.3 million per 1 MW). Start-up is planned for 2016. We are currently going through the process of selecting a contractor to design and build the new 1000-MW unit. We are planning to select a contractor at the end of 2010/beginning of 2011. During the construction of the new unit, we intend to update the remaining 200 MW and 500 MW units operated by the Kozienice Power Plant. We are also conducting studies with regard to the construction of a second 1000 MW unit in Świerże Górne, which involves investment outlays.

In the area of distribution, during the period covered by the strategy we are planning investment works, modernisation of the grid infrastructure, and essential refurbishment in connection with increasing demand for electricity and the need to connect renewable sources of energy. Such investment and modernisation activities should result in increasing the functionality of our grid and in restricting grid losses. They will also involve replacing those sections of distribution lines that have been in service the longest. In 2010, we plan to invest approximately PLN 575 million in distribution assets.

Grid-related investment outlays have been on the rise. Compared to 2008, they increased by 17 per cent in 2009 (taking into account the implementation of the investment plan), and in 2010, they increased by 30 per cent compared to 2008 (taking into consideration the expenditures accounted for in 2010 – the final growth rate will be known after information has been published on the implementation of this year’s Investment Plan).

A similar tendency is observed in relation to infrastructure investments supporting our distribution operations. Compared to 2008, they increased by 14 per cent in 2009 (taking into account the implementation of the investment plan), and in 2010, they increased by 66 per cent compared to 2008 (taking into consideration the expenditures accounted for in 2010 – the final growth rate will be known after information has been published on the implementation of this year’s Investment Plan).

In the area of renewable sources of electrical and thermal energy, we plan to increase our wind power capacity to a level of 250-350 MW installed by 2020. We have also decided to invest into biogas capacity, planning to reach a capacity of approximately 40-60 MW in 2020.

In 2009, the Company conducted one full preparatory procedure for the purchase of the first biogas generator in Liszkowo (Kujawsko-Pomorskie Province) with a capacity of 2.12 MWe – the acquisition was completed in January 2010. In 2011, ENEA S.A. plans to acquire biogas plants having a total capacity of 5 MWe

Depending on the market situation, our financial situation, the results of technical and economic analyses being carried out, and our ability to finance investments, we do not rule out increasing the base investment programme by additional investments in conventional generation, by about PLN 1.3 billion. This amount also covers the construction of a second 1,000 MW unit in Świerże Górne. Moreover, the management board cannot exclude the implementation of an investment project involving the construction of a nuclear power plant with a capacity of about 1,600 MW. In this case, additional outlays will amount to approximately PLN 14.4 billion (PLN 9.4 billion by 2020).

Development and investment plans have already been reflected in ENEA S.A.'s 2010-2012 Investment Plan (amended in June 2010), whereunder the proposed investments will require a total of PLN 1.26 billion (including monetary equity investments). The Company anticipates considerable investment needs, including to finance the construction of a new unit in Świerże Górne in the years 2013-2016, where the combined investment outlays may amount to approximately PLN 11 billion. Therefore, from the point of view of ENEA S.A., the long-term development of the equity portfolio is essential to carry the burden of future investments. Obviously, any profits will be allocated as a supplementary source of financing investments, particularly with regard to Group development, primarily in additional capacity investments.

Below, we have defined the key items of the 2010-2012 investment plan that affect the efficiency of ENEA S.A. and the Company's growth, which, of course, does not eliminate investment needs, but only indicates the primary allocation of spending and will take considerable amounts also after 2012:

1) Monetary equity investments:

Given that ENEA S.A. manages the ENEA Group, and its core activity involves trading in electricity, and due to the fact that the majority of fixed asset investments are made by the subsidiaries of ENEA S.A., equity investments are a major and material component of the Company’s activity.

Therefore, ENEA S.A. intends to carry out a number of monetary equity investments, which will include (first and foremost) the following tasks set out in the Company's 2010-2012 Investment Plan:

- "Kozienice II" Sp. z o.o. – capitalisation of the company with a cash contribution to cover the costs of developing a supercritical power unit with an approximate capacity of 1000 MW. As part of the construction of the new unit with an approximate capacity of 1000 MW, ENEA S.A. plans to capitalise the special purpose vehicle, "Kozienice II” Sp. z o.o, in the years 2010-2012, with a PLN 655,780,000 cash contribution. Furthermore, it is anticipated that the implementation of this investment will involve significant resources after the lapse of the above period.

- Recapitalising Elektrownie Wodne Sp. z o.o. (formerly, EnergoPartner Sp. z o.o.; currently, Elektrownie Wodne Sp. z o.o., after the acquisition of EnergoPartner Sp. z o.o. by Elektrownie Wodne Sp. z o.o. on 1 July 2010) with a cash contribution to cover the costs of developing wind farm projects. Due to the increasing requirement to obtain certificates of origin, ENEA S.A. will be required to purchase increasingly higher volumes of certificates of origin or to pay a substitute fee. Given the existing contracts, there is a shortage of certificates of origin, which should be compensated for through the involvement of ENEA S.A. in new renewable energy ventures in order to ultimately eliminate the need to pay substitute fees, or, more precisely, to reapply within the Group the funds previously allocated to substitute fees. ENEA S.A. plans to recapitalise Elektrownie Wodne Sp. z o.o. in the years 2010-2012 with a PLN 245,854,000 cash contribution (in 2010: PLN 1,525,000), towards seeking new wind power projects for purchase, in particular, for the development of the projects owned by the Company (also with Renpro Sp. z o.o.).

- Recapitalising the Lead Company – as the supervisor and co-ordinator of the Group's renewable energy operations, towards biogas plant/biogas generator development. The Company undertook efforts to invest into biogas facilities, planning to obtain an approximate capacity of 40-60 MW by 2020. The Company allocated a total of PLN 122,400,000 in the years 2010-2012 towards achieving the above goals.

Acquiring shares in companies operating in the power and heat generation industry, particularly energy from renewable sources, is part of implementing the Development Plan for the Heating, Renewable Energy and Co-Generation Industry in the ENEA Group. As part of the above efforts, the Company intends to invest in biomass- and biogas-based distributed generation resources, to fulfil the obligation to obtain the required number of property rights – renewable energy certificates of origin, among other reasons. Moreover, in this area, the Company intends to acquire existing heat generation resources (heating plants) and updating them by installing facilities that allow for the production of electricity generated in combination with heat (CHP), to fulfil the obligation to obtain certificates of origin – co-generated heat and electricity certificates, among other reasons.

2) Telecommunications and IT

In this area, in the years 2010-2012, the Company intends to implement seven main investments to benefit ENEA S.A., for a total amount of PLN 131,218,000, i.e.:

- Updating and developing the ERP software;
- Developing a document flow system and a business process management platform;
- Developing an Integrated Customer Management System;
- Consolidating work resources;
- Developing and implementing an IT policy, which includes designing the IT architecture, security policies, IT service quality assurance and project management;
- Updating and developing the IT and telecommunications network;
- Technical system architecture.

Furthermore, it is anticipated that the implementation of these investments will involve the approximate amount of PLN 81,100,000 after the lapse of the above period.

3) Street lighting update

Planned 2010-2012 investments into updating street lighting amount to a total of PLN 44,022,000 in the following areas: Poznań Area, Bydgoszcz Area, Zielona Góra Area, Gorzów Wielkopolski Area and Szczecin

Area. The Company anticipates that it will make street lighting update investments until the end of 2011, as in Q4 2011, the lighting assets of ENEA S.A. are to be transferred to ENEOS Sp. z o.o. (a subsidiary responsible for lighting in the Group).

It must be noted that the Company will not have sufficient funds to implement the adopted 2010-2020 development plan (even in its minimum scope) that anticipates investment needs of approximately PLN 18.7 billion. The management board of ENEA S.A. realises that financing the above projects using its own funds only is not the best solution, so it is essential to obtain external funding for these investments.

In addition to the factors related to the implementation of the growth strategy and the proposed investments, another factor that may affect the Group's performance is the enactment on 11 March 2010 of the amended Energy Law of 10 April 1997, stemming from the amended Energy Law and certain other acts of 8 January 2010 (Journal of Laws of 2010 No. 21, item 104) (Amendment). Under the Amendment, distribution system operators (in a vertically integrated utility) cannot conduct business activity that involves producing or trading in electricity, or to conduct such activity under a contract for other utilities. This required a spin-off from the body of ENEA Operator Sp. z o.o. of its customer service segment and its transfer to ENEA S.A. Moreover, under the Amendment, power companies are required to sell no less than 15 per cent of the electricity generated in a given year on commodity exchanges or on the regulated market, and additionally, power companies entitled to compensation for stranded costs incurred as a result of the early termination of long-term power purchase agreements, are required to sell the remaining portion of the electricity in a manner that ensures public and equal access to the electricity, by an open tender, via the online trading platform on the regulated market or on commodity exchanges.

Other factors that may affect the performance of the ENEA Group in at least the next quarter may include:

- The overall condition of the economy.

Our business may be affected by the macroeconomic factors in Poland's economy. In particular, our business is affected by: interest rates, the złoty exchange rate vs. other currencies, inflation, unemployment, Polish GDP and changes in Poland's economic policy. In addition to factors related to Poland's economy, our business is also affected by the macroeconomics of other countries, in particular the other European Union Member States.

- Factors related to conducting business in Poland, i.e. changes in Poland's business, political and legal situation.

Poland's energy policy and structural and ownership decisions affecting state-owned utilities may have a material adverse effect on the proceeds from electricity sales and distribution, in particular for retail consumers. It was not long ago that Poland enacted the legislative framework that regulates the functioning of the power sector in its present form. As a result, there is no developed, unified interpretation of the law in this area. There is, therefore, considerable uncertainty as to how issues relating to our activities will be resolved if they become the subject of court proceedings. There exists a risk of unexpected and unfavourable decisions that could have a negative effect on our activity, financial results, financial situation or development prospects.

- Synergies

The planned acquisitions and capital investments may not produce the expected results. The valuation of our future acquisitions and investments will depend on market conditions, as well as on other factors that are beyond our control, and it might turn out that we are unable to correctly assess the value of the acquisitions and investments that we have carried out. Furthermore, the results achieved by companies in which we invest might turn out to be worse than our initial estimates, which could result in the rate of return from those transactions being less than initially anticipated. Moreover, the restructuring of these entities may prove to be a time-consuming and costly process.