

**Extended consolidated quarterly report
of the ENEA Group
for the fourth quarter of 2010**

Poznań, 1 March 2011

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Selected consolidated financial data of the ENEA Capital Group

	in PLN '000		in EUR '000	
	12 months ended 31.12.2010	12 months ended 31.12.2009	12 months ended 31.12.2010	12 months ended 31.12.2009
Net sales revenue	7 836 975	7 167 337	1 957 091	1 651 232
Profit/loss on operating activities	694 275	505 605	173 378	116 483
Profit/loss before tax	795 542	653 056	198 667	150 453
Net profit/loss for the reporting period	621 026	513 610	155 086	118 327
Net cash flows from operating activities	1 296 238	850 134	323 703	195 856
Net cash flows from investing activities	(1 095 076)	(2 332 519)	(273 468)	(537 372)
Net cash flows from financing activities	(204 243)	(235 731)	(51 005)	(54 308)
Total net cash flows	(3 081)	(1 718 116)	(769)	(395 825)
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)	1,41	1,16	0,35	0,27
Diluted earnings per share (in PLN/EUR)	1,41	1,16	0,35	0,27
	Balance as of 31 December 2010	Balance as of 31 December 2009	Balance as of 31 December 2010	Balance as of 31 December 2009
Total assets	12 862 307	12 229 688	3 247 811	2 976 897
Total liabilities	3 006 764	2 857 060	759 226	695 453
Non-current liabilities	1 371 260	1 450 377	346 252	353 044
Current liabilities	1 635 504	1 406 683	412 975	342 409
Equity	9 855 543	9 372 628	2 488 585	2 281 444
Share capital	588 018	588 018	148 478	143 133
Book value per share (in PLN / EUR)	22,33	21,23	5,64	5,17
Diluted book value per share (in PLN / EUR)	22,33	21,23	5,64	5,17

The above financial data for Q4 2010 and 2009 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 December 2010 - 3.9603 PLN/EUR (as of 31 December 2009– 4.1082 PLN/EUR),
- individual items of 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 31 December 2010 - 4.0044 PLN/EUR (for the period from 1 January to 31 December 2009 –4.3406 PLN/EUR).

**Condensed interim consolidated
financial statements of
the ENEA Capital Group
for the period from 1 January to 31 December 2010**

Poznań, 1 March 2011

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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, 1 March 2011

Consolidated balance sheet

	As of	
	31.12.2010	31.12.2009
ASSETS		
Non-current assets		
Property, plant and equipment	8 311 378	8 060 674
Land perpetual usufruct right	29 208	28 090
Intangible assets	145 254	47 985
Investment property	5 170	6 091
Investments in associated entities measured with equity method	167 221	189 938
Financial assets available for sale	74 869	39 346
Financial assets measured at fair value through profit or loss	4 411	1 219
Trade and other receivables	167	1 330
	8 737 678	8 374 673
Current assets		
Inventories	242 386	300 830
Trade and other receivables	948 519	925 513
Current income tax receivables	1 376	12 828
Financial assets held to maturity	250 947	55 734
Financial assets measured at fair value through profit or loss	1 781 939	1 652 523
Cash and cash equivalents	899 462	902 543
	4 124 629	3 849 971
Non-current assets held for sale	-	5 044
Total assets	12 862 307	12 229 688

ENEA Capital Group

Condensed interim consolidated financial statements for the period from 1 January do 31 December 2010

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

	As of	
	31.12.2010	31.12.2009
EQUITY AND LIABILITIES		
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	1 144 336	1 144 336
Revaluation reserve (financial instruments)	50 922	20 756
Other capitals	(22 110)	(22 110)
Retained earnings	4 437 862	3 985 386
	9 831 492	9 348 850
Minority interest	24 051	23 778
Total equity	9 855 543	9 372 628
LIABILITIES		
Non-current liabilities		
Credit facilities and loans	72 490	107 056
Trade and other liabilities	2	58
Finance lease liabilities	1 730	2 291
Settlement of income due to subsidies and connection fees	713 215	791 296
Provision for deferred income tax	77 621	112 366
Liabilities due to employee benefits	428 134	407 093
Provisions for other liabilities and charges	78 068	30 217
	1 371 260	1 450 377
Current liabilities		
Credit facilities and loans	42 398	46 609
Trade and other liabilities	1 068 014	991 482
Finance lease liabilities	2 103	1 178
Settlement of income due to subsidies and connection fees	122 432	41 856
Current income tax liabilities	74 502	71 359
Liabilities due to employee benefits	147 116	125 542
Liabilities due to an equivalent of the right to acquire shares free of charge	557	618
Provision for certificates of origin	92 646	46 539
Provisions for other liabilities and charges	85 736	81 500
	1 635 504	1 406 683
Total liabilities	3 006 764	2 857 060
Total equity and liabilities	12 862 307	12 229 688

The consolidated balance sheet should be analyzed together with the notes which constitute an integral part of these condensed interim consolidated financial statements.

Consolidated statement of comprehensive income

	12 months ended	3 months ended	12 months ended	3 months ended
	31.12.2010	31.12.2010	31.12.2009	31.12.2009
Sales revenue	8 088 040	2 071 583	7 432 132	1 999 233
Excise duty	(251 065)	(62 360)	(264 795)	(71 334)
Net sales revenue	7 836 975	2 009 223	7 167 337	1 927 899
Other operating revenue	80 567	31 544	78 599	16 511
Amortization/Depreciation	(653 227)	(162 895)	(661 345)	(179 112)
Costs of employee benefits	(923 858)	(254 835)	(823 964)	(239 410)
Consumption of materials and raw materials and costs of goods sold	(1 538 204)	(387 045)	(1 585 889)	(446 497)
Energy purchase for sale	(2 704 860)	(733 164)	(2 350 461)	(638 171)
Transmission services	(693 585)	(176 378)	(694 791)	(183 275)
Other external services	(362 789)	(99 288)	(333 169)	(94 478)
Taxes and charges	(199 666)	(61 922)	(171 261)	(43 376)
(Profit) / loss on sale and liquidation of property, plant and equipment	(7 123)	(3 790)	1 453	(443)
Impairment loss on property, plant and equipment	(4 872)	(4 872)	(8 942)	(1 425)
Other operating expenses	(135 083)	(73 006)	(111 962)	(51 989)
Operating profit	694 275	83 572	505 605	66 234
Financial expenses	(40 980)	(16 851)	(33 020)	(8 090)
Financial revenue	140 484	27 223	170 370	41 009
Dividend income	774	134	2 335	-
Share in profits/losses of associates measured using the equity method	989	8 086	7 766	(2 798)
Profit before tax	795 542	102 164	653 056	96 355
Income tax	(174 516)	(28 147)	(139 446)	(29 027)
Net profit for the reporting period	621 026	74 017	513 610	67 328
Other items of comprehensive income				
Measurement of financial assets available for sale	34 685	10 764	26 981	(1 315)
Income tax related to other items of comprehensive income	(4 519)	(2 045)	(5 126)	250
Other items of net comprehensive income	30 166	8 719	21 855	(1 065)
Comprehensive income for the period	651 192	82 736	535 465	66 263
Including net profit:				
attributable to shareholders of the Parent	620 753	73 365	513 589	67 217
attributable to minority interests	273	652	21	111
Including comprehensive income:				
attributable to shareholders of the Parent	650 919	82 084	535 444	66 152
attributable to minority interests	273	652	21	111
Net profit attributable to shareholders of the Parent	620 753	73 365	513 589	67 217
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)	1,41	0,17	1,16	0,15
Diluted earnings per share (in PLN per share)	1,41	0,17	1,16	0,15

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

ENEA Capital Group

Condensed interim consolidated financial statements for the period from 1 January do 31 December 2010

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

	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
Total profit							30 166		620 753	273	651 192
Dividends									(167 748)		(167 748)
Other									(529)		(529)
Balance as of 31.12.2010	441 443	146 575	588 018	-	1 144 336	3 632 464	50 922	(22 110)	4 437 862	24 051	9 855 543

	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
Total profit							21 855		513 589	21	535 465
Dividends									(203 281)	(6)	(203 287)
acquired under the stabilization option				17 396							17 396
Acquisition of subsidiaries											
Settlement of acquisition of subsidiaries								6 116		(7 315)	(1 199)
Balance as of 31.12.2009	441 443	146 575	588 018	-	1 144 336	3 632 464	20 756	(22 110)	3 985 386	23 778	9 372 628

The consolidated statement of changes in equity should be analyzed together with the notes which constitute an integral part of these condensed interim consolidated financial statements.

Consolidated cash flow statement

	12 months ended 31.12.2010	12 months ended 31.12.2009
Cash flows from operating activities		
Net profit for the reporting period	621 026	513 610
Adjustments:		
Income tax disclosed in the income statement	174 516	139 446
Amortization/Depreciation	653 227	661 345
(Profit) / loss on sale and liquidation of property, plant and equipment	7 123	(1 453)
Impairment loss on property, plant and equipment	4 872	8 942
Write-down of goodwill	385	16 832
(Profit) / loss on sale of financial assets	8 253	(25 740)
Interest income	(145 976)	(140 439)
Dividend income	(774)	(2 335)
Interest expense	13 241	11 524
Share in the (profit) / loss of associates	(989)	(7 766)
Exchange (gains) / losses on credit facilities and loans	(1 742)	(782)
Other adjustments	1 331	(5 066)
	713 467	654 508
Income tax paid	(198 893)	(111 597)
Interest received	37 792	133 502
Interest paid	(6 635)	(12 204)
Changes in working capital		
Inventories	60 503	(30 911)
Trade and other receivables	(6 601)	(141 188)
Trade and other liabilities	(31 715)	79 005
Liabilities due to employee benefits	42 115	(38 072)
Settlement of income due to subsidies and connection fees	(31 345)	27 873
Provisions for certificates of origin	46 107	(54 864)
Liabilities due to an equivalent of the right to acquire shares free of charge	(61)	(163 181)
Other provisions	50 478	(6 347)
	129 481	(327 685)
Net cash flows from operating activities	1 296 238	850 134
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(880 727)	(764 296)
Proceeds from disposal of property, plant and equipment	9 662	16 436
Acquisition of financial assets	(470 440)	(1 905 500)
Proceeds from disposal of financial assets	239 570	321 717
Dividends received	16 181	10 515
Other payments	(9 322)	(11 391)
Net cash flows from investing activities	(1 095 076)	(2 332 519)
Cash flows from financing activities		
Credit facilities and loans received	18 712	1 390
Credit facilities and loans repaid	(49 775)	(52 031)
Dividend paid to Parent's shareholders	(167 748)	(203 064)
Payment of finance lease liabilities	(4 570)	(3 740)
Proceeds from sale/release of treasury shares	-	22 479
Other adjustments	(862)	(765)
Net cash flows from financing activities	(204 243)	(235 731)
Net increase (decrease) in cash	(3 081)	(1 718 116)
Opening balance of cash	902 543	2 620 659
Closing balance of cash	899 462	902 543

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

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 31 December 2010 the shareholder structure of the Parent was as follows (an increase in the share capital as a result of an issue 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 – 52.92% of shares, Vattenfall AB – 18.67%, other shareholders – 28.41%.

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

As of 31 December 2010 the Capital Group comprised the parent ENEA S.A. (“the Company”, “the Parent”), 19 subsidiaries, 1 indirect subsidiary 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 individual items of the condensed interim consolidated financial statements of the ENEA Capital Group in accordance with IFRS-EU as of 31 December 2010. The presented statements and explanations have been prepared using due diligence. These condensed interim consolidated financial statements have not 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 moment of recognition of the revenue depends on specific facts and circumstances of the concluded contract. As a result of application of IFRIC 18, the revenue generated by the Group between 1 January and 31 December 2010 increased by approx. PLN 79,023 thousand, while the operating profit by approx. PLN 77,894 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 31.12.2010	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	91.47	87.97
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. Poznań, ul. Św. Wojciecha 7/9	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
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
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 Uzdrawiskowe 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
16.	„PWE Gubin” Sp. z o.o. Sękowice 100 gm. Gubin	-	50
17.	Przedsiębiorstwo Energetyki Ciepłej 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 <i>Poznań, ul. Warszawska 43</i>	100	100
21.	Przedsiębiorstwo Energetyki Ciepłej – Gozdnicza Sp. z o.o. <i>Gozdnica, ul. Świerczewskiego 30</i>	-	100
22.	ENEA Operator Sp. z o.o. <i>Poznań, ul. Strzeszyńska 58</i>	100	100
23.	Elektrownia "Kozienice" S.A. <i>Świerże Górne, gmina Kozienice, Kozienice 1</i>	100	100
24.	Miejska Energetyka Ciepła Piła Sp. z o.o. <i>64-920 Piła, ul. Kaczorska 20</i>	64.064	63.396
25.	Kozienice II Sp. z o.o. <i>Świerże Górne, gmina Kozienice, Kozienice 1</i>	100	100
26.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. <i>Ostrów Wlkp., ul. Chłapowskiego 51</i>	49	49
27.	Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. <i>Śrem, ul. Staszica 6</i>	41.65	41.65
28.	Elektrociepłownia Białystok S.A. <i>Białystok, ul. Gen. Andersa 3</i>	30.36	30.36
29.	ELKO Trading Sp. z o.o. <i>Świerże Górne, gmina Kozienice, Kozienice 1</i>	_*	-

*100% of shares in ELKO Trading Sp. z o.o. are held by Elektrownia „Kozienice” S.A.

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. The increased share capital was registered in the National Court Register on 3 March 2010.

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.

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.

An auction for the sale of shares in the share capital of ITSERWIS Sp. z o. o. in Zielona Góra was announced on 15 October 2010. The offer covered 12,728 shares which accounted for 100% of the share capital of the Company, for the starting price of PLN 9,596,912. The auction was held on 15 December 2010 in the registered

office of the Management Board of ENEA S.A. and no buyer was indicated as investors did not enter the auction. This way ENEA S.A. remained the holder of the shares.

On 29 October 2010 the Extraordinary Shareholders' Meeting discussed the combination of subsidiaries of ENEA S. A.: Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o. o. (the acquirer) and Zakład Usług Przewozowych ENERGOTRANS Sp. z o. o. and EWINN Sp. z o.o. (the acquirees) by transfer of all the assets of the acquirees to the acquirer. As a result of the business combination, the share capital of ENERGOBUD Leszno Sp. z o.o. was increased by PLN 1,418 thousand.

On 1 December 2010 the increased share capital of ENERGOBUD Leszno Sp. z o.o., which following the combination was PLN 7,634 thousand and was divided into 15,201 shares with a face value of PLN 500 each was registered. 67 shares were redeemed from net profit.

On 29 October 2010, the Extraordinary Meeting of BHU S.A. adopted Resolution to increase the share capital of the Company by PLN 240.9 thousand, up to PLN 14,303.1 thousand, by way of issuing 2,409 J series shares, by a private placement, in exchange for a contribution in kind.

The increased share capital of BHU S.A. was registered in the National Court Register on 28 December 2010.

On 4 November 2010 during the Extraordinary Shareholders' Meeting of Energetyka Poznańska Biuro Usług Technicznych S.A., the share capital of the company was increased from PLN 1,973.7 thousand, by PLN 2,054.3 thousand, i.e. to PLN 4,028 thousand by an issue of 20,543 ordinary registered shares of the face value of PLN 100 and issue price of PLN 608.23. An offer for assumption of all 20,543 shares was sent to Elektrownia „Kozienice” S.A. with its registered office in Świerże Górne as part of private placement. By the deadline of the offer, Energetyka Poznańska Biuro Usług Technicznych S.A. had not received a statement from Elektrownia „Kozienice” S.A. concerning acceptance of the offer.

As the share capital increase of Energetyka Poznańska Biuro Usług Technicznych S.A. was not effected, on 22 December 2010 during another Extraordinary Shareholders' Meeting of Energetyka Poznańska Biuro Usług Technicznych S.A., the share capital of the company was increased from PLN 1,973.7 thousand, by PLN 2,054.3 thousand, i.e. to PLN 4,028 thousand by an issue of 20,543 ordinary registered shares of the face value of PLN 100 and issue price of PLN 608.23. An offer for assumption of all 20,543 shares - valid until 31 January 2011 - was sent to Elektrownia „Kozienice” S.A. with its registered office in Świerże Górne as part of private placement. Following and audit of Energetyka Poznańska Biuro Usług Technicznych S.A., Elektrownia „Kozienice” S.A. filed a statement that it refused the offer of assumption of 20,543 new shares in the increased capital of the Company.

On 8 November 2010 during the Extraordinary Shareholders' Meeting of Elektrownie Wodne Sp. z o. o., the share capital of the company was increased from PLN 213,841 thousand, by PLN 26,000 thousand, i.e. to PLN 239,841 thousand by creation of 52,000 new shares of the face value of PLN 500 each. On 1 December 2010 all new shares in the Company's share capital were assumed by the sole shareholder - ENEA S.A. and covered in full by a contribution in kind in the form of an organized part of the enterprise of ENEA S.A.

operating under the business name: ENEA S.A. Oddział Elektrownia Biogazowa Liszkowo. The increased share capital of Elektrownie Wodne Sp. z o.o. was registered in the National Court Register on 7 February 2011.

On 30 November 2010, subsidiaries of ENEA S. A. were combined by acquisition: MEC Piła Sp. z o. o. (the acquirer) and PEC Gozdnica Sp. z o. o and COGEN Sp. z o. o. (the acquirees).

As a result, the share capital of the acquirer was increased by PLN 509 thousand to PLN 27,916 thousand. All the shares in the increased share capital were acquired by – ENEA S.A.

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

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

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

On 15 October 2010 the Management Board of Elektrownia "Kozienice" S.A. adopted a resolution to establish a new company ELKO Trading Spółka z o.o. with its registered office in Świerże Górne with the capital of PLN 33,000 thousand, comprising share capital of PLN 13,500 thousand and supplementary capital of PLN 19,500 thousand.

Elektrownia "Kozienice" S.A. assumed 100% of shares (13,500) of the face value of PLN 1,000 each. Both the share and supplementary capital were paid in cash.

ELKO Trading Sp. z o.o. was incorporated on 21 October 2010 by a notarized deed, Rep. A Nr 4514/2010. Its business includes trade in electricity and energy fuels.

ENEA Capital Group

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

Segment reporting for the period from 1 January to 31 December 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	4 009 896	2 527 923	1 263 060	36 096		7 836 975
Inter-segment sales	332 399		1 265 881	746 452	(2 344 732)	-
Total net sales revenue	4 342 295	2 527 923	2 528 941	782 548	(2 344 732)	7 836 975
Total expenses	(4 148 180)	(2 264 396)	(2 212 526)	(746 430)	2 329 657	(7 041 875)
Segment profit/loss	194 115	263 527	316 415	36 118	(15 075)	795 100
Unassigned Group costs (general and administrative expenses)						(100 825)
Operating profit						694 275
Financial expenses						(40 980)
Financial revenue						140 484
Dividend income						774
Net profit sharing/loss coverage in associated entities						989
Income tax						(174 516)
Net profit						621 026
Share in minority interest profit						273

Segment reporting for the period from 1 October to 31 December 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	1 010 060	647 872	514 107	(162 816)	-	2 009 223
Inter-segment sales	99 265	-	158 797	442 582	(700 644)	-
Total net sales revenue	1 109 325	647 872	672 904	279 766	(700 644)	2 009 223
Total expenses	(1 103 758)	(654 802)	(575 590)	(269 046)	709 836	(1 893 360)
Segment profit/loss	5 567	(6 930)	97 314	10 720	9 192	115 863
Unassigned Group costs (general and administrative expenses)						(32 291)
Operating profit						83 572
Financial expenses						(16 851)
Financial revenue						27 223
Dividend income						134
Net profit sharing/loss coverage in associated entities						8 086
Income tax						(28 147)
Net profit						74 017
Share in minority interest profit						652

ENEA Capital Group

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

Segment reporting for the period from 1 January to 31 December 2009:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	4 489 714	2 301 447	7 215	368 961	-	7 167 337
Inter-segment sales	385 106	-	2 370 942	412 219	(3 168 267)	-
Total net sales revenue	4 874 820	2 301 447	2 378 157	781 180	(3 168 267)	7 167 337
Total expenses	(4 639 360)	(2 160 692)	(2 162 632)	(751 368)	3 113 757	(6 600 295)
Segment profit/loss	235 460	140 755	215 525	29 812	(54 510)	567 042
Unassigned Group costs (general and administrative expenses)						(61 437)
Operating profit						505 605
Financial expenses						(33 020)
Financial revenue						170 370
Dividend income						2 335
Net profit sharing/loss coverage in associated entities						7 766
Income tax						(139 446)
Net profit						513 610
Share in minority interest profit						21

Segment reporting for the period from 1 October to 31 December 2009:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Net sales revenue	1 120 886	650 425	23 428	133 160	-	1 927 899
Inter-segment sales	144 706	-	628 339	124 065	(897 110)	-
Total net sales revenue	1 265 592	650 425	651 767	257 225	(897 110)	1 927 899
Total expenses	(1 181 693)	(676 766)	(589 968)	(258 531)	868 607	(1 838 351)
Segment profit/loss	83 899	(26 341)	61 799	(1 306)	(28 503)	89 548
Unassigned Group costs (general and administrative expenses)						(23 314)
Operating profit						66 234
Financial expenses						(8 090)
Financial revenue						41 009
Dividend income						-
Net profit sharing/loss coverage in associated entities						(2 798)
Income tax						(29 027)
Net profit						67 328
Share in minority interest profit						111

ENEA Capital Group

Condensed interim consolidated financial statements for the period from 1 January do 31 December 2010

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

Other segment reporting information as of 31 December 2010:

	Trade	Distribution	Production	All other segments	Exclusions	Total
Property, plant and equipment	18 746	4 862 914	2 874 885	352 749	(93 003)	8 016 291
Trade and other receivables	485 519	332 995	241 263	206 624	(326 892)	939 509
Total	504 265	5 195 909	3 116 148	559 373	(419 895)	8 955 800
ASSETS excluded from segmentation						3 906 507
- including property, plant and equipment						295 087
- including trade and other receivables						9 177
TOTAL: ASSETS						12 862 307
Trade and other liabilities	396 412	434 131	314 518	168 155	(326 892)	986 324
Equity and liabilities excluded from segmentation						11 875 983
- including trade and other liabilities						81 692
TOTAL: EQUITY AND LIABILITIES						12 862 307
Capital expenditure for fixed assets and intangible assets	-	506 275	420 513	76 984	(27 074)	976 698
Capital expenditure for fixed assets and intangible assets excluded from segmentation						67 627
Amortization/Depreciation	610	360 890	252 311	34 010	(3 132)	644 689
Amortization/depreciation excluded from segmentation						8 538
Impairment loss for receivables as of 31.12.2010	81 578	12 271	55 840	5 625	-	155 314

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Condensed interim consolidated financial statements for the period from 1 January do 31 December 2010

*(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
Impairment loss for 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 allow 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 Group operates in one geographical region, in Poland, and therefore it does not distinguish geographical segments.

8. Property, plant and equipment

During the 12-month period ended 31 December 2010 the Group acquired property, plant and equipment for the total amount of PLN 930,898 thousand (PLN 823,383 thousand during the period of 12 months ended 31 December 2009).

During the 12-month period ended 31 December 2010 the Group sold and liquidated property, plant and equipment for the total net amount of PLN 52,107 thousand (PLN 17,177 thousand during the period of 12 months ended 31 December 2009).

During the 3 months ended 31 December 2010, impairment loss on the carrying amount of property, plant and equipment increased by PLN 4,811 thousand (during the 3 months ended 31 September 2009 impairment loss on the carrying amount of property, plant and equipment increased by PLN 1,425 thousand).

As of 31 December 2010 the total impairment of the carrying amount of property, plant and equipment amounted to PLN 6,379 thousand (as of 31 December 2009: PLN 16,726 thousand).

Impairment test (property, plant and equipment)

Property, plant and equipment related to distribution was 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 and 31 December 2010 there were no reasons to carry out another impairment test of property, plant and equipment related to distribution.

9. Intangible assets

During the 12-month period ended 31 December 2010 the Group acquired intangible assets for the total amount of PLN 113,427 thousand, including PLN 100,750 thousand related to CO2 emission rights (PLN 9,346 thousand during the period of 12 months ended 31 December 2009).

During the 12-month period ended 31 December 2010 the Group did not sell or liquidate any considerable intangible assets (during the period of 12 months ended 31 December 2009 the Group did not sell or liquidate any considerable intangible assets, either).

10. Investment property

During the 12-month period ended 31 December 2010 the Group did not acquire any investment property (during the period of 12 months ended 31 December 2009 the Group acquired investment property for PLN 163 thousand).

11. Investments in associates and jointly-controlled entities

During the 12-month period ended 31 December 2010 the Group did not acquire any shares in associates (during the period of 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 12-month period ended 31 December 2010 the Group sold shares in a jointly-controlled entity - PWE Gubin Sp. z o. o. (as of 31 December 2009 the shares were disclosed as "non-current assets held for sale"). The related gain was PLN 545 thousand.

The item includes advance payments of PLN 3,000 thousand made to ensure exclusivity in negotiations concerning purchase of shares in wind farms from Energetyka Wiatrowa Galicja Sp. z o.o. In exchange the company pledged the shares in 2 most advanced wind farms: Farma Wiatrowa Łañcut Sp. z o. o. and Farma Wiatrowa Gać Sp. z o. o.

As of 31 December 2010, following verification of bases and an impairment test of the shares in the combined heat and power plants which are associates (Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. and Elektrociepłownia Białystok S.A.), the Group impaired the shares in Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. by PLN 7,959 thousand.

12. Impairment loss on trade and other receivables

	31.12.2010	31.12.2009
Opening balance of impairment loss on receivables	150 632	124 232
Recognized	27 587	63 641
Reversed	(22 427)	(31 462)
Allocated	(478)	(5 779)
Closing balance of impairment loss on receivables	155 314	150 632

During the 12-month period ended 31 December 2010 the impairment loss on the carrying amount of trade and other receivables increased by PLN 4,682 thousand (during the period of 12 months ended 31 December 2009 the impairment loss increased by PLN 26,400 thousand).

During the 3-month period ended 31 December 2010 the impairment loss on the carrying amount of trade and other receivables increased by PLN 2,086 thousand (during the period of 3 months ended 31 December 2009 the impairment loss increased by PLN 33,361 thousand).

13. Inventories

As of 31 December 2010 the total impairment loss on the carrying amount of inventories was PLN 6,713 thousand (PLN 6,277 thousand as of 31 December 2009).

During the 12-month period ended 31 December 2010 the impairment loss on the carrying amount increased by PLN 436 thousand (during the period of 12 months ended 31 December 2009 the impairment loss increased by PLN 1,411 thousand).

During the 3 months ended 31 December 2010, the impairment loss on the carrying amount of inventories decreased by PLN 2,580 thousand (during the 3 months ended 31 December 2009 the impairment loss decreased by PLN 566 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 31 December 2010 the funds amounted to PLN 1,781,939 thousand (treasury bills and bonds of PLN 1,459,341 thousand) and deposits (in banks specified by the Company – PLN 322,598 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. Goodwill tested for impairment and measurement of call options for shares in PEC Oborniki and MEC Piła

As of 31 December 2010 assets, including goodwill in two companies acquired in 2008: Przedsiębiorstwo Energetyki Ciepłej Sp. z o. o. w Obornikach (“PEC Oborniki”) and Miejska Energetyka Ciepła Piła Sp. z o. o. (“MEC Piła”) were tested for impairment. As a result the impairment loss on property, plant and equipment (recognized as of 31 December 2009) of PLN 728 thousand related to PEC Oborniki was reversed.

The agreements on the acquisition of shares in PEC Oborniki and MEC Piła include irrevocable shares call options valid in the period of 6 and 5 years from the date of concluding the agreement, respectively. The call options have been measured in these condensed interim consolidated financial statements. The Company recognized the financial liability resulting from such options as of 31 December 2008 in the amount of PLN 22,110 thousand (upon initial settlement, the option value was set at PLN 28,226 thousand) against other capitals; PLN 1,691 thousand, i.e. the difference between measurement as of 31 December 2009 (PLN 20,419 thousand) and as of 31 December 2008 (PLN 22,110 thousand) against retained earnings and PLN 2,844 thousand, i.e. the difference between measurement as of 31 December 2010 (PLN 23,263 thousand) and as of 31 December 2009 (PLN 20,419 thousand) against financial expenses.

16. 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 plan as of 31 December 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".

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As of 31 December 2010 a portion of the equivalent was paid to the Eligible Employees of Elektownia "Kozienice" S.A. As of 31 December 2010 the remaining liability due to the equivalent amounted to PLN 557 thousand (PLN 618 thousand as of 31 December 2009).

17. Credit facilities and loans

	31.12.2010	31.12.2009
	Carrying amount	Carrying amount
Long-term		
Bank credit facilities	66 006	102 312
Loans	6 484	4 744
	72 490	107 056
Short-term		
Bank credit facilities	41 285	37 634
Loans	1 113	8 975
	42 398	46 609
Total	114 888	153 665

During the 12-month period ended 31 December 2010 the net decrease in the carrying amount of credit facilities and loans was PLN 38,777 thousand (during the period of 12 months ended 31 December 2009 the carrying amount of credit facilities and loans decreased by PLN 51,725 thousand).

18. Settlement of income due to subsidies and connection fees

	31.12.2010	31.12.2009
	Carrying amount	Carrying amount
Long-term		
Deferred income due to subsidies	210 797	216 061
Deferred income due to connection fees	502 418	575 235
	713 215	791 296
Short-term		
Deferred income due to subsidies	14 829	14 640
Deferred income due to connection fees	107 603	27 216
	122 432	41 856
Deferred income schedule		
	31.12.2010	31.12.2009
Up to 1 year	122 432	41 856
1 to 5 years	93 686	99 694
Over 5 years	619 529	691 602
	835 647	833 152

During the 12-month period ended 31 December 2010 the carrying amount of the settlement of income due to subsidies and connection fees increased by PLN 2,495 net (in the period of 12 months ended 31 December 2009 the carrying amount increased by PLN 39,559 thousand).

19. Deferred income tax

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

	31.12.2010	31.12.2009
Opening balance	112 366	123 480
Amount debited/(credited) to profit	(31 927)	(16 240)
Amount debited/(credited) to other items of comprehensive income	(2 818)	5 126
Closing balance	77 621	112 366

During the 12-month period ended 31 December 2010 the Group's profit before tax was credited with PLN 31,927 thousand as a result of a decrease in the deferred tax liability (during the period of 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-month period ended 31 December 2010 the Group's profit before tax was credited with PLN 12,175 thousand as a result of a decrease in the deferred tax liability (during the period of 3 months ended 31 December 2009 the Group's profit before tax was credited with PLN 1,607 thousand due to a decrease in the liability).

20. Certificates of origin

	31.12.2010	31.12.2009
Certificates of origin	(119 538)	(45 437)
Advance payments for certificates of origin	(2 610)	(1 259)
Provision for costs of redemption of certificates of origin	214 794	93 235
Provision for certificates of origin	92 646	46 539

21. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings

	31.12.2010	31.12.2009
Opening balance	87 738	81 028
Increase in provisions	50 709	21 979
Applied provisions	-	(11 407)
Decrease in provisions	(17 606)	(3 862)
Closing balance	120 841	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.

ENEA Capital Group

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

A description of material claims and the related contingent liabilities has been presented in notes 27.2, 27.4, 27.5 and 27.6.

During the 12-month period ended 31 December 2010 the provision for projected losses due to compensation proceedings increased by PLN 33,103 thousand (during the period of 12 months ended 31 December 2009 it increased by PLN 6,710 thousand).

During the 3-month period ended 31 December 2010 the provision for projected losses due to compensation proceedings increased by PLN 35,081 thousand (during the period of 3 months ended 31 December 2009 it increased by PLN 11,466 thousand).

Other provisions

	31.12.2010	31.12.2009
Opening balance	23 979	36 909
Increase in provisions	106 587	67 789
Applied provisions	(83 454)	(68 824)
Decrease in provisions	-	-
Release of unused provision	(4 149)	(11 895)
Closing balance	42 963	23 979

During the 12 months ended 31 December 2010, other provisions increased by PLN 18,984 thousand (during the 12 months ended 31 December 2009 they fell by PLN 12,930 thousand).

During the 3 months ended 31 December 2010, other provisions increased by PLN 15,014 thousand (during the 3 months ended 31 December 2009 they fell by PLN 53,679 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 5.77% 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 31 December 2009 the provision amounted to PLN 9,890 thousand (as of 31 December 2009 it was 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 5.77% 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 31 December 2010 the provision amounted to PLN 2,334 thousand (as of 31 December 2009 it was PLN 4,107 thousand).

Provision for purchasing CO₂ emission rights

As of 31 December 2010 the provision created based on the market prices of the CO₂ emission rights was PLN 0 thousand (as of 31 December 2009: PLN 11,109 thousand). As of 31 December 2010 the Group recognized the CO₂ emission rights under intangible assets at PLN 108,650 thousand.

In November 2010 Elektrownia "Kozienice" S. A. created a provision of PLN 5,066 thousand (plus interest as of 30 November 2010 of PLN 1,159 thousand) to cover any additional fee calculated by the Marshal's Office (Decision No. 132/10/OŚ and 133/10/OŚ of 16 July 2010) being the difference between the fee for the use of the environment for the first and second half of 2008 paid to the account of the Marshal's Office and the fee calculated for emissions of pollutants specified in the report of PRTR. Pursuant to the decision of the Self-government Appeal Court in Warsaw of 23 December 2010, the fee and interest was paid to the account of the Marshal's Office in January 2011. Therefore, in December 2010 the Company created provision for the difference in the fee paid for 2009 and 2010 and the fee calculated for the emission of pollutants specified in the PRTR report. The provision for 2009 is PLN 4,887 thousand; for 2010: PLN 5,806 thousand. Interest for 2009 and the first half of 2010 (the fee for the second half of 2010 has not been yet paid) amounted to PLN 693 thousand and for the first and second half of 2008 (from 1 December 2010 to 31 December 2010), PLN 52 thousand.

22. 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.

23. Related party transactions

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

- 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		Supervisory Board of the Company	
		01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
1.	Remuneration under employment contracts	1 298	1 226		
2.	Remuneration due to appointment of members of management and supervisory bodies			195	350
3.	Remuneration due to the position held in supervisory boards of subsidiaries	415	216		
4.	Remuneration due to other employee benefits (electricity allowance)	137	318		
	TOTAL	1 850	1 760	195	350

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 the 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 31.12.2010	Balance as of 31.12.2010
1.	Management Board	21	-	(21)	-
2.	Supervisory Board	29	11	(11)	29
	TOTAL	50	11	(32)	29

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.

24. 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 the 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.

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. On 30 September 2010 Elektrownia „Kozienice” S. A. received the amount of annual adjustment for 2009 of PLN 15,580 thousand from Zarządca Rozliczeń S. A. The above amount has been recognized in these condensed interim consolidated financial statements as sales revenue.

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 (+) (based on the initial realization in 2010).

In 2010 the Company requested an advance payment to cover stranded costs of PLN.

On 1 December 2010 the Court of Competition and Consumer protection heard the case concerning the 2008 LCT. The Court decided to adjourn the case until the Court of Appeals issues a valid decision whether Zarządca Rozliczeń may receive the status of a concerned party in the proceedings.

On 19 January 2011 the court heard case XVII Amz 53/10 concerning the complaint of ELKO against the decision of the President of the Energy Regulatory Office of 26 July 2010 refusing access to some documents included in the files of the 2009 LCT. The court dismissed the complaint of ELKO against the decision of the President of the Energy Regulatory Office of 26 July 2010. Formal issues and procedures are still being carried out.

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.

25. 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:

	31.12.2010	31.12.2009
Acquisition of property, plant and equipment	321 744	415 833
Acquisition of intangible assets	8 459	12 547
	330 203	428 380

26. 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 (43.82% of the sales value), rather than to the industrial sector.

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

27.1. 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.

27.2. 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 31 December 2010, the total of 6,907 cases brought by the Group were pending before common courts for the total amount of PLN 44,506 thousand (6,063 cases for the total amount of PLN 38,496 thousand as of 31 December 2009).

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 27.5).

Court proceedings against Elektrownia "Kozienice" S.A. are related to claims for salaries/wages and damages brought by former employees for PLN 642 thousand and Gospodarstwo Ogrodnicze w Ryczywole Kamila Lewek Wiśniewska Jacek Pospieszyl 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 following a claim to institute amicable proceedings - the amount claimed is PLN 5,018 thousand. During the conciliatory session on 17 June 2010 the parties failed to reach an agreement and Centrum Konsultingu Menadżerskiego Gordion Sp. z o.o. filed a claim to the Regional Court in Lublin.

As of 31 December 2010 there were 507 cases pending before common courts which have been brought against the Group for the total amount of PLN 40,928 thousand (351 cases for the total amount of PLN 25,102 thousand as of 31 December 2009). Provisions related to the court cases have been presented in note 21

27.3. Arbitration proceedings

As of 31 December 2010 there were no pending proceedings before competent arbitration bodies.

27.4. Proceedings before public administration bodies

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

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. On 23 March 2010 the Court of Competition and Consumer Protection dismissed the appeal lodged by the Company. On 5 July 2010 the Company's representative appealed against the decision. By the date of preparation of these condensed interim consolidated financial statements the appeal had not been examined.

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

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.

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 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 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 in 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 particular months in 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 31 December 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 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 particular months in 2009 and specifying the tax liability for the months at amounts resulting from the initial returns of the Company, less excise on green energy.

Elektrownia „Kozienice” S.A. received decisions of the Marshal of the Mazowieckie Province concerning the use of the environment - emission of gas and fumes for the I and II half of 2008. The decision 132 imposed a fine of PLN 2,888 thousand, decision 133, of PLN 2,178 thousand. Elektrownia „Kozienice” S.A. appealed against the above decisions to the Self-government Appeal Court in Warsaw. The Self-government Appeal Court sustained the decisions of the Marshal of the Mazowieckie Region.

Due to the nature of the Group's business, there were many other proceedings before the public administration bodies as of 31 December 2010.

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 31 December 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.

27.5. 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.

27.6. 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 31 December 2010 due to no official legal regulations 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 initiated by the Minister of Environment was attended by representatives of the National Forests, the Ministry of State Treasury, PSE-Operator Sp. z o.o. and Polskie Towarzystwo Przesyłu i Rozdziału Energii Elektrycznej representing distribution companies. The National Forests' proposal to conclude agreements for the lease of land where the lines are located was not accepted. Consequently, a more general solution based on legislative changes is required. 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. As of the date of the condensed interim consolidated financial statements, the Act amending the act on forests and act on environmental protection had been passed by both chambers of the Parliament and was awaiting approval of the President. According to the Act, the consideration for transmission easement would be equal to the amount of local taxes and charges paid by the State Forests for the land included in the easement.

In preparation for implementation of the statutory provisions, the Group carried out a physical count of land managed by the State Forests with elements of the energy distribution system owned by the Company and created a relevant provision.

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 21.

28. 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.

29. 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 (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 27.4.

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

30. Negotiations concerning acquisition of shares

On 28 June 2010 the Minister of Treasury in Warsaw, acting on behalf of the State Treasury based on the Act on commercialization and privatization (Journal of Laws of 2002, No. 171, item 1397, as amended) and Ordinance of the Council of Ministers on a detailed procedure for disposal of shares held by the State Treasury (Journal of Laws of 2009, No. 34, item 264), invited investors to negotiations concerning the acquisition of 225,135,940 shares of ENEA S.A. accounting for 51% of the share capital of the company. The State Treasury intends to sell the 225,135,940 shares with the face value of PLN 1 each. As of 31 December 2010, the State Treasury held 52.92% of the Company's shares, but 1.92% are employee shares. A portion of employee shares from the pool including 9.43% of the share capital of the Company has been already assigned to eligible individuals based on relevant agreements concluded between the State Treasury and these individuals or their successors.

Written replies to the public invitation to negotiations concerning the acquisition of shares by potential investors that received the Investment Memorandum were to be submitted by 28 July 2010. On 23 July the Minister of Treasury announced that the deadline had been extended until 13 August 2010.

In response to the invitation to negotiations concerning the acquisition of shares of ENEA S.A. 6 entities filed preliminary offers. Potential Investors had been informed of the related decision of the Minister of the Treasury by 24 August. The Minister of the Treasury approved five potential Investors to take part in the next stage of the privatisation.

On 30 September 2010, potential Investors were granted access to electronic Data Room (information, data and documents prepared for the due diligence analysis of the ENEA Capital Group).

5 October was the deadline for filing final offers for the acquisition of shares in ENEA S.A.

Final offers were filed by four potential investors. On 12 October 2010, the Ministry of the Treasury issued an announcement regarding parallel negotiations on the sale of 51% of shares in ENEA S.A. with three entities, and then on 19 October 2010, on continuing the parallel negotiations with two entities. On 28 October 2010 the Ministry of the Treasury decided to set a deadline for exclusive negotiations with Kulczyk Holding

(the guarantor) and Elektron Sp. z o. o. (the buyer) at 3 November 2010. Since the exclusive negotiation period granted to Kulczyk Holding passed ineffective, on 16 November 2010 the Ministry of the Treasury announced a decision to resume parallel negotiations with potential investors, and on 15 December 2010 decided to grant Electricite de France S.A. the right to exclusive negotiations. According to the announcement, the Ministry intends to complete the process of selling 51% of shares in ENEA S.A. by the end of Q1 2011.

31. Post balance sheet events

On 27 January 2011 an auction was announced for on the sale of shares in the share capital of Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. The auction includes 6,860 ordinary registered shares of Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. with the face value of PLN 1,000 each and the total value of PLN 6,860 thousand, accounting for 41.65% of its share capital. The total market value of the shares – corresponding to the starting price – is PLN 9,611,820,40 and has been based on measurement carried out as of 30 June 2010.

Selected separate financial data

	in PLN'000		in EUR '000	
	12 months ended 31 December 2010	12 months ended 31 December 2009	12 months ended 31 December 2010	12 months ended 31 December 2009
Net sales revenue	6 304 332	7 048 625	1 574 351	1 623 883
Profit/loss on operating activities	101 246	156 063	25 284	35 954
Profit/loss before tax	398 903	362 627	99 617	83 543
Net profit/loss for the reporting period	347 820	305 414	86 860	70 362
Net cash flows from operating activities	132 752	(193 413)	33 152	(44 559)
Net cash flows from investing activities	103 372	(1 643 106)	25 815	(378 544)
Net cash flows from financing activities	(171 427)	(183 445)	(42 810)	(42 263)
Total net cash flows	64 697	(2 019 964)	16 156	(465 365)
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)	0.79	0.69	0.20	0.16
Diluted earnings per share (in PLN/EUR)	0.79	0.69	0.20	0.16
	Balance as of 31.12.2010	Balance as of 31.12.2009	Balance as of 31.12.2010	Balance as of 31.12.2009
Total assets	11 099 812	10 914 041	2 802 770	2 656 648
Total liabilities	1 072 504	1 081 593	270 814	263 277
Non-current liabilities	120 124	122 662	30 332	29 858
Current liabilities	952 380	958 931	240 482	233 419
Equity	10 027 308	9 832 448	2 531 957	2 393 371
Share capital	588 018	588 018	148 478	143 133
Book value per share (in PLN / EUR)	22.71	22.27	5.74	5.42
Diluted book value per share (in PLN / EUR)	22.71	22.27	5.74	5.42

The above financial data for Q4 2010 and 2009 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 December 2010– PLN/EUR 3.9603 (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 31 December 2010 - PLN/EUR – 4.0044 (for the period from 1 January to 31 December 2009 – PLN/EUR 4.3406).

**Condensed interim separate
financial statements of
ENEA S.A.
for the period from 1 January to 31 December 2010**

Poznań, 01 March 2011

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

Members of the Management Board

Chairman of the Management Board **Maciej Owczarek**

Member of the Management Board **Maksymilian Górniak**

Member of the Management Board **Hubert Rozpędek**

Member of the Management Board **Krzysztof Zborowski**

Poznań, 01 March 2011

Separate Balance Sheet

	Balance as of	
	31.12.2010	31.12.2009
ASSETS		
Non-current assets		
Property, plant and equipment	209 566	211 217
Land perpetual usufruct right	1 488	3 213
Intangible assets	3 353	1 405
Investments in subsidiaries, associates and co-subsiidiaries	7 871 545	7 844 884
Deferred tax asset	42 796	27 366
Financial assets available for sale	20 448	3 866
Financial assets measured at fair value through profit or loss	4 411	1 219
	8 153 607	8 093 170
Current assets		
Trade and other receivables	798 147	850 247
Current income tax receivables	-	11 090
Financial assets measured at fair value through profit or loss	1 781 939	1 652 523
Cash and cash equivalents	366 119	301 422
	2 946 205	2 815 282
Non-current assets held for sale		5 589
TOTAL ASSETS	11 099 812	10 914 041

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 December 2010

(if not stated otherwise, all amounts in PLN'000)

EQUITY AND LIABILITIES	Balance as of	
	31.12.2010	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)	10 941	(3 847)
Reserve capital	892 198	754 841
Retained earnings	2 764 142	2 721 427
Total equity	10 027 308	9 832 448
LIABILITIES		
Non-current liabilities		
Credit facilities and loans	-	-
Finance lease liabilities	5 028	5 882
Settlement of income due to subsidies and connection fees	31 840	33 194
Liabilities due to employee benefits	83 256	83 586
	120 124	122 662
Current liabilities		
Credit facilities and loans	-	-
Trade and other liabilities	753 725	836 574
Finance lease liabilities	3 422	2 845
Settlement of income due to subsidies and connection fees	2 325	2 244
Current income tax liabilities	3 376	-
Liabilities due to employee benefits	17 022	8 701
Liabilities due to an equivalent of the right to acquire shares free of charge	557	618
Provision for certificates of origin	130 779	65 611
Provisions for other liabilities and charges	41 174	42 338
	952 380	958 931
Total liabilities	1 072 504	1 081 593
TOTAL EQUITY AND LIABILITIES	11 099 812	10 914 041

Separate statement of comprehensive income

	12 months ended 31.12.2010	3 months ended 31.12.2010	12 months ended 31.12.2009	3 months ended 31.12.2009
Sales revenue	6 558 983	1 653 141	7 278 800	1 911 935
Excise duty	(254 651)	(62 355)	(230 175)	-
Net sales revenue	6 304 332	1 590 786	7 048 625	1 911 935
Other operating revenue	26 369	19 865	24 569	6 384
Amortization/Depreciation	(17 445)	(4 404)	(13 286)	(2 833)
Costs of employee benefits	(59 842)	(20 665)	(38 355)	(15 621)
Consumption of materials and raw materials and costs of goods sold	(4 049)	(1 364)	(3 230)	(850)
Energy purchase for sale	(4 067 856)	(1 087 539)	(4 594 357)	(1 212 941)
Transmission and distribution services	(1 886 347)	(453 186)	(2 084 493)	(511 590)
Other external services	(141 231)	(44 532)	(114 919)	(33 730)
Taxes and charges	(9 551)	(2 245)	(8 188)	(1 670)
(Profit) / loss on sale and liquidation of property, plant and equipment	(1 179)	(706)	2 748	2 065
Impairment loss on property, plant and equipment	-	-	(8 214)	(697)
Other operating expenses	(41 955)	(21 638)	(54 837)	(30 822)
Operating profit	101 246	(25 628)	156 063	109 630
Financial expenses	(5 971)	(1 558)	(7 733)	(2 170)
Financial revenue	109 740	20 744	135 400	26 646
Dividend income	193 888	-	78 897	-
Profit before tax	398 903	(6 442)	362 627	134 106
Income tax %	(51 083)	(5 399)	(57 213)	(14 950)
Net profit for the reporting period	347 820	(11 841)	305 414	119 156

Other items of comprehensive income:

Measurement of financial assets available for sale	15 700	456	-	-
Income tax related to other items of comprehensive income	(912)	(87)	-	-
Other items of net comprehensive income	14 788	369	-	-
Comprehensive income for the period	351 747	6 505	305 414	119 156

Earnings attributable to the Company's shareholders	347 820	(11 841)	305 414	119 156
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)	0.79	0.02	0.69	0.27
Diluted profit per share (in PLN per share)	0.79	0.02	0.69	0.27

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 December 2010

*(if not stated otherwise, all amounts in PLN'000)***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						14 788		347 820	362 608
Total profit and loss recognized for the period						14 788		347 820	362 608
Distribution of the financial profit							137 357	(137 357)	-
Dividends								(167 748)	(167 748)
Increase in share capital									
Balance as at 31 December 2010	441 443	146 575	588 018	4 627 673	1 144 336	10 941	892 198	2 764 142	10 027 308

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

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 December 2010

(if not stated otherwise, all amounts in PLN'000)

	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									305 414	305 414
Total profit and loss recognized for the period									305 414	305 414
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									(203 280)	(203 280)
Issue of shares										
Disposal of treasury shares acquired under the stabilization option				17 396						17 396
Balance as of 31 December 2009	441 443	146 575	588 018	-	4 627 673	1 144 336	(3 847)	754 841	2 721 427	9 832 448

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

Separate cash flow statement

	12 months ended 31.12.2010	12 months ended 31.12.2009
Cash flows from operating activities		
Net profit for the reporting period	347 820	305 414
Adjustments:		
Income tax disclosed in the income statement	51 083	57 213
Amortization/Depreciation	17 445	13 286
Costs of benefits due to share-based payments	-	-
Loss on disposal and liquidation of property, plant and equipment	1 179	(2 748)
Impairment loss on property, plant and equipment	-	8 214
(Gain)/loss on disposal of financial assets	7 406	(2 571)
Interest income	(116 214)	(114 575)
Dividend income	(193 888)	(78 897)
Interest expense	5 942	3 625
Exchange (gains) / losses related to credit facilities and loans	-	-
	(227 047)	(116 453)
Income tax paid	(52 958)	(67 622)
Interest received	10 199	106 976
Interest paid	(1 744)	(3 789)
Changes in working capital		
Inventories	-	-
Trade and other receivables	68 380	(114 575)
Trade and other liabilities	(81 590)	(57 317)
Liabilities due to employee benefits	7 991	(772)
Settlement of income due to subsidies and connection fees	(2 242)	(2 224)
Change in provisions for certificates of origin	65 168	(78 331)
Change in liabilities due to the equivalent of the right to acquire shares free of charge	(61)	(163 181)
Change in provisions	(1 164)	(1 539)
	56 482	(417 939)
Net cash flows from operating activities	132 752	(193 413)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(46 384)	(10 640)
Proceeds from disposal of property, plant and equipment and intangible assets	981	4 162
Proceeds from disposal of financial assets	5 589	273 470
Acquisition of financial assets	(42 300)	(1 900 000)
Acquisition of subsidiaries, associates and a jointly-controlled entity	(8 602)	(85 350)
Dividends received	193 888	78 897
Other payments for/proceeds from investing activities	200	(3 645)
Net cash flows from investing activities	103 372	(1 643 106)
Cash flows from financing activities		
Proceeds from sale of treasury shares	-	22 479
Dividends paid	(167 748)	(203 064)
Payment of finance lease liabilities	(3 679)	(2 860)
Net cash flows from financing activities	(171 427)	(183 445)
Net increase (decrease) in cash	64 697	(2 019 964)
Opening balance of cash	301 422	2 321 386
Closing balance of cash	366 119	301 422

1. General information about ENEA S.A.

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

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

As at 31 December 2010 ENE A S.A.'s shareholder structure is 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 – 52.92% of shares, Vattenfall AB – 18.67%, other shareholders – 28.41%.

As at 31 December 2010 the statutory share capital of ENE A S.A. equaled PLN 441,443 thousand (PLN 588,018 thousand upon adoption of IFRS-EU and considering hyperinflation and other adjustments) and was divided into 441,442,578 shares.

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

ENE A S.A. is the parent company in the ENE A S.A. Capital Group. As of 31 December 2010 the Group comprised also 19 subsidiaries and 3 associates.

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

2. Statement of compliance

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

The Management Board of the Company has used its best knowledge as to the application of standards and interpretations as well as measurement methods and principles applicable to individual items of the condensed interim separate financial statements of ENEA S.A. in accordance with IFRS-EU as of 31 December 2010. The presented statements and explanations have been prepared using due diligence. These condensed interim separate financial statements have not been reviewed by a certified auditor.

3. Accounting principles

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 policies 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.

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 31.12.2010	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	91.47	87.97
3.	Energetyka Poznańska Biuro Usług Technicznych S.A. Poznań, ul. Św. Wojciecha 7/9	100	100
4.	Hotel „EDISON” Sp. z o.o. Baranowo k/Poznań	100	100
5.	Energetyka Wysokich i Najwyższych Napięć „EWiNN” Sp. z o.o. Poznań, ul. Strzeszyńska 58	-	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
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 Uzdrawiskowe 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
16.	„PWE Gubin „ Sp. z o.o. Sękowice 100 gm. Gubin	-	50
17.	Przedsiębiorstwo Energetyki Ciepłej 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 Ciepłej –Gozdnica Sp. z o.o. Gozdnica, ul. Świerczewskiego 30	-	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 Ciepła Piła Sp. z o.o.	64.064	63.396

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 December 2010

(if not stated otherwise, all amounts in PLN'000)

	<i>64-920 Piła, ul. Kaczorska 20</i>		
25.	Kozienice II Sp. z o.o. <i>Świerże Górne, gmina Kozienice, Kozienice 2</i>	80.56	80.56
26.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. <i>Ostrów Wlkp., ul. Chłapowskiego 51</i>	49	49
27.	Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. <i>Śrem, ul. Staszica 6</i>	41.65	41.65
28.	Elektrociepłownia Białystok S.A. <i>Białystok, ul. Gen. Andersa 3</i>	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. The increased share capital was registered in the National Court Register on 03 March 2010.

On 4 February 2010 the Extraordinary Shareholders' Meeting adopted Resolution No. 1 to increase the share capital of Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrawiskowe 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 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 passed Resolution No. 1 regarding the increase of the share capital of ENERGOBUD Leszno Sp. o.o. with the registered office in Gronówek 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 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 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.

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.

An auction for the sale of shares in the share capital of ITSERWIS Sp. z o. o. in Zielona Góra was announced on 15 October 2010. The offer covered 12,728 shares which accounted for 100% of the share capital of the Company, for the starting price of PLN 9,596,912. The auction was held on 15 December 2010 in the registered office of the Management Board of ENEA S.A. and no buyer was indicated as investors did not enter the auction. This way ENEA S.A. remained the holder of the shares.

On 29 October 2010 the Extraordinary Shareholders' Meeting discussed the combination of subsidiaries of ENEA S. A.: Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.

o. (the acquirer) and Zakład Usług Przewozowych ENERGOTRANS Sp. z o. o. and EWINN Sp. z o.o. (the acquirees) by transfer of all the assets of the acquirees to the acquirer. As a result of the business combination, the share capital of ENERGOBUD Leszno Sp. z o.o. was increased by PLN 1,418 thousand.

On 1 December 2010 the increased share capital of ENERGOBUD Leszno Sp. z o.o., which following the combination was PLN 7,634 thousand and was divided into 15,201 shares with a face value of PLN 500 each was registered. 67 shares were redeemed from net profit.

On 29 October 2010, the Extraordinary Meeting of BHU S.A. adopted Resolution to increase the share capital of the Company by PLN 240,9 thousand, up to PLN 14,303,1 thousand, by way of issuing 2,409 J series shares, by a private placement, in exchange for a contribution in kind.

The increased share capital of BHU S.A. was registered in the National Court Register on 28 December 2010.

On 4 November 2010 during the Extraordinary Shareholders' Meeting of Energetyka Poznańska Biuro Usług Technicznych S.A., the share capital of the company was increased from PLN 1,973.7 thousand, by PLN 2,054.3 thousand, i.e. to PLN 4,028 thousand by an issue of 20,543 ordinary registered shares of the face value of PLN 100 and issue price of PLN 608.23. An offer for Assumption of all 20,543 shares was sent to Elektrownia „Kozienice” S.A. with its registered office in Świerże Górne as part of private placement. By the deadline of the offer, Energetyka Poznańska Biuro Usług Technicznych S.A. had not received a statement from Elektrownia „Kozienice” S.A. concerning acceptance of the offer.

As the share capital increase of Energetyka Poznańska Biuro Usług Technicznych S.A. was not effected, on 22 December 2010 during another Extraordinary Shareholders' Meeting of Energetyka Poznańska Biuro Usług Technicznych S.A., the share capital of the company was increased from PLN 1,973.7 thousand, by PLN 2,054.3 thousand, i.e. to PLN 4,028 thousand by an issue of 20,543 ordinary registered shares of the face value of PLN 100 and issue price of PLN 608.23. An offer for assumption of all 20,543 shares - valid until 31 January 2011 - was sent to Elektrownia „Kozienice” S.A. with its registered office in Świerże Górne as part of private placement. Following and audit of Energetyka Poznańska Biuro Usług Technicznych S.A., Elektrownia „Kozienice” S.A. filed a statement that it refused the offer of assumption of 20,543 new shares in the increased capital of the Company.

On 8 November 2010 during the Extraordinary Shareholders' Meeting of Elektrownie Wodne Sp. z o. o., the share capital of the company was increased from PLN 213,841 thousand, by PLN 26,000 thousand, i.e. to PLN 239,841 thousand by creation of 52,000 new shares of the face value of PLN 500 each. On 1 December 2010 all new shares in the Company's share capital were assumed by the sole shareholder - ENEA S.A. and covered in full by a contribution in kind in the form of an organized part of the enterprise of ENEA S.A. operating under the business name: ENEA S.A. Oddział Elektrownia Biogazowa Liszkowo. The increased share capital of Elektrownie Wodne Sp. z o.o. was registered in the National Court Register on 07 February 2011r.

On 30 November 2010, subsidiaries of ENEA S. A. were combined by acquisition: MEC Piła Sp. z o. o. (the acquirer) and PEC Gozdnica Sp. z o. o and COGEN Sp. z o. o. (the acquirees).

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As a result, the share capital of the acquirer was increased by PLN 509 thousand to PLN 27,916 thousand. All the shares in the increased share capital were acquired by – ENEA S.A.

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

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

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

The increase in the capital awaits registration in the National Court Register.

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Condensed interim separate financial statements for the period from 1 January to 31 December 2010

*(if not stated otherwise, all amounts in PLN'000)***7. Segment reporting**

Segment reporting for the period from 1 January to 31 December 2010:

	Trade	Production	All other segments	Exclusions	Total
Net sales revenue*	6 245 866	-	58 466	-	6 304 332
Inter-segment sales	-	1 838	-	(1 838)	-
Total net sales revenue	6 245 866	1 838	58 466	(1 838)	6 304 332
Total expenses **	(6 050 462)	(1 857)	(51 780)	1 838	(6 102 261)
Segment profit/loss	195 404	(19)	6 686	-	202 071
Unassigned general and administrative expenses					(100 825)
Operating profit					101 246
Financial expenses					(5 971)
Financial revenue					109 740
Dividend income					193 888
Income tax					(51 083)
Net profit					347 820

* - Net sales revenue in Trade includes net revenue from sales of distribution services of PLN 1,886,266 thousand, which has been separated under Distribution in the consolidated financial statements of ENEA S.A. Capital Group.

** - total expenses:

- include the costs of sales of distribution services of PLN 1,886,347 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 October to 31 December 2010:

	Trade	Production	All other segments	Exclusions	Total
Net sales revenue*	1 574 763	-	16 023	-	1 590 786
Inter-segment sales	-	277	-	(277)	-
Total net sales revenue	1 574 749	277	16 023	(277)	1 590 786
Total expenses **	(1 569 223)	(433)	(14 744)	277	(1 584 123)
Segment profit/loss	5 540	(156)	1 279	-	6 663
Unassigned general and administrative expenses					(32 291)
Operating profit					(25 628)
Financial expenses					(1 558)
Financial revenue					20 744
Dividend income					-
Income tax					(5 399)
Net profit					(11 841)

* - Net sales revenue in Trade includes net revenue from sales of distribution services of PLN thousand, which has been separated under Distribution in the consolidated financial statements of ENEA S.A. Capital Group.

** - total expenses:

- include the costs of sales of distribution services of PLN 471,001 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

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 December 2010

(if not stated otherwise, all amounts in PLN'000)

Segment reporting for the period from 1 January to 31 December 2009:

	Trade	All other segments	Total
Net sales revenue*	6 993 251	55 374	7 048 625
Inter-segment sales	-	-	-
Total net sales revenue	6 993 251	55 374	7 048 625
Total expenses **	(6 781 800)	(49 325)	(6 831 125)
Segment profit/loss	211 451	6 049	217 500
Unassigned general and administrative expenses			(61 437)
Operating profit			156 063
Financial expenses			(7 733)
Financial revenue			135 400
Dividend income			78 897
Income tax			(57 213)
Net profit			305 414

* - Net sales revenue in Trade includes net revenue from sales of distribution services of PLN 2,084,292 thousand, which has been separated under Distribution in the consolidated financial statements of ENEA S.A. Capital Group.

** - total expenses:

- include the costs of sales of distribution services of PLN 2,084,493 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 October to 31 December 2010:

	Trade	All other segments	Total
Net sales revenue*	1 824 662	15 944	1 840 606
Inter-segment sales	-	-	-
Total net sales revenue	1 824 662	15 944	1 840 606
Total expenses **	(1 766 019)	(12 972)	(1 778 991)
Segment profit/loss	58 643	2 972	61 615
Unassigned general and administrative expenses			(23 314)
Operating profit			38 301
Financial expenses			(2 170)
Financial revenue			26 646
Dividend income			-
Income tax			(14 950)
Net profit			47 827

* - Net sales revenue in Trade includes net revenue from sales of distribution services of PLN 511,535 thousand, which has been separated under Distribution in the consolidated financial statements of ENEA S.A. Capital Group.

** - total expenses:

- include the costs of sales of distribution services of PLN 501,590 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

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*(if not stated otherwise, all amounts in PLN'000)***Segment reporting (cont'd)**

Other segment reporting information as of 31 December 2010:

Balance as at 31 December 2010	Trade	Production	All other segments	Total
Property, plant and equipment	18 746	-	131 179	149 925
Trade and other receivables	778 862	-	7 311	786 173
Total:	797 608	-	138 672	936 098
ASSETS excluded from segmentation				10 163 714
- including property, plant and equipment				59 641
- including trade and other receivables				11 974
TOTAL: ASSETS				11 099 812
Trade and other liabilities	689 755	-	5 913	695 668
Equity and liabilities excluded from segmentation				10 404 144
- including trade and other liabilities				58 057
TOTAL: EQUITY AND LIABILITIES				11 099 812
Capital expenditure for fixed assets and intangible assets	-	24 814	21 816	46 630
Capital expenditure for fixed assets and intangible assets excluded from segmentation				2 748
Depreciation/amortization of fixed assets/intangible assets	610	1 298	14 765	16 673
Depreciation/amortization of fixed assets/intangible assets excluded from segmentation				772
Impairment loss on receivables as of 31.12.2010	81 578	-	765	82 343

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*(if not stated otherwise, all amounts in PLN'000)***Segment reporting (cont'd)**

Other segment reporting information as of 31 December 2009:

<u>Balance as of 31 December 2009</u>	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
Impairment loss 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 allow individual entities to earn a margin sufficient to carry out independent operations the market. Trade in electricity and transmission services are governed by prices specified in the Energy Law of 10 April 1997 and secondary legislation.

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 12-month period ended 31 December 2010, the Company acquired property, plant and equipment for the total amount of PLN 49,378 thousand (during the period of 12 months ended 31 December 2009 PLN 29,454 thousand, respectively).

During the 12-month period ended 31 December 2010, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 35,984 thousand (during the period of 12 months ended 31 December 2009 PLN 5,870 thousand, respectively).

During the 12-month period ended 31 December 2010 the Company reduced its property, plant and equipment by a contribution of assets with the total net book value of PLN 30,305 thousand to BHU Sp. z o.o., Eneos Sp. z o.o., ENERGOBUD Leszno Sp. z o.o., MEC Piła Sp. z o.o. and to Elektrownie Wodne Sp. z o.o.

During the 3-month period ended 31 December 2010, impairment losses on the carrying value of property, plant and equipment did not change (during the period of 3 months ended 31 December 2009 the impairment losses on the carrying value of property, plant and equipment did not change, either).

As of 31 December 2010 the total impairment of the carrying amount of property, plant and equipment amounted to 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 2010. Based on the test, as of 31 December 2010 no impairment of property, plant and equipment was identified.

9. Intangible assets

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

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

During the 12-month period ended 31 December 2009, the Company did not sell or liquidate intangible assets (during the period of 12 months ended 31 December 2009: PLN 0 thousand).

On 15 January 2010 ENE 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. As at 1 December 2010, the biogas power plant was contributed to Spółki Elektrownie Wodne Sp. z o. o.

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

	31.12.2010	31.12.2009
Opening balance	7 844 884	7 780 241
Reclassification to non-current assets held for sale	-	(6 000)
Acquisition of investments	34 144	89 291
Revaluation write-down	(7 483)	(18 648)
Closing balance	7 871 545	7 844 884

During the 12-month period ended 31 December 2010 the Company acquired shares in the following subsidiaries: BHU Sp. z o.o. in Poznań, Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o. o. in Inowrocław, ENERGOBUD Leszno Sp. o. o. with registered office in Gronówek, ENEOS Sp. z o.o. with registered office in Poznań, ENTUR Sp. z o. o. in Szczecin, MEC Piła Sp. z o. o. in Piła and Elektrownie Wodne Sp. z o. o. for the total amount of PLN 34,144 thousand (in the period of 12 months ended 31 December 2009, the Company acquired shares in subsidiaries for the total amount of PLN 89,291 thousand).

During the 12-month period ended 31 December 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").

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(if not stated otherwise, all amounts in PLN'000)

Impairment loss on investments

	31.12.2010	31.12.2009
Opening balance of impairment loss on investments	32 372	13 724
Recognized	9 320	19 365
Reversed	(1 837)	(717)
Closing balance of impairment loss on investments	39 855	32 372

11. Impairment loss on trade and other receivables

	31.12.2010	31.12.2009
Opening balance of impairment loss on receivables	82 623	93 519
Recognized	14 333	12 544
Reversed	(14 608)	(23 452)
Allocated	(5)	12
Closing balance of impairment loss on receivables	82 343	82 623

During the 12-month period ended 31 December 2010 the impairment loss on the carrying amount of trade and other receivables decreased by PLN 280 thousand (during the period of 12 months ended 31 December 2009 the impairment loss decreased by PLN 10,896 thousand).

During the 3-month period ended 31 December 2010 the impairment loss on the carrying amount of trade and other receivables decreased by PLN 413 thousand (during the period of 3 months ended 31 December 2009 the impairment loss decreased by PLN 2,597 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 31 December 2010 the funds amounted to PLN 1,781,939 thousand (treasury bills and bonds of PLN 1,459,341 thousand) and deposits (in banks specified by the Company – PLN 322,598 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 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 accordance with the Ordinance, Management Board of the Company submitted the Minister of Treasury with a list of eligible individuals and number of assigned shares. 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 right to acquire the shares in ENEA S.A. free of charge may be executed until 16 May 2011. After the deadline the title shall expire.

The Management Board of ENEA S.A. assigned 33,239,235 shares to eligible individuals. The lockup period for the shares acquired by eligible individuals free of charge is two years starting from the date of disposal of the first shares 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 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 plan as of 31 December 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 of 31 December 2010 a portion of the equivalent was paid to the Eligible Employees of Elektrownia "Kozienice" S.A. As of 31 December 2010 the remaining liability due to the equivalent amounted to PLN 557 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):

	<u>31.12.2010</u>	<u>31.12.2009</u>
Opening balance	27 366	39 701
Amount debited/(credited) to profit	16 342	(12 335)
Change recognized in other items of comprehensive income	(912)	-
Closing balance	42 796	27 366

During the 12-month period ended 31 December 2010 the Company's profit before tax was credited with PLN 15,430 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 debited with PLN 12,335 thousand due to a decrease in the value of the asset).

During the 3-month period ended 31 December 2010 the Company's profit before tax was credited with PLN 638 thousand as a result of an increase in the deferred tax asset (during the period of 3 months ended 31 December 2009 the Company's profit before tax was debited with PLN 6,397 thousand due to a decrease in the value of the asset).

15. Certificates of origin

	<u>31.12.2010</u>	<u>31.12.2009</u>
Certificates of origin	(85 950)	(26 218)
Advance payments for certificates of origin	(2 610)	(1 259)
Provision for costs of redemption of certificates of origin	219 339	93 088
Provision for certificates of origin	130 779	65 611

16. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings and fines

	<u>31.12.2010</u>	<u>31.12.2009</u>
Opening balance	42 338	42 268
Increase in provisions	16 311	3 898
Applied provisions	-	-
Decrease in provisions	(17 475)	(3 828)
Closing balance	41 174	42 338

Other provisions

	<u>31.12.2010</u>	<u>31.12.2009</u>
Opening balance	-	1 609
Increase in provisions	-	315
Decrease in provisions	-	(1 924)
Closing balance	-	-

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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 21.2.

During the 12-month period ended 31 December 2010, the provision for projected losses due to compensation proceedings decreased by PLN 1,164 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 31 December 2010, the provision for projected losses due to compensation proceedings decreased by PLN 93 thousand (during the period of 3 months ended 31 December 2009 the provision for projected losses due to court proceedings and other provisions decreased by PLN 747 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, whereby PLN 167,748 thousand was allocated to dividend payment for the shareholders (PLN 0.38 per share). The dividend had been paid by 31 December 2010.

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.

	31.12.2010	31.12.2009
Purchases, including:	3 491 927	4 569 444
investment purchases	12 921	23 861
materials	836	717
services	1 803 098	2 168 382
Other (including energy)	1 675 072	2 376 484

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Sales, including:	344 754	402 142
energy	332 399	385 107
materials and goods	-	-
services	2 162	1 579
other	10 193	15 456

	31.12.2010	31.12.2009
Receivables	46 196	61 291
Liabilities	463 655	556 104

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

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

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

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
Remuneration under employment contracts	1 298	1 226	-	-
Remuneration relating to appointment of members of management or supervisory bodies	-	-	195	350
Remuneration due to the position held in supervisory boards of subsidiaries	415	216	-	-
Remuneration due to other employee benefits, including: (electricity allowance)	137	318	-	-
TOTAL	1 850	1 760	195	350

Members of the Management Board and Supervisory Board are subject to the provisions of the Act of 3 March 2000 on remuneration of persons managing certain legal entities. Pursuant to the Act, the maximum monthly remuneration cannot exceed six average monthly remunerations in the enterprise sector, excluding profit bonuses in Q4 of the preceding year, announced by the President of the Central Statistical Office. The amount of the annual bonus cannot exceed three average monthly remunerations in the year preceding the bonus granting.

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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 31.12.2010	Balance as of 31.12.2010
1.	Management Board	21	-	(21)*	-
2.	Supervisory Board	29	11	(11)	29
	TOTAL	50	11	(32)	29

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.

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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:

	31.12.2010	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 (43.82% of the sales value), rather than to the industrial sector.

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21. Contingent liabilities and proceedings before courts, arbitration or public administration bodies**21.1 Guarantees for credit facilities and loans as well as other sureties granted by the Company****Guarantees and sureties as of 31 December 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 194 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

Actions brought by the Company

Actions which ENE 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 31 December 2010, the total of 5,767 cases brought by the Company were pending before common courts of law for the total amount of PLN 15,748 thousand (5,054 cases for the total amount of PLN 12,435 thousand as at 31 December 2009). 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 31 December 2010, the total of 125 cases against the Company were pending before common courts of law for the total amount of PLN 9,697 thousand (126 cases for the total amount of PLN 11,835 thousand as at 31 December 2009) Provisions related to the court cases have been presented in note 16.

21.3 Arbitration proceedings

As at 31 December 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, ENE 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 January 2011 the Court of Competition and Consumer Protection upheld the PLN 10 thousand fine imposed on the Company. Currently the Company is awaiting written justification of the decision. Based on an analysis of the justification the Company will decide whether to make an appeal.

On 27 November 2008 the President of the Energy Regulatory Office concluded that ENEA failed to comply with the obligation to purchase electricity produced in the CHP system in 2006, imposing a fine of PLN 7,594 thousand. On 17 December 2008, ENEA filed an appeal to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. On 15 December 2009 the Court of Competition and Consumer Protection issued a judgment favorable 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 24 November 2010 (VI ACa 327/10) the Court of Appeal reversed the decision of the Regional Court in Warsaw - Court of Competition and Consumer Protection of 15 December 2009 appealed against the President of the Energy Regulatory Office and remanded the case for reconsideration and settling the costs of the appeal proceedings.

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 at 31 December 2010 there were no regulations in this respect and the Company did not create provisions for potential claims due to the use of woodland managed by the National Forests for the needs of 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 suggestion of National Forests aiming at conclusion of land lease agreements regarding electricity lines was not accepted. Development of a systemic solution is necessary in the form of appropriate legislative changes. 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. As at the date of the condensed interim separate financial statements, the Act amending the Act on forests and Act on environmental protection has been passed by both Parliament chambers and is awaiting approval of the President. According to the Act, the consideration for transmission easement would be equal to the amount of local taxes and charges to the State Forests regarding the land included in the easement.

The Company has not created a provision for pre-litigation claims regarding the use of forest land managed by the State Forests for the purpose of locating electricity lines owned by ENEA S.A. According to the Company, in line with the common law, claims regarding the period exceeding three years become invalid.

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

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 State Treasury in Warsaw, acting on behalf of the State Treasury based on the Act on Commercialization and Privatization (Journal of Laws of 2002, No. 171, item 1397, as amended) and Ordinance of the Council of Ministers on a detailed procedure for disposal of shares held by the State Treasury (Journal of Laws of 2009, No. 34, item 264), invited investors to negotiations concerning the acquisition of 225,135,940 i.e. 51% of shares in ENEA S.A. The State Treasury intends to sell 225,135,940 shares with the face value of PLN 1 each. At present, the State Treasury holds 52.92% of the Company's shares but 1.92% are employee shares. A portion of employee shares from the pool including 9.43% of the share capital of the Company has been already assigned to qualifying individuals based on relevant agreements concluded between the State Treasury and these individuals or their successors.

Written replies to the public invitation to negotiations concerning the acquisition of shares by potential investors that received the Investment Memorandum were to be submitted by 28 July 2010. On 23 July the Minister of Treasury announced that the deadline had been extended until 13 August 2010.

In response to the invitation to negotiations concerning the acquisition of shares of ENEA S.A. 6 entities filed preliminary offers. Potential Investors had been informed of the related decision of the Minister of the Treasury by 24 August. The Minister of the Treasury approved five potential Investors to take part in the next stage of the privatization.

On 30 September 2010, potential Investors were granted access to electronic Data Room (information, data and documents prepared for the due diligence analysis of the ENEA Capital Group).

5 October was the deadline for filing final offers for the acquisition of shares in ENEA S.A.

Four potential investors filed the final offers. On 12 October 2010, the Ministry of the Treasury issued an announcement regarding performance of parallel negotiations on the sale of 51% of shares in ENEA S.A. with three entities, and then on 19 October 2010, on continuing of the parallel negotiations with two entities. On 28 October 2010 the Ministry of the Treasury decided to set a deadline for exclusive negotiations with Kulczyk Holding (the guarantor) and Elektron Sp. z o. o. (the buyer) at 3 November 2010. Since the exclusive negotiation period granted to Kulczyk Holding passed ineffective, on 16 November 2010 the Ministry of the Treasury announced a decision to resume parallel negotiations with potential investors, and on 15 December 2010 decided to grant Electricite de France S.A. the right to exclusive negotiations. According to the announcement, the Ministry intends to complete the process of selling 51% of shares in ENEA S.A. by the end of Q1 2011.

24. Post balance sheet events

An oral tender (auction) on the sale of shares in the share capital of Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. was announced on 27 January 2011. The auction includes 6,860 ordinary registered shares of Przedsiębiorstwo Energetyki Ciepłej w Śremie S.A. with the face value of PLN 1,000 each and the total

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value of PLN 6,860 thousand, accounting for 41.65% of its share capital. The total market value of the shares – corresponding to the starting price – is PLN 9,611,820.40 and has been based on measurement carried out as at 30 June 2010.

**Additional information
to the extended consolidated
report for Q4 2010
ENEA S.A.**

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 14 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, 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) Koźienice Power Plant 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 has a licence to generate electricity, valid until 31 December 2030; the Company applied for an extension of the licence of 21 March 2001 18 months before the end of its validity period (30 March 2011). Such a requirement was included in the current licence. Among other things, agreements on the sale and purchase of energy (own needs), a water-rights permit, technical details and a confirmation that individual sources belong to the Company were attached to the application. On the basis of those documents, the licence was extended to 31 December 2030.

The companies in our Group also conduct operations which are 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. (hereinafter “Elektrownia Kozienice”), which joined the Group in October 2007. It is Poland’s largest commercial coal-fired power plant. It comprises 10 high-performance, updated power units with a total generating capacity of 2905 MW. The operation of the power plant is characterised by a low carbon dioxide emission rate: in 2009 it was 882 kg/MW, and in Q4 2010 869 kg/MW. It also has one of the lowest rates of coal used per MWh of electricity generated. The level for Q4 of 2010 was 0.402 Mg/MWh. In Q4 2010, Elektrownia Kozienice had an overall gross efficiency of 38.8 per cent.

The quantity of electricity generated by Elektrownia Kozienice in 2010 (gross MWh):

2010	Quantity of electricity (MWh)
Q1	2,995,473.7
Q2	2,914,317.7
Q3	3,247,671.5
Q4	3,160,708.7
Total	12,318,171.6

In Q4 2010, Elektrownia Kozienice generated gross electricity of 3,160,708.700 MWh. This is a level comparable to the same period last year, when it generated gross electricity of 3,161,890.200 MWh.

In order to streamline electricity trading, on 21 October 2010 a deed of incorporation for a company called ELKO Trading Sp. z o.o. with its registered office in Świerże Górne, with capital in the amount of PLN 33,000,000, was signed in the form of a notarial deed. In cash, Elektrownia Kozienice took up 13,500 shares in ELKO Trading Sp. z o.o. with a nominal value of PLN 1,000 [each] and a total nominal value of PLN 13,500,000, which constitute 100 per cent of the share capital of ELKO Trading Sp. z o.o. and covered the supplementary capital of ELKO Trading Sp. z o.o. with PLN 19,500,000 in cash. The main business of ELKO Trading Sp. z o.o. will be trading in electricity.

In January 2008, Elektrownia Kozienice also began to generate power from renewable sources by co-firing biomass with conventional fuels (coal). In Q4 2010, the Power Plant acknowledged 106,442.431 MWh worth of renewable energy certificates. In Q4 2009, it acknowledged 58,861.394 MWh worth of renewable energy certificates. When comparing the corresponding periods, it is important to emphasise the 80.84 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). In 2010 the Company purchased 175,800 tonnes of biomass for the purposes of generating renewable energy.

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

2010	Energy from renewable sources Green certificates (MWh)	Energy from co-generation Red certificates (MWh)
Q1	32,358.190	26,826.461
Q2	89,270.247	11,924.907
Q3	94,079.415	7,157.417
Q4	106,442.431	20,074.154
Total	322,150.283	65,982.939

Our subsidiary, Elektrownie Wodne Sp. z o.o., also generates electricity from renewable sources. Cumulatively for 2010, the quantity of electricity generated by the 20 hydroelectric power plants introduced into the grid and the green certificates obtained for it, is as follows:

2010	Energy generated from renewable sources, for which we receive green certificates of origin (MWh)	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
Q4	47,654.199	47,009.943
Total	155,127.349	153,092.014

Elektrownie Wodne is currently pursuing the area of wind farm development. With regard to wind energy production, a project is being developed with a capacity of 22.5 MW Baczyna Wind Farm. So far, land has been secured, an amendment has been made to the local zoning plan of the district, taking into account the possibility of constructing in it wind turbines with internal infrastructure, and an application has been submitted for grid connection conditions and supplemented in line with the requirements of the Energy Law. In addition, 1.5 annual wind measurements have been carried out. Under a resolution of the Shareholders Meeting approving the adjusted 2010-2012 Material and Financial Schedule, Elektrownie Wodne refrained from implementing projects for which no amendment has been made to the local zoning plan within the statutory timeline that allows it to supplement the application for connection to the grid. 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. As part of work described above, the purchase of a functioning wind power plant with capacity of 6 MW, located in Pomorskie Province is being finalised. Once due diligence, a valuation and price negotiations had

been carried out, a preliminary agreement was concluded with a guarantee to purchase the investment by 31 March 2011.

Also, non-binding offers were submitted for the purchase of wind farm projects with capacity of 102 MW and 48 MW. If those wind farms qualify for the negotiation process, due diligence will be carried out for those projects.

Furthermore, in order to increase the Company's production capacity, the construction of a small hydroelectric plant is under way in Oborniki Wielkopolskie on the river Wełna. The investment is scheduled to be completed and put into operation by 30 March 2011. The estimated annual average energy production is 1440 MWh

As part of its investments in renewable energy sources, 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. The table below contains 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 (MWh)
Q1	1,878.640
Q2	2,208.104
Q3	1,582.072
Q4	1,783.160
Total	7,451.976

Work aimed at securing a project for an agricultural biogas plant with capacity of 1.6 MWe in the Dolnośląskie Province is now at an advanced stage.

With regard to work associated with obtaining energy from renewable sources and cogeneration also in MEC Piła (a company which belongs to the ENEA Capital Group) a procedure is under way to select a contractor for the project "Construction of a Biomass Cogeneration Unit in ORC Technology on the District Boiler KR-Koszyce in Piła". The investment is to be subsidised by the European Union with funds from the Cohesion Fund within measure 9.1, High-efficiency Energy Generation, from priority axis 9, Environmentally-friendly Energy Infrastructure and Energy Effectiveness, in the Operating Program 'Infrastructure and Environment' 2007-2013. Once the construction process is completed, we will also be generating certificates of origin from this source.

Distribution

Within the Group, ENEA Operator Sp. z o.o. (hereinafter ENEA Operator) is responsible for the distribution of electricity, acting as operator of the electricity distribution system. It operates in the northwest part of Poland (Wielkopolski, Zachodnio-Pomorski, Lubuski and Kujawsko-Pomorski Provinces, and to a lesser degree in Dolnośląski and Pomorski Provinces), in an area corresponding to that of the operations of ENEA S.A.

ENEA Operator's distribution network extends to about 20 per cent of the area of the country. The company has 109,796 km of power lines at its disposal, or 127,544 km together with terminals. Moreover, it has 34,804 transformer stations of a total capacity of 14,035 MVA. The above data were current as at 31 December 2010.

Trade

In our Group, wholesale electricity trade and selling electricity to retail consumers is primarily handled by ENEA S.A. In Q4 2010, total electricity sales amounted to 4,680.8 GWh, of which retail consumer sales accounted for 3,871.4 GWh. As at 31 December 2010, the number of retail customers amounted to approximately 2.4 million companies and households.

In the area of wholesale trading, in transactions concluded by ENEA S.A. on the Polish Power Exchange and settled by the Warsaw Commodity Clearing House from 1 October 2010 to 31 December 2010, the quantity of obligations entered into with WCCH amounted to PLN 724,787,318.20.

As from 9 August 2010, pursuant to Article 49a.1 of the Energy Law, Elektrownia Koźienice is required to sell 15 per cent of its power through the Polish Power Exchange. In performance of that obligation, the electricity sold on the Polish Power Exchange between 9 August 2010 and 31 December 2010 accounted for 17.2 per cent of all concluded contracts. The net cumulative value of electricity sold on the Polish Power Exchange from 6 May 2010 to 31 December 2010 amounted to PLN 2,433,196,698.58.

In Q4 2010 the total sales of Elektrownia Koźienice as part of electricity trading and generation amounted to 3,127.9 GWh, of which sales to retail customers amounted to 298 GWh.

Description of changes in the structure of the Group

In Q4 2010, the following events occurred that may result in present or future changes in the structure of the ENEA Capital Group:

In connection with the merger of EP PUE ENERGOBUD Leszno Sp. z o.o. (the Acquiring Company) with ZUP ENERGOTRANS Sp. z o.o. and EWINN Sp. z o.o. (the Target Companies), by the transfer of all the assets of the Target Companies to the Acquiring Company, on 1 December 2010 an increase in the share capital of the merged Companies was registered in the National Court Register. As a result of the merger of the companies, the share capital of EP PUE ENERGOBUD Leszno Sp. z o.o. increased by PLN 1,418,000, from PLN 6,216,000 to PLN 7,634,000, through the creation of 2,836 (219 - ZUP ENERGOTRANS Sp. z o.o.; 2,617 - EWINN Sp. z o.o.) equal and indivisible shares with a nominal value of PLN 500 per share. Following the merger, the share capital of EP PUE ENERGOBUD Leszno Sp. z o.o. amounts to PLN 7,634,000, divided into 15,201 shares worth PLN 500 per share. 67 shares were redeemed from net profits. On 27 December 2010, EWINN Sp. z o.o. was deleted from the National Court Register, and on 7 January 2011 ZUP ENERGOTRANS Sp. z o.o. was deleted from the National Court Register.

On 30 November 2010 the merger of COGEN Sp. z o.o., PEC Gozdnica Sp. z o.o. and MEC Piła Sp. z o.o. (the acquiring company) was registered. In connection with the merger, the acquiring company's share capital was

increased by PLN 509,000 (from 27,407,000 to 27,916,000). The shares in the increased share capital were taken up in their entirety by ENEA S.A. on 30 December 2010. COGEN Sp. z o.o. was deleted from the National Court Register. On 12 January 2011, PEC Gozdnica Sp. z o.o. was deleted from the National Court Register.

The shareholder structure of MEC Piła Sp. z o.o. as at 31 December 2010 is as follows:

1. ENEA S.A.: 17,884 shares – 64.06 per cent
2. District of Piła: 10,032 shares – 35.94 per cent

On 15 October 2010, an announcement of an oral auction for the sale of shares in the share capital of ITSERWIS Sp. z o.o. in Zielona Góra (a subsidiary of ENEA S.A.) was published. The subject of the auction sale were 12,728 shares, constituting 100 per cent of the company's share capital, with a starting price of PLN 9,596,912. The auction was held on 15 December 2010 in the registered office of the Management Board of ENEA S.A. However, no outcome was achieved. ENEA S.A.'s holding of shares in ITSERWIS Sp. z o.o. therefore remained unchanged.

Description of equity investments within the Group

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 new shares with a nominal value of PLN 500 each. On 1 December 2010 all the new shares in the company's share capital were taken up by the sole shareholder – ENEA S.A. and fully covered by an in-kind contribution in the form of an organised part of the business undertaking of ENEA S.A. operating under the business name: ENEA S.A. Oddział Elektrownia Biogazowa Liszkowo. On 7 February 2011 the increased share capital of Elektrownie Wodne Sp. z o.o. was registered in the National Court Register.

On 29 October 2010, an Extraordinary General Meeting of Shareholders of BHU S.A. adopted a resolution on increasing the company's share capital by PLN 240,900, by issuing 2,409 series J shares, by way of a private placement, in exchange for an in-kind contribution in the form of the right of perpetual usufruct to a real property located in Gorzów Wielkopolski and the ownership title to the building located on it, with the existing shareholders being completely deprived of a pre-emptive right. On 28 December 2010 the increased share capital of BHU S.A. (increased by PLN 240,900, from PLN 14,062,200 to PLN 14,303,100) was registered in the National Court Register.

On 27 December 2010, an Extraordinary General Meeting of Shareholders of BHU S.A. adopted a resolution on increasing the company's share capital by PLN 2,072,000, by issuing 20,720 series K shares, by way of a private placement, in exchange for an in-kind contribution in the form of the right of perpetual usufruct to a real property located in Zielona Góra and the ownership title to the buildings located on it, with the existing shareholders being completely deprived of a pre-emptive right. On 28 December 2010, an offer to take up the shares of BHU S.A. was accepted and the right of perpetual usufruct to the land and the ownership title to the real property were transferred. On 21 December 2011 the increased share capital of BHU S.A. (increased by PLN 2,072,000, from PLN 14,303,100 to PLN 16,375,000) was registered in the National Court Register.

On 30 December 2010 an Extraordinary General Meeting of Shareholders was held at which the share capital of MEC Piła Sp. z o.o. was increased (involving transferring the heat energy infrastructure in Gozdnica as an in-kind contribution) by PLN 773,000 (from PLN 27,916,000 to PLN 28,689,000). The shares in the increased share capital will all be taken up by ENEA S.A..

As at the date of the publication of this periodic report, the share capital increase referred to above has not been registered in the National Court Register.

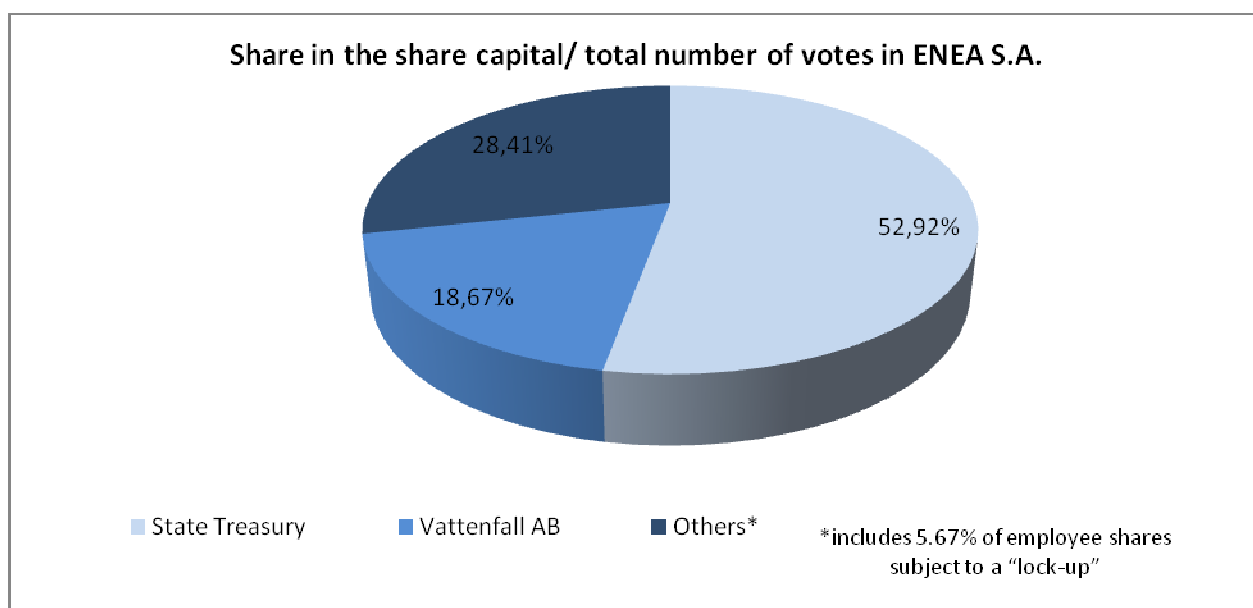
II. Position of the management board in relation to the possibility of achieving previously published forecasts of the results for a given year

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 in share capital	Number of votes at the general meeting of shareholders	Share in the votes at the general meeting of shareholders
1	State Treasury	233,624,813	52.92%	233,624,813	52.92%
2	Vattenfall AB	82,395,573	18.67%	82,395,573	18.67%
3	Others	125,422,192	28.41%	125,422,192	28.41%
Total		441,442,578	100.00%	441,442,578	100.00%



A process is currently under way in ENEA S.A. Capital Group of eligible employees of the group acquiring "employee shares" free of charge. This takes place by eligible employees concluding agreements for the unpaid transfer of shares in ENEA S.A. by the State Treasury. The process referred to above is taking place in ENEA S.A. and Elektrownia "Kozienice" S.A. ("Elektrownia Kozienice"). The main part of the process of allocating employee shares in ENEA S.A. was completed at the beginning of December 2010, when the vast majority of eligible employees and their heirs concluded an agreement with the State Treasury. The right to acquire shares in ENEA S.A. free of charge expires on 16 May 2012 (in certain cases an heir can sign an agreement on the unpaid transfer of shares after 16 May 2012). Employee shares acquired free of charge are subject to a temporary lock-up. Pursuant to Article 38 par. 3 of the Act on Commercialisation and Privatisation of 30 August 1996, shares acquired free of charge by employees or heirs of ENEA S.A. cannot be traded before 16 February 2012, i.e. before the lapse of two years from the date when the State Treasury transfers the first shares on general principles, and shares acquired by employees performing the function of member of the Management Board of ENEA cannot dispose of their shares until three years have elapsed from the date when the State Treasury transferred the first shares on general principles, i.e. until 16 February 2013.

Furthermore, in connection with the takeover by ENEA S.A. of Elektrownia "Kozienice" S.A. on 10 October 2007, eligible employees of Elektrownia Kozienice obtained the right to an equivalent for the right to acquire shares free of charge (the "Equivalent").

Eligible employees who have acquired the right to the Equivalent could exercise the right to exchange that right for a right to acquire shares in ENEA S.A. free of charge up to 18 January 2008. Employee shares acquired by eligible employees of Elektrownia Kozienice are not subject to the temporary lock-up and on 21 January 2011 they were admitted and introduced into trading, which the Issuer announced in current report No. 3 of 19 January 2011. Eligible employees of Elektrownia Kozienice were allocated 8,141,025 shares in ENEA S.A.

All the series B shares of ENEA S.A., numbering 41,638,955 shares, are designated for purposes associated with carrying out the process of transferring employee shares.

Changes in the Shareholding Structure

From the publication of the previous periodic report to the date of the publication of this quarterly report, the Company has received two notifications of a change in the State Treasury's share in the total number of votes due to the State Treasury concluding agreements on the transfer of shares in ENEA S.A. with eligible employees and their heirs in accordance with the provisions of the Act on Commercialisation and Privatisation of 30 September 1996 and the Act on the Rules for Acquiring Shares from the State Treasury during the Consolidation of Power Sector Companies of 7 September 2007.

According to the notification received on 16 November 2010, the State Treasury reduced its share in the total number of votes in ENEA as a result of transferring 4,969,462 shares, constituting a 1.13 per cent share in ENEA's share capital, from 2 to 5 November 2010. The total number of shares of ENEA S.A. held by the State Treasury prior to that change amounted to 243,281,142 shares, which accounted for 55.11 per cent of ENEA S.A.'s share capital. Those shares carried 243,281,142 votes, constituting 55.11 per cent of the total number of votes in the Company. The total number of shares in ENEA S.A. held by the State Treasury amounted to 238,311,680, accounting for 53.98 per cent of the share capital of ENEA S.A. Those shares carried 238,311,680 votes, accounting for 53.98 per cent of the total number of votes in the Company. The full wording of the

notification by the State Treasury regarding its diminished share in the total number of votes in ENEA S.A. was published in current report No. 43/2010 of 17 November 2010.

On 2 December 2010, the Company received a notification stating that the State Treasury had reduced its share in the total number of votes due to the transfer of 4,686,867 shares constituting a 1.06 per cent shares in the share capital of ENEA S.A. Those shares were transferred from 5 November to 22 November 2010. The total number of shares in ENEA S.A. held by the State Treasury before that change amounted to 238,311,680 shares, accounting for 53.98 per cent of ENEA S.A.'s share capital. Those shares carried 238,311,680 votes, constituting 53.98 per cent of the total number of votes in the Company. The total number of shares in ENEA S.A. currently held by the State Treasury is 233,624,813, which accounts for 52.92 per cent of the share capital of ENEA S.A. Those shares carry 233,624,813 votes, which accounts for 57.92 per cent of the total number of votes in the Company.

The full wording of the notification by the State Treasury regarding its diminished share in the total number of votes in ENEA S.A. was published in current report No. 44/2010 of 3 December 2010.

On 21 January 2011, by resolution No. 90/2011 of 19 January 2011, the Management Board of the Warsaw Stock Exchange decided by the ordinary procedure to admit to stock exchange trading 8,100,939 series B ordinary bearer shares of ENEA S.A. with a nominal value of PLN 1 each and introduce them into stock exchange trading on the main market.

Information on the admission and introduction into stock exchange trading of the shares in ENEA S.A. referred to above was disclosed in current report No. 3/2011 of 19 January 2011.

On 21 January 2011, on the basis of a resolution of the Management Board of Krajowy Depozyt Papierów Wartościowych S.A. No. 36/11 of 17 January 2011, the above-mentioned shares were registered in the National Depository of Securities. Following the registration, the total number of shares in ENEA S.A. registered in the National Depository of Securities amounts to 407,904,562.

The Company announced the registration of the shares in the National Depository of Securities in current report No. 4/2011 of 20 January 2011.

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

Name	Position	Number of shares in ENEA S.A. held as at 15 November 2010	Number of shares in ENEA S.A. held as at 1 March 2011
Tadeusz Dachowski	Member of the Supervisory Board	4,440	4,440
Paweł Balcerowski	Member of the Supervisory Board	4,140	4,140
Mieczysław Pluciński	Member of the Supervisory Board	4,140	4,140
Maksymilian Górniak	Member of the Management Board for Business Affairs	3,740	3,740
Krzysztof Zborowski	Member of the Management Board for Power Production	6,864	0

Changes in the share holdings from the publication of the previous periodic report:

On 21 January 2011, Mr Krzysztof Zborowski sold in an ordinary session transaction on the regulated market 6,864 shares of ENEA at a price of PLN 22.05 per share.

As at the publication date of this periodic report, other persons managing or supervising the Company do not hold ENEA S.A. shares.

At the publication date of this periodic report, no members of ENEA S.A.'s Management and Supervisory Boards own shares in 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 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 27.2-4 to the consolidated quarterly financial statements (page 36 of this report).

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 on non-market terms.

In Q4 2010, the Group did not conclude any significant transactions on non-market terms with affiliated companies.

A description of other transactions concluded by the issuer or its subsidiary with affiliated companies is set out in Note 23 to the consolidated quarterly financial statements (page 32 of this report).

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 ENEA S.A. nor any of its subsidiaries granted any 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 Company’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

Description of the financial situation – presentation of the financial results for 2010

The financial results given below cover the year 2010, as well as financial year 2009 for comparison. At the same time, please be advised that the final financial results for 2010 will be audited by an entity authorised to audit financial statements and published in a periodic report for financial year 2010, which the Issuer intends to make publicly available on 28 April 2011.

Presentation of the financial position of the ENEA Capital Group

1. Financial results

Consolidated income statement

Income statement in PLN ‘000	2009	2010	Growth	Variation
Net revenues	7 167 337	7 836 975	109.3%	669 638
Cost of sales	6 620 880	7 076 189	106.9%	455 309
Other operating income	78 599	80 567	102.5%	1 968
Loss on sales and liquidation of tangible fixed assets	1 453	-7 123	X	-8 576
Lasting loss of value of tangible fixed assets	8 942	4 872	54.5%	-4 070
Other operating costs	111 962	135 083	120.7%	23 121
Operating profit (loss)	505 605	694 275	137.3%	188 670
Financial costs	33 020	40 980	124.1%	7 960
Financial income	170 370	140 484	82.5%	-29 886
Dividend income	2 335	774	33.1%	-1 561
Share in (losses)/profits of affiliated entities accounted for using the equity method	7 766	989	12.7%	-6 777
Profit (loss) before tax	653 056	795 542	121.8%	142 486
Income tax	139 446	174 516	125.1%	35 070
Net profit (loss) for the reporting period	513 610	621 026	120.9%	107 416
EBITDA	1 166 950	1 347 502	115.5%	180 552

In the reporting period, the Group posted net revenues of PLN 7,836,975,000, an increase of PLN 669,638,000, i.e. 9.3 per cent, relative to 2009.

The table below shows the value and structure of revenues generated in 2010.

Item	2009		2010		Growth	Variation
	[PLN '000]	%	[PLN '000]	%		
Revenues from the sales of electricity	4 620 236	64.6	4 995 610	63.7	108.1%	375 374
Revenues from the sales of distribution services	2 297 371	32.1	2 526 943	32.2	110.0%	229 572
Revenues from the sales of goods and materials	156 298	2.2	121 024	1.5	77.4%	-35 274
Revenues from the sales of other services	123 025	1.7	123 620	1.5	100.5%	595
Recovery of stranded costs	-77 381	-1.1	15 580	0.2	x	92 961
Revenues from the sales of thermal energy	47 788	0.7	54 198	0.7	113.4%	6 410
Total net revenues	7 167 337	100.0	7 836 975	100.0	109.3%	669 638

The Group's revenues are mainly composed of revenues from sales of electricity and from sales of distribution services, which amount to 63.7 per cent and 32.2 per cent of total revenues, respectively.

Revenues from the sale of electricity in 2010 amounted to PLN 4,995,610,000, an increase of 8.1 per cent relative to the previous year. This stems primarily from an increase in the sale of electricity by Elektrownia Kozienice to other customers, i.e. companies holding licences to trade in electricity and in the sales on TGE and POEE by PLN 837,243,000. Furthermore, revenues from the sale of electricity to end users at ENEA S.A. dropped by PLN 327,888,000, mainly as a result of a lower volume of electricity sold (by 1,265 GWh), with the average sale price remaining the same. In addition, revenues generated from the sale of electricity to other companies decreased by PLN 125,238,000, mainly due to a lower volumes of electricity sold (by 756 GWh).

Revenue from the sale of distribution services in 2010 amounted to PLN 2,526,943,000, an increase of 10.0 per cent relative to the previous year. That increase was caused by a 2.3 per cent increase in the amount of electricity supplied to end users and a 4.5 per cent increase in the average price of distribution services sold. Moreover, revenue sales were also influenced by an increase in revenues from grid connection fees (a 305.0 per cent growth relative to 2009), which results from new rules for recording grid connection fees. In the previous year, revenues from these fees were settled over a period of 35 years, while new connections, implemented as of 1 January 2010, will be entered in whole under operating revenues.

The 22.6 per cent decrease in revenues from the sale of goods and materials resulted primarily from a decrease in external sales within BHU, Auto-Style and IT Serwis.

Revenues from the recovery of stranded costs in 2010 were reported at PLN 15,580,000, as a result of the decision of the President of the ERO. However, in 2009, these revenues were posted with a negative figure (PLN -77,381,000), as a result of the adjustment carried out following the decision of the President of the ERO, on the basis of which the amount of the 2008 annual stranded cost adjustment was calculated, which amount Elektrownia Kozienice is required to return to Zarządca Rozliczeń S.A. Elektrownia appealed the foregoing, but the Court has not yet issued its final ruling.

Revenues from the sales of thermal energy in 2010 amounted to PLN 54,198,000, i.e. 0.7 per cent of revenues from sales. The increase (with a growth ratio of 113.4 per cent) is attributed chiefly to favourable weather conditions.

In 2010, the total yearly cost of sales was PLN 7,076,189,000, an increase of 6.9 per cent over the previous year.

The table below shows the value and structure of the costs of sales attained in 2010.

Item	2009		2010		Growth	Variation
	[PLN '000]	%	[PLN '000]	%		
Amortisation and depreciation	661 345	10.0	653 227	9.2	98.8%	-8 118
Costs of employee benefits	823 964	12.4	923 858	13.1	112.1%	99 894
Consumption of raw materials and value of goods sold	1 585 889	24.1	1 538 204	21.7	97.0%	-47 685
Purchase of energy for sales purposes	2 350 461	35.5	2 704 860	38.2	115.1%	354 399
Transmission services	694 791	10.5	693 585	9.8	99.8%	-1 206
Other external services	333 169	5.0	362 789	5.1	108.9%	29 620
Taxes and charges	171 261	2.6	199 666	2.8	116.6%	28 405
Total cost of sales	6 620 880	100.0	7 076 189	100.0	106.9%	455 309

The largest items in the Capital Group's costs are the costs of purchasing electricity and consumption of materials, as well as the value of goods sold, which constitute respectively 38.2 per cent and 21.7 per cent of the costs of sales.

The purchase of energy for sales needs rose in 2010 by PLN 2,704,860,000, which represents an increase of 15.1 per cent over the previous year, and this was mainly caused by an increase in the volume of electricity purchased externally. In 2010, 58.7 per cent of revenues from the sales of electricity by Elektrownia Koźienice derived from sales under contracts to ENEA S.A., while in the same period of the previous year, the share amounted to 94.4 per cent. The drop in electricity sales from Elektrownia Koźienice to ENEA S.A. is a consequence of amendment of the Energy Law with respect to sales of electricity by power plants recovering stranded costs. Under these regulations, power companies are required to sell electricity via public tenders as of 9 August 2010. It must also be noted that the average electricity purchase price dropped by 6.2 per cent relative to 2009.

Costs of employee benefits in 2010 amounted to PLN 923,227,000, an increase of PLN 99,894,000, i.e. 12.1 per cent, as a result of increased employee benefit provisions, primarily with respect to service anniversary awards - by PLN 49,952,000 - and retirement severance pay - by PLN 16,092,000. Furthermore, the increase of these costs in the period in question was influenced by the 6.7 percent average salary increase, coinciding with a drop in the number of jobs - 10,233.23 in 2010, from the 10,358.43 reported in 2009.

Costs of other external services rose by 8.9 per cent compared to the same period of the previous year, which was caused by higher costs of legal services and consulting, higher costs of advertising at ENEA S.A., higher costs of renovation services and the costs of non-contractual use of properties at ENEA Operator, as well as higher costs of subcontracting services at ENERGOBUD Leszno.

The decrease in the consumption of raw materials and value of goods sold in 2010 by 3.0 per cent stems mainly from the lower costs at ENEA Operator, BHU, IT Serwis, Auto-Styl and Energomiar, which translated to lower revenues from the sale of raw materials generated by these companies. Furthermore, an increase was reported in the sale of raw materials by Elektrownia Kozienice, attributed primarily to an increase in the consumption costs of biomass and other materials, resulting from increased gross production of electricity (by 196 GWh).

Costs of taxes and charges rose by 16.6 per cent relative to the same period in the previous year, mainly due to an increase in property taxes on distribution assets, higher court and mortgage fees (ENEA Operator) and higher fees for commercial use of the environment, which was related to increased electricity production (Elektrownia Kozienice).

In 2010, the ENEA Capital Group reported an operating profit of PLN 694,275,000, which was higher than the result attained in the previous year, by 37.3 per cent, that is, by PLN 188,670,000. This was due to increased revenues from operations in the amount of PLN 671,606,000, with a simultaneous increase in operational costs of PLN 465,784,000.

Consolidated profits before tax in 2010, i.e. after financial activities were taken into account, amounted to PLN 795,542,000, which is an increase of PLN 142,486,000 (21.8 per cent) relative to the previous year. This was due mainly to a higher operating result, lower financial revenues, primarily in terms of revenues generated on funds invested in financial assets (bonds, treasury bills and term deposits). Furthermore, the lower result was due to accounting for impairment testing of Elektrociepłownia Białystok and Elektrociepłownia Śrem, conducted as on 31 December 2010.

The net profit generated by the Group in 2010 amounted to PLN 621,026,000 and was down PLN 107,416,000 (i.e. 20.9 percent) from the profit attained in the preceding year.

2. Assets - structure of assets and liabilities in the consolidated balance sheet

Consolidated balance sheet

Total assets in PLN '000	As at:		Growth	Variation
	31 Dec 2009	31 Dec 2010		
Non-current assets	8 374 673	8 737 678	104.3%	363 005
Tangible fixed assets	8 060 674	8 311 378	103.1%	250 704
Perpetual usufruct right	28 090	29 208	104.0%	1 118
Intangible assets	47 985	145 254	302.7%	97 269
Investment properties	6 091	5 170	84.9%	-921
Investments in associated entities, accounted for using the equity method	189 938	167 221	88.0%	-22 717
Available-for-sale financial assets	39 346	74 869	190.3%	35 523
Financial assets valued at fair value by the profit and loss account	1 219	4 411	361.9%	3 192
Trade and other receivables	1 330	167	12.6%	-1 163

Current assets	3 849 971	4 124 629	107.1%	274 658
Inventories	300 830	242 386	80.6%	-58 444
Trade and other receivables	925 513	948 519	102.5%	23 006
Current income tax assets	12 828	1 376	10.7%	-11 452
Held-to-maturity financial assets	55 734	250 947	450.3%	195 213
Financial assets valued at fair value by the profit and loss account	1 652 523	1 781 939	107.8%	129 416
Cash and cash equivalents	902 543	899 462	99.7%	-3 081
Non-current assets designated for sale	5 044	0	x	-5 044
Total assets	12 229 688	12 862 307	105.2%	632 619

Total liabilities in PLN '000	As at:		Growth	Variation
	31 Dec 2009	31 Dec 2010		

Total equity	9 372 628	9 855 543	105.2%	482 915
Ordinary shares	588 018	588 018	100.0%	0
Share premium	3 632 464	3 632 464	100.0%	0
Share-based payments reserve	1 144 336	1 144 336	100.0%	0
Financial instruments revaluation reserve	20 756	50 922	245.3%	30 166
Other reserves	-22 110	-22 110	100.0%	0
Retained earnings	3 985 386	4 437 862	111.4%	452 476
Minority interest in equity	23 778	24 051	101.1%	273
Total liabilities	2 857 060	3 006 764	105.2%	149 704
Non-current liabilities	1 450 377	1 371 260	94.5%	-79 117
Current liabilities	1 406 683	1 635 504	116.3%	228 821
Total equity and liabilities	12 229 688	12 862 307	105.2%	632 619

As at 31 December 2010, the balance sheet total of the ENEA Capital Group amounted to PLN 12,862,307,000, an increase of PLN 632,619,000, i.e. 5.2 per cent, relative to that as at 31 December 2009.

Non-current assets as at 31 December 2010 amounted to PLN 8,737,678,000, which represents an increase of PLN 363,005,000 (4.3 per cent) compared to the same period in the previous year. The increase in non-current assets results mainly from an increase in tangible non-current assets caused by the implementation of investments in generation and distribution assets. There was also an increase in the value of intangible assets, related to the higher value of CO₂ emission rights. An increase was also reported in financial assets available for sale as a result of a fair value revaluation of the shares held by Elektrownia Kozienice in the Bogdanka S.A. coal mine and a revaluation of the shares held by ENEA S.A. in non-affiliated entities. However, there was a

decrease in the volume of investments in associated entities as a result of accounting for the valuation of Elektrociepłownia Białystok and Elektrociepłownia Śrem prepared as at the end of 2010.

As at the end of December 2010, current assets amounted to PLN 4,124,629,000, which represented an increase relative to the same period of 2009 of PLN 274,658,000 (7.1 per cent). The increase in current assets was due mainly to an increase in the financial assets in which funds from the sales of shares on the WSE were invested. There was also a decrease in coal inventories at Elektrownia Koźienice.

The dominant source of financing for the Group's assets is equity, which at the end of December 2010 amounted to PLN 9,855,543,000, i.e. PLN 428,915,000 or 5.2 per cent more than at the end of December 2009. The growth in equity resulted primarily from an increase in retained earnings due to the distribution of profit for 2009 and a higher financial result generated by the Company in 2010 relative to the same period of 2009.

As at 31 December 2010, the value of the Group's non-current liabilities was PLN 1,371,260,000 and had fallen by PLN 79,117,000, or 5.5 per cent in relation to the situation at the end of December 2009. This is mainly due to a decrease in the settlements of income from subsidies and connection fees at ENEA Operator.

Current liabilities were reported at PLN 1,635,504,000, which constituted an increase of PLN 228,821,000 (or 16.3 per cent) relative to the previous year, mainly due to an increase in the settlements of income from subsidies and connection fees at ENEA Operator. Furthermore, there was an increase in trade and other receivables, which is related to a growth in investment liabilities and higher provisions for certificates of origin.

3. Cash

Consolidated cash flow statement

Cash flow statement in PLN '000	As at		Growth	Variation
	31 Dec 2009	31 Dec 2010		
Net cash generated from operating activity	850 134	1 296 238	152.5%	446 104
Net cash generated from investment activity	-2 332 519	-1 095 076	46.9%	1 237 443
Net cash generated from financial activity	-235 731	-204 243	86.6%	31 488
Net increase / (decrease) in cash and cash equivalents	-1 718 116	-3 081	0.2%	1 715 035
Cash and cash equivalents at the end of the reporting period	902 543	899 462	99.7%	-3 081

The balance of cash and equivalents of the ENEA S.A. Capital Group at the end of 2010 amounted to PLN 899,462,000, which was a decrease of PLN 3,081,000 relative to the amount achieved at the end of December 2009 (PLN 902,543,000).

Cash flows from operations amounted to PLN 1,296,238,000 as at the end of December 2010, i.e. PLN 446,104,000 higher than as at the end of December 2009 (PLN 850,134,000). The increase was mainly due to a decrease in inventories, trade payables, an increase in employee benefit liabilities and an increase in provisions for certificates of origin, compared to the changes reported in 2009.

Cash flows generated from investing activities amounted to PLN -1,095,076,000 as at the end of December 2010, which represents a change of PLN 1,237,443,000 relative to the figure as at the end of December 2009

(PLN -2,332,519,000). This was due to the 2009 purchase of financial assets (investing funds obtained as part of the Company's public offering held in November 2008).

Cash flows from financial activity amounted to PLN -204,243,000 as at 31 December 2010, compared to PLN -235,731,000 as at 31 December 2009. The change of PLN 31,488,000 was caused primarily by lower dividend payments to the shareholders of the holding company compared to 2009.

4. Ratio analysis

Financial indicators

Item	Perf.	Perf.
	2009	2010
PROFITABILITY RATIOS		
ROE - return on equity		
<i>gross profit (loss)</i>	7.0%	8.1%
<i>equity</i>		
ROA - return on assets		
<i>operating profit (loss)</i>	4.1%	5.4%
<i>total assets</i>		
Net profitability		
<i>net profit (loss)</i>	7.2%	7.9%
<i>revenues</i>		
Operating profitability		
<i>operating profit (loss)</i>	7.1%	8.9%
<i>revenues</i>		
EBITDA profitability		
<i>operating profit (loss) + amortisation and depreciation</i>	16.3%	17.2%
<i>revenues</i>		
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS		
Current liquidity ratio		
<i>current assets</i>	2.7	2.5
<i>current liabilities</i>		
Equity-to-fixed assets ratio		
<i>equity</i>	111.9%	112.8%
<i>non-current assets</i>		
Total debt ratio		
<i>total liabilities</i>	23,4%	23,4%
<i>total assets</i>		
ECONOMIC ACTIVITY RATIOS		

Current receivables turnover in days		
<i>avg. net trade and other receivables x number of days</i>	43	43
<i>revenues</i>		
Turnover of trade and other payables in days		
<i>average trade and other liabilities x number of days</i>	62	64
<i>cost of products, goods and materials sold</i>		
Turnover of inventory in days		
<i>average inventory x number of days</i>	19	17
<i>cost of products, goods and materials sold</i>		

In 2010, the ENEA Capital Group achieved a positive financial result and positive profitability ratios. EBITDA profitability amounted to 17.2 per cent, an increase relative to the figure for 2009 (16.3 per cent), which is a result of a higher operating profit being generated.

The net profitability achieved by the Group in 2010 amounted to 7.9 per cent, an increase relative to that achieved in 2009 of 0.7 percentage points (from 7.2 per cent), and was the result of higher net profit being generated in the reporting period.

There was also an increase in the efficiency of the Group's operations, measured by the ROE and ROA business activity ratios. ROE in 2009 was 7.0 per cent, and increased in 2010 to 8.1 per cent as a result of a higher pre-tax profit earned in 2010 relative to the previous year. ROA increased from 4.1 per cent in 2009 to 5.4 per cent in 2010, the result of a higher operating profit.

The ENEA Capital Group is able to settle its current liabilities on time, as shown by the level of its current liquidity ratio, which was 2.5 in 2010. This level is the result of high current assets obtained in connection with investment into financial assets of the funds obtained from the 2008 WSE issue of shares.

As at 31 December 2010, the receivables turnover ratio was at the same rate as that at the end of the previous year, and amounted to 43 days. Meanwhile, the liabilities turnover ratio as at 31 December 2010 was 64 days, and was thus 2 days greater than in the previous year. Please note that a correct relationship was maintained between the receivables and payables turnover rates (liabilities are settled after receivables are obtained), which in turn has a beneficial effect on the Group's financial liquidity. The liabilities turnover rate, however, was 17 days in 2010, i.e. 2 days less than in the previous year.

At the end of December 2010, the total debt ratio was 23.4 per cent, i.e. the same as in the previous year. As at 31 December 2010, the equity-to-fixed assets ratio amounted to 112.8 per cent (compared to 111.9 per cent as at 31 December 2009).

Presentation of the financial results of ENEA S.A. for 2010, as compared to 2009

1. Income statement of ENEA S.A.

<i>in PLN '000</i>	performance		Growth	Variation
	2009	2010		
Revenues	7 278 800	6 558 983	90.1%	-719 817
Excise duty	230 175	254 651	110.6%	24 476

Net revenues	7 048 625	6 304 332	89.4%	-744 293
Other operating income	24 569	26 369	107.3%	1 800
Cost of sales	6 856 828	6 186 321	90.2%	-670 507
Other operating costs	54 837	41 955	76.5%	-12 882
Lasting loss of value of tangible fixed assets	8 214	0	0.0%	-8 214
Profit/loss from sales of fixed assets	2 748	-1 179	x	-3 927
Operating profit	156 063	101 246	64.9%	-54 817
Financial income	135 400	109 740	81.0%	-25 660
Dividend income	78 897	193 888	245.7%	114 991
Financial costs	7 733	5 971	77.2%	-1 762
Gross profit	362 627	398 903	110.0%	36 276
Net profit	305 414	347 820	113.9%	42 406
EBITDA	169 349	118 691	70.1%	-50 657

2. Revenues

In the reporting period, ENEA S.A. posted revenues of PLN 6,558,983,000, which represented a decrease relative to 2009 of PLN 719,817,000 or 9.9 per cent.

The table below shows the value and structure of revenues generated in 2010.

PLN 201,000	performance		Growth	Variation
	2009	2010		
Revenues	7 278 800	6 558 983	90.1%	-719 817
<i>of which:</i>				
Revenues from the sales of electricity and distribution services to end users	6 472 024	5 949 372	91.9%	-522 652
<i>of which:</i>				
<i>Sales of electricity to end users</i>	4 387 078	4 059 190	92.5%	-327 888
<i>Sales of distribution services to customers having comprehensive agreements</i>	2 084 946	1 890 182	90.7%	-194 765
Sale of electricity to cover balancing differences and own needs	371 036	326 134	87.9%	-44 902
Sale of electricity to other entities	358 930	233 692	65.1%	-125 238
Sale of generated electricity and certificates of origin	0	1 838	x	1 838
Sale of services	55 374	58 466	105.6%	3 092
Other revenues	21 437	-10 519	x	-31 956

The decrease in revenues reported by ENEA S.A. resulted primarily from:

- revenues from the sales of electricity to end users, which account for 61.9 per cent of revenues. In 2010, these revenues amounted to PLN 4,059,190,000, down from the previous year by PLN 327,888,000, i.e. 7.5 per

cent, mainly as a result of a lower volume of electricity sold (by 1,265 GWh), with the average sale price remaining the same. The smallest decrease in the volume of electricity sold (by 1,246 GWh) and the average sale price (by 2.0 per cent) was reported for A and B tariff group customers.

- revenues from the sales of distribution services to customers having comprehensive agreements, which account for 28.8 per cent of revenues. In 2010, these revenues were reported at PLN 1,890,182,000 and decreased in comparison to the previous year by PLN 194,765,000, i.e. 9.3 per cent. The decrease in these revenues was mainly caused by splitting comprehensive agreements into power supply and distribution service agreements. This process stems from increasing competition on the market, which results in a greater emphasis on customer service, which, in the case of comprehensive services, tends to be secondary due to the presence of more important issues resulting from distribution services (exceeded capacity, quality standards etc.). Furthermore, the decrease in revenues may be attributed to the fact that some customers connected to the grid of ENEA Operator Sp. z o.o. had switched providers, while on the other hand, ENEA S.A. had acquired customers from the catchment areas of other DSOs. The smaller volume of distribution services provided as part of comprehensive services is natural and is expected to progress.
- the revenues generated from the sales of electricity to other companies amounted to PLN 233,692,000, down by PLN 125,238,000, i.e. 34.9 per cent, compared to 2009, mainly due to a lower quantity of electricity sold (by 756 GWh).
- revenues from the sale of electricity to cover balance sheet differences in 2010 were reported at PLN 326,134,000, which represents a decrease of PLN 44,902,000, i.e. 12.1 per cent, as a result of decreased quantities of electricity sold (by 82 GWh) and a drop in the average sale price of 7.8 per cent.

3. Cost of sales

In 2010, ENEA S.A. reported a total yearly cost of sales of PLN 6,186,321,000, which was a decrease of PLN 670,507,000, or 9.8 per cent, relative to the previous year.

The table below shows the value of the costs of sales attained in 2010.

<i>in PLN '000</i>	performance		Growth	Variation
	2009	2010		
Cost of purchase of electricity for resale	4 594 357	4 067 856	88.5%	-526 501
<i>of which: purchase of certificates of origin</i>	<i>449 906</i>	<i>534 441</i>	118.8%	84 535
Cost of providing distribution services in performance of comprehensive power supply and distribution service agreements	2 084 493	1 886 347	90.5%	-198 146
Depreciation of fixed and intangible assets	13 286	17 445	131.3%	4 159
Consumption of raw materials and electricity and value of goods sold	3 230	4 049	125.3%	819
Other external services	114 919	141 231	122.9%	26 312
Costs of employee benefits	38 355	59 842	156.0%	21 487
Taxes and charges	8 188	9 551	116.6%	1 363
Cost of sales	6 856 828	6 186 321	90.2%	-670 507

The variation in the costs incurred by ENEA S.A. is primarily caused by:

- the cost of purchase of electricity for resale, which amounted to PLN 4,067,856,000, representing a decrease over 2009 of PLN 526,501,000, i.e. 11.5 per cent, as a result of a lower volume of electricity purchased (by 2,063 GWh) and a lower average electricity purchase price (by 1.6 per cent),
- the cost of providing distribution services in performance of comprehensive agreements, which amounted to PLN 1,886,347,000, thus representing a decrease of PLN 198,146,000, or 9.5 per cent compared to 2009, which results from lower sales of distribution services to customers having comprehensive agreements,
- the cost of employee benefits in 2010 amounted to PLN 59,842,000, which represents an increase of PLN 21,487,000, or 56.0 per cent. This was due to the increase in the rate of salaries with surcharges by PLN 18,781,000, mainly as a result of a rise in the average number of jobs from 303.16 in 2009 to 441.37 in 2010. Due to amendment of the Energy Law, as of March 2010, ENEA S.A. assumed responsibility for customer service as well as the personnel in charge thereof from ENEA Operator. This resulted in an increase in the number of jobs as at the end of 2010 to 531, from 306 as at the end of 2009. Furthermore, provisions for employee benefits increased by PLN 1,239,000. This primarily concerned provisions for Employee Benefit Fund contributions (by PLN 1,513,000), provisions for unused leave (by PLN 1,202,000), provisions for service anniversary awards (by PLN 598,000) and provisions for retirement severance pay (by PLN 527,000). However, provisions for energy equivalents decreased by PLN 2,755,000.
- the costs of other external services were reported at PLN 141,231,000, which represented an increase over the previous year of PLN 26,312,000, or 22.9 per cent, which was caused by higher costs of representation and advertising as well as higher legal fees.

4. Financial results

The table below shows the value of the financial results attained by ENEA S.A. in 2010.

data in PLN '000	performance		growth	variation
	2009	2010		
Operating profit	156 063	101 246	64.9%	-54 817
Gross profit	362 627	398 903	110.0%	36 276
Net profit	305 414	347 820	113.9%	42 406

In 2010, ENEA S.A. reported an operating profit of PLN 101,246,000, which was lower than the result attained in the previous year by 35.1 per cent, that is, by PLN 54,817,000. This was due to a drop in revenues from operations by PLN 742,493,000 with a simultaneous decrease in operating costs of PLN 687,676,000.

Profits before tax in 2010, i.e. after financial activities had been taken into account, amounted to PLN 398,903,000, an increase of PLN 36,276,000 (10.0 per cent) relative to the previous year. This was mainly due to higher revenues from dividends from subsidiaries (by PLN 114,991,000).

The net profit generated by ENEA S.A. in 2010 amounted to PLN 347,820,000 and was up PLN 42,406,000 (i.e. 13.9 per cent) from the profit attained in the preceding year.

5. Assets - structure of assets and liabilities

Total assets in PLN '000	As at:		Growth	Variation
	31 Dec 2009	31 Dec 2010		
Non-current assets	8 093 170	8 153 607	100.7%	60 437
Tangible fixed assets	211 217	209 566	99.2%	-1 651
Perpetual usufruct right	3 213	1 488	46.3%	-1 725
Intangible assets	1 405	3 353	238.6%	1 948
Investments in associated entities, accounted for using the equity method	7 844 884	7 871 545	100.3%	26 661
Deferred income tax assets	27 366	42 796	156.4%	15 430
Available-for-sale financial assets	3 866	20 448	528.9%	16 582
Financial assets valued at fair value by the profit and loss account	1 219	4 411	361.9%	3 192
Current assets	2 815 282	2 946 205	104.7%	130 923
Trade and other receivables	850 247	798 147	93.9%	-52 100
Current income tax assets	11 090	0	x	-11 090
Financial assets valued at fair value by the profit and loss account	1 652 523	1 781 939	107.8%	129 416
Cash and cash equivalents	301 422	366 119	121.5%	64 697
Non-current assets designated for sale	5 589	0	x	-5 589
Total assets	10 914 041	11 099 812	101.7%	185 771

Total liabilities in PLN '000	As at:		Growth	Variation
	31 Dec 2009	31 Dec 2010		
Total equity	9 832 448	10 027 308	102.0%	194 860
Ordinary shares	588 018	588 018	100.0%	0
Share premium	4 627 673	4 627 673	100.0%	0
Share-based payments reserve	1 144 336	1 144 336	100.0%	0
Financial instruments revaluation reserve	-3 847	10 941	x	14 788
Reserves	754 841	892 198	118.2%	137 357
Retained earnings	2 721 427	2 764 142	101.6%	42 715
Total liabilities	1 081 593	1 072 504	99.2%	-9 089
Non-current liabilities	122 662	120 124	97.9%	-2 538

Current liabilities	958 931	952 380	99.3%	-6 551
Total equity and liabilities	10 914 041	11 099 812	101.7%	185 771

As at 31 December 2010, the balance sheet total of ENEA S.A. amounted to PLN 11,099,812,000, an increase of PLN 185,771,000, i.e. 1.7 per cent, relative to that as at 31 December 2009.

Non-current assets at the end of 2010 amounted to PLN 8,153,607,000, an increase of PLN 60,437,000 (0.7 per cent) compared to the previous year. Fixed assets increased mainly due to investments in affiliates, in connection with share capital increases in subsidiaries. Moreover, there was an increase in financial assets available for sale, due to the fact that in 2009, long-term investments were subject to a revaluation which underestimated the position of these assets. Furthermore, there was an increase in deferred income tax assets, mainly with respect to provisions for certificates of origin.

In 2010, current assets amounted to PLN 2,946,205,000, an increase over 2009 of PLN 130,923,000 (4.7 per cent). The increase in current assets was due mainly to an increase in the cash and financial assets in which funds from the sales of shares on the WSE were invested. In addition, there was a decrease in trade payables.

The predominant source of financing for the Company assets is equity capital. At the end of 2010, equity amounted to PLN 10,027,308,000, an increase relative to the balance as at the end of 2009 (PLN 9,832,448,000) of PLN 194,860,000, i.e. 2.0 per cent. The increase in equity capital results primarily from an increase in reserves due to the fact that a portion of the 2009 profits was allocated towards financing investments and from an increase in retained earnings due to generating a higher net financial result in 2010.

As at 31 December 2010, the value of non-current liabilities was PLN 120,124,000 and had fallen by PLN 2,538,000, or 2.1 per cent in relation to the status at the end of 2009.

Current liabilities were at PLN 952,380,000, having dropped by PLN 6,551,000 (0.7 per cent) relative to the previous year, mainly in connection with a decrease in a decrease, together with an increase in trade payable.

There was also an increase in provisions for certificates of origin.

6. Ratio analysis

Financial indicators

Item	performance	
	2009	2010
PROFITABILITY RATIOS		
ROE - return on equity		
<i>gross profit (loss)</i>	3.7%	4.0%
<i>equity</i>		
ROA - return on assets		
<i>operating profit (loss)</i>	1.4%	0.9%
<i>total assets</i>		

Net profitability		
<i>net profit (loss)</i>	4.3%	5.5%
<i>revenues</i>		
Operating profitability		
<i>operating profit (loss)</i>	2.2%	1.6%
<i>net revenues</i>		
EBITDA profitability		
<i>operating profit (loss) + amortisation and depreciation</i>	2.4%	1.9%
<i>net revenues</i>		
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS		
Current liquidity ratio		
<i>current assets</i>	2.9	3.1
<i>current liabilities</i>		
Equity-to-fixed assets ratio		
<i>equity</i>	121.5%	123.0%
<i>non-current assets</i>		
Total debt ratio		
<i>total liabilities</i>	9.9%	9.7%
<i>total assets</i>		
ECONOMIC ACTIVITY RATIOS		
Current receivables turnover in days		
<i>avg. net trade and other receivables x number of days</i>	40	47
<i>net revenues</i>		
Turnover of trade and other payables in days		
<i>average trade and other liabilities x number of days</i>	44	45
<i>cost of products, goods and materials sold</i>		

In 2010, ENEA S.A. achieved a positive financial result and positive profitability ratios. EBITDA profitability amounted to 1.9 per cent, a decrease relative to the figure for 2009 (2.4 per cent), which is a result of a lower operating profit being generated.

The net profitability achieved by ENEA S.A. in 2010 amounted to 5.5 per cent, an increase relative to that achieved in 2009 of 1.2 percentage points (from 4.3 per cent), and was the result of a higher net profit being generated in the reporting period.

There was also an increase in the efficiency of the Group's operations, measured by the ROE business activity ratio. ROE in 2009 was 3.7 per cent, and increased in 2010 to 4.0 per cent as a result of a higher pre-tax profit earned relative to the previous year. ROA decreased from 1.4 per cent in 2009 to 0.9 per cent in 2010, the result of a lower operating profit.

ENEA S.A. is able to settle its current liabilities on time, as shown by the level of its current liquidity ratio, which was 3.1 in 2010. This level is the result of high current assets obtained in connection with investment into financial assets of the funds obtained from the 2008 WSE issue of shares.

As at 31 December 2010, the receivables turnover ratio was at the same rate as that at the end of the previous year, and amounted to 47 days. Meanwhile, the liabilities turnover ratio as at 31 December 2010 was 45 days, and was thus 1 days greater than in the previous year.

At the end of 2010, the total debt ratio was 9.7 per cent, having gone down relative to the figure as at 31 December 2009 by 0.2 per cent (9.9 per cent as at 31 December 2009). As at 31 December 2010, the equity-to-fixed assets ratio amounted to 123.0 per cent (compared to 121.5 per cent as at 31 December 2009).

Presentation of the position of Elektrownia Kozenice in 2010 as compared to 2009.

1. Income statement of Elektrownia Kozenice

data in PLN '000	performance		growth	variation
	2009	2010		
Revenues	2 370 518	2 469 060	104.2%	98 542
Excise duty	34 617	-3 586	x	38 203
Net revenues	2 335 901	2 472 646	105.9%	136 745
Cost of sales	2 131 988	2 160 667	101.3%	28 679
Other operating income	23 284	14 326	61.5%	-8 958
Other operating costs	21 519	28 127	130.7%	6 608
Profit / loss on sales and liquidation of tangible fixed assets	-227	1 535	x	1 762
Operating profit / loss	205 451	299 713	145.9%	94 262
Financial income	23 559	15 496	65.8%	-8 063
Financial costs	14 963	17 216	115.1%	2 253
Gross profit / loss	214 047	297 993	139.2%	83 946
Net profit / loss	167 802	236 523	141.0%	68 721
EBITDA	442 742	541 363	122.3%	98 621

2. Revenues

In the reporting period, Elektrownia Kozenice posted gross revenues of PLN 2,469,060,000, an increase of PLN 98,542,000, i.e. 4.2 per cent, relative to 2009.

The table below shows the value and structure of revenues generated in 2010.

data in PLN '000	performance		growth	variation
	2009	2010		
Gross revenues	2 370 518	2 469 060	104.2%	98 542
<i>of which:</i>				
Revenues from the sales of electricity, of which:	2 382 757	2 345 972	98.5%	-36 785
<i>agreements with ENEA S.A.</i>	2 250 104	1 376 076	61.2%	-874 028
<i>other agreements</i>	132 653	969 896	731.2%	837 243
Revenues from recovery of stranded costs	-77 381	15 580	x	92 961

Revenues from the sales of certificates of origin	45 129	84 511	187.3%	39 382
Revenues from the sales of thermal energy	6 345	5 911	93.2%	-434
Revenues from the sales of services	4 449	4 619	103.8%	170
Revenues from the sales of goods and materials	9 219	12 467	135.2%	3248

The variation in the revenues of Elektrownia Kozenice was mainly caused by:

- revenues from the sale of electricity, which account for 95.0 per cent of revenues, were reported in 2010 at PLN 2,345,972,000. Those revenues were down from the corresponding period in the previous year by PLN 36,785,000, or 1.5 per cent, which results from a drop in the sale of electricity to ENEA S.A. of PLN 874,028,000, which was not fully counterbalanced by the increase in the sale of electricity to other customers, i.e. companies holding licences to trade in electricity and in sales on TGE and POEE of PLN 837,243,000. The increasing sales outside the capital group are attributed to the amended Energy Law, which imposes the obligation to sell electricity via public tenders with respect to electricity generated on or after 9 August 2010. In 2010, the volume of electricity sales amounted to PLN 12,015 GWh, having risen by 147 GWh compared to 2009. Furthermore, there was a drop in the average price of electricity of 2.7 per cent (2009 – PLN 200.8/MWh; 2010 – PLN 195.3/MWh), among other things, as a result of lowering excise duty, which was caused by amendments to excise duty regulations. As of 1 March 2009, the responsibility for paying excise duty was transferred from the manufacturer of electricity to its vendor. In view of the foregoing, the power plant is required to pay excise duty for the sale of electricity to the end user and with respect to electricity consumed for administrative purposes.
- revenues from recovery of stranded costs, which had decreased in 2009 as a result of an adjustment (PLN 104,416,000) of previously recognised LTC cost recoveries for 2008 and 2009. This results from a decision of the President of the ERO, which set the 2008 annual adjustment amount for stranded costs that Elektrownia Kozenice was required to return to Zarządca Rozliczeń S.A.
- revenues from the sales of certificates of origin were higher by PLN 39,382,000 than those reported in 2009, as a result of higher (by 111 GWh) production of energy from renewable sources, i.e. biomass combustion.

3. Cost of sales

In 2010, the total cost of sales for Elektrownia Kozenice amounted to PLN 2,160,667,000 and grew by PLN 28,679,000, or 1.3 per cent relative to the corresponding period of the previous year.

The table below shows the value of the costs of sales attained in 2010.

data in PLN '000	performance		growth	variation
	2009	2010		
Cost of sales	2 131 988	2 160 667	101.3%	28 679
<i>of which:</i>				
Depreciation of fixed and intangible assets	237 291	241 650	101.8%	4 359
Costs of employee benefits	233 351	228 197	97.8%	-5 154

Consumption of raw materials and value of goods sold	1 330 475	1 355 338	101.9%	24 863
Cost of purchase for resale	104 365	103 581	99.2%	-784
Cost of transmission services	2 696	2 784	103.3%	88
Other external services	165 100	150 956	91.4%	-14 144
Taxes and charges	58 710	78 161	133.1%	19 451

The variation in the costs incurred by Elektrownia Kozienice is primarily caused by:

- the cost of consumption of raw materials and the value of goods sold, which amounted to PLN 1,355,338,000, which represented an increase of PLN 24,863,000, i.e. 1.9 per cent. The above situation was caused by an increase in the cost of consumption of biomass and other materials (respectively, by PLN 28,345,000 and PLN 12,928,000) generated by the increased gross electricity production – by 196 GWh (of which biomass accounted for 111 GWh) compared to 2009. Furthermore, in 2010, relative to the previous year, there arose certain circumstances that lowered the cost of consumption of raw materials. The cost of coal consumption decreased (by PLN 2,902,000) as a result of a drop in coal prices (average price of consumed coal fell by 3.6 per cent). Furthermore, the cost of consumption of raw materials dropped by PLN 14,843,000 as a result of a shift in the item inventory surpluses/shortages. In 2010, an inventory surplus (cost decrease) of PLN 5,243,000 was reported, while in 2009, there was a shortage (cost increase) of PLN 9,600,000.
- the costs of employee benefits in 2010 were PLN 228,197,000, a decline of PLN 5,154,000 or 2.2 per cent. This was caused mainly by a reduction in provisions of PLN 15,678,000, mainly for: length of service awards (PLN 4,936,000), pension benefits (PLN 6,655,000) and energy equivalents (PLN 3,748,000). Moreover, there was a growth in the personnel fund together with public charges of 5.0 per cent (changes to base pay as from 1 March 2010) and a write-down from the Social Benefits Fund.
- the costs of other external services amounted to PLN 150,956,000, which represented a decrease compared to the previous year of PLN 14,144,000, or 8.6 per cent, which was caused primarily by lower costs of coal transportation (by PLN 24,545,000), combined with an increase in renovation costs (by PLN 1,728,000) and other external services (by PLN 8,280,000), mainly those related to handling manufacturing waste and greater expenses for stock market services.
- costs of taxes and charges amounted to PLN 78,161,000, i.e. had risen by PLN 19,451,000, or 33.1 per cent relative to the same period of the previous year, mainly due to increased fees for commercial use of the environment, which was related to increased electricity production.

Presentation of the position of ENEA Operator in 2010 as compared to 2009.

1. Income statement of ENEA Operator

<i>data in PLN '000</i>	performance		growth	variation
	2009	2010		
Revenues	2 394 323	2 629 997	109.8%	235 674
Cost of sales	2 241 771	2 324 998	103.7%	83 227
Other operating income	22 292	34 323	154.0%	12 031
Other operating costs	31 756	55 187	173.8%	23 431

Profit / loss on sales and liquidation of tangible fixed assets	-1 269	-7 754	611.0%	-6 485
Operating profit / loss	141 819	276 381	194.9%	134 562
Financial income	9 476	10 562	111.5%	1 086
Financial costs	10 798	11 199	103.7%	401
Gross profit / loss	140 497	275 744	196.3%	135 247
Net profit / loss	109 236	219 553	201.0%	110 317
EBITDA	516 905	645 015	124.8%	128 110

2. Revenues

In the reporting period, ENEA Operator posted revenues of PLN 2,629,997,000, an increase of PLN 235,674,000, i.e. 9.8 per cent, relative to 2009.

The table below shows the value of revenues generated in 2010.

<i>data in PLN '000</i>	performance		growth	variation
	2009	2010		
Revenues	2 394 323	2 629 997	109.8%	235 674
<i>of which:</i>				
Revenues from the sales of distribution services to end users, of which:	2 235 036	2 390 485	107.0%	155 449
<i>comprehensive agreements</i>	2 084 915	1 890 162	90.7%	-194 753
<i>other agreements</i>	150 121	500 323	333.3%	350 202
Revenues from additional fees	4 106	3 225	78.5%	-882
Sales of distribution services under the WO and DO payment system	-671	-1 289	192.2%	-618
Grid connection fees	26 304	106 529	405.0%	80 225
Revenues from illegal use of electricity	6 748	7 616	112.9%	868
Revenues from services	103 701	100 820	97.2%	-2 881
Sales of distribution services to other entities	16 640	18 855	113.3%	2 215
Revenues from the sales of goods and materials and other revenues	2 459	3 756	152.8%	1 297

The increase in revenues reported by ENEA Operator resulted primarily from:

- revenues from the sales of distribution services, which account for 90.9 per cent of revenues. Revenues from the sales of distribution services in 2010 amounted to PLN 2,390,485,000, an increase of 7.0 per cent, or PLN 155,449,000, relative to the previous year. That increase was caused mainly by a 734 GWh increase in the amount of electricity supplied to end users and a 2.3 per cent increase in the average price of distribution services sold.

- revenues from grid connection fees in 2010 amounted to PLN 106,529,000, an increase of PLN 80,225,000, which results from the new rules of recording grid connection fees. In the previous year, revenues from these fees were settled over a period of 35 years, while new connections, implemented as of 1 January 2010, will be entered in whole under operating revenue.

3. Cost of sales

In 2010, ENEA Operator reported a total yearly cost of sales of PLN 2,324,998,000, which was a increase of PLN 83,227,000, or 3.7 per cent, relative to the previous year.

The table below shows the value of the costs of sales attained in 2010.

<i>data in PLN '000</i>	performance		growth	variation
	2009	2010		
Cost of sales	2 241 771	2 324 998	103.7%	83 227
<i>of which:</i>				
Depreciation of fixed and intangible assets	375 086	368 634	98.3%	-6 452
Costs of employee benefits	457 335	541 655	118.4%	84 320
Consumption of raw materials and electricity and value of goods sold	431 172	407 572	94.5%	-23 600
<i>of which: sales of electricity to cover balancing differences and own needs</i>	<i>374 711</i>	<i>354 623</i>	<i>94.6%</i>	<i>-20 088</i>
Cost of transmission services	685 960	691 094	100.7%	5 134
Other external services	189 552	206 013	108.7%	16 461
Taxes and charges	102 666	110 030	107.2%	7 364

The variation in the costs incurred by ENEA Operator is primarily caused by:

- the costs of employee benefits, which in 2010 amounted to PLN 541,655,000, an increase of PLN 84,320,000, i.e. 18.4 per cent, mainly as a result of increased employee benefit provisions, primarily with respect to service anniversary awards - by PLN 54,020,000 – and retirement severance pay – by PLN 21,830,000. However, provisions for energy equivalents decreased by PLN 2,706,000. Furthermore, the Company reported higher remuneration costs, which generates higher derivative costs, i.e. salary surcharges and costs of employee retirement plans.
- the costs of other external services amounted to PLN 206,013,000, which represents an increase over the figure reported in the previous year of PLN 16,461,000, i.e. 8.7 per cent, which was caused by higher costs of renovation services, higher costs of logistics as a result of renegotiating the agreement with BHU S.A., the costs of certifying metering and payment systems and the costs of non-contractual use of properties.
- the costs of taxes and charges amounted to PLN 110,030,000, which is an increase of PLN 7,364,000, or 7.2 per cent, relative to the previous year, which is mainly due to an increase in property tax and an increase in court and mortgage fees.
- the costs of transmission services were reported as PLN 691,094,000, which represents an increase of PLN 5,134,000, or 0.7 per cent, due to a rise in the volume of electricity introduced from the NN grid and

distribution companies of 473 GWh, or 3.2 per cent, combined with a decrease in the average purchase price of 2.2 per cent.

- the costs of consumption of materials and energy and the value of goods sold, which amounted to PLN 407,572,000, i.e. had gone down by PLN 23,600,000, or 5.5. per cent, mainly due to lower costs of purchase of electricity to cover balance sheet differences. This is due to a drop in the average purchase price of electricity by 7.7 per cent as a result of lower wholesale purchase prices of electricity in 2010, compared to the prices in force in 2009.

Presentation of the financial condition of the ENEA Capital Group in 2010 by financial quarter

1. Consolidated income statement

	2010	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
Net sales revenue	7 836 975	2 021 380	1 896 447	1 909 925	2 009 223	-124 933	13 478	99 298
Other operating revenue	80 567	11 410	12 085	25 528	31 544	675	13 443	6 016
Operating costs from sales	7 076 189	1 794 696	1 710 460	1 695 506	1 875 527	-84 236	-14 954	180 021
Profit (loss) on sales and liquidation of property, plant and equipment	-7 123	263	753	-4 349	-3 790	490	-5 102	559
Write-down for impairment of property, plant and equipment	4 872	0	0	0	4 872	0	0	4 872
Other operating expenses	135 083	11 804	31 865	18 408	73 006	20 061	-13 457	54 598
Operating profit	694 275	226 553	166 960	217 190	83 572	-59 593	50 230	-133 618
Finance costs	40 980	6 304	13 053	4 772	16 851	6 749	-8 281	12 079
Financial revenue	140 484	47 010	31 221	35 030	27 223	-15 789	3 809	-7 807
Dividend revenue	774	0	696	-56	134	696	-752	190
Share in the net (loss)/profit of associates accounted for using the equity method	989	4 725	-225	-11 597	8 086	-4 950	-11 372	19 683
Profit before tax	795 542	271 984	185 599	235 795	102 164	-86 385	50 196	-133 631
Income tax	174 516	52 594	40 297	53 478	28 147	-12 297	13 181	-25 331
Net profit (loss) for the reporting period	621 026	219 390	145 302	182 317	74 017	-74 088	37 015	-108 300
EBITDA	1 347 502	389 732	328 259	383 044	246 467	-61 473	54 785	-136 577

2. Sales revenue

data in PLN '000	2010	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
Revenue from the sale of electricity	4 995 610	1 287 438	1 210 726	1 219 826	1 277 620	-76 712	9 100	57 794
Revenue from the sale of distribution services	2 526 943	669 822	593 986	615 566	647 569	-75 836	21 580	32 003
Revenue from the sale of goods and materials	121 024	32 215	20 290	33 472	35 047	-11 925	13 182	1 575
Revenue from the sale of other services	123 620	9 836	47 462	35 720	30 602	37 626	-11 742	-5 118
Recovery of stranded costs	15 580	0	15 580	0	0	15 580	-15 580	0
Revenue from the sale of thermal energy	54 198	22 069	8 403	5 341	18 385	-13 666	-3 062	13 044
Total net sales revenue	7 836 975	2 021 380	1 896 447	1 909 925	2 009 223	-124 933	13 478	99 298

3. Operating costs from sales

data in PLN '000	2010	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
Amortisation and depreciation	653 227	163 179	161 299	165 854	162 895	-1 880	4 555	-2 959
Employee benefit costs	923 858	227 255	254 079	187 689	254 835	26 824	-66 390	67 146
Consumption of materials and raw materials and value of goods sold	1 538 204	368 056	359 698	423 405	387 045	-8 358	63 707	-36 360
Energy purchases for sales needs	2 704 860	730 275	629 118	612 303	733 164	-101 157	-16 815	120 861
Transmission services	693 585	176 338	168 499	172 370	176 378	-7 839	3 871	4 008
Other external services	362 789	77 604	94 900	90 997	99 288	17 296	-3 903	8 291
Taxes and charges	199 666	51 989	42 867	42 888	61 922	-9 122	21	19 034
Operating costs from sales	7 076 189	1 794 696	1 710 460	1 695 506	1 875 527	-84 236	-14 954	180 021

4. Financial ratios

Item	2010			
	Q1	Q2	Q3	Q4
PROFITABILITY RATIOS				
ROE - return on equity				
<i>gross profit (loss)</i>	11,3%	7,8%	9,7%	4,1%
<i>equity</i>				

ROA - return on assets				
<i>operating profit (loss)</i>	7,3%	5,4%	7,0%	2,6%
<i>total assets</i>				
Net profitability				
<i>net profit (loss)</i>	10,9%	7,7%	9,5%	3,7%
<i>net sales revenue</i>				
Operating profitability				
<i>operating profit (loss)</i>	11,2%	8,8%	11,4%	4,2%
<i>net sales revenue</i>				
EBITDA profitability				
<i>operating profit (loss) + amortisation and depreciation</i>	19,3%	17,3%	20,1%	12,3%
<i>net sales revenue</i>				
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS				
Current ratio				
<i>current assets</i>	3,1	3,1	3,2	2,5
<i>current liabilities</i>				
Equity-to-fixed assets ratio				
<i>equity</i>	115,2%	114,6%	116,5%	112,8%
<i>tangible assets</i>				
Total debt ratio				
<i>total liabilities</i>	22,3%	22,2%	21,7%	23,4%
<i>total assets</i>				
ECONOMIC ACTIVITY RATIOS				
Current receivables turnover in days				
<i>average net trade and other receivables x number of days</i>	43	46	43	41
<i>net sales revenue</i>				
Turnover of trade and other liabilities in days				
<i>average trade and other liabilities x number of days</i>	58	59	56	58
<i>cost of products, goods and materials sold</i>				
Inventory cycle in days				
<i>average inventory x number of days</i>	17	17	16	14
<i>cost of products, goods and materials sold</i>				

Financial results of ENEA S.A., ENEA Operator, Elektrownia Koźienice in 2010 by financial quarter.

ENEA S.A.

1. Income statement of ENEA S.A.

data in PLN '000	performance					Q1-Q2	Q2-Q3	Q3-Q4
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	difference	difference	difference
Sales revenue	1 801 816	1 583 611	1 520 415	1 653 141	6 558 983	-218 205	-63 195	132 726
Excise duty	73 421	64 135	54 740	62 355	254 651	-9 286	-9 395	7 615
Net sales revenue	1 728 395	1 519 476	1 465 675	1 590 786	6 304 332	-208 919	-53 801	125 111
Other operating revenue	1 151	2 787	2 566	19 865	26 369	1 636	-220	17 299
Operating costs from sales	1 692 053	1 448 348	1 431 985	1 613 935	6 186 321	-243 704	-16 364	181 950
Other operating expenses	5 658	9 750	4 909	21 638	41 955	4 092	-4 841	16 729
Profit (loss) on sales of tangible assets	-285	-64	-124	-706	-1 179	220	-60	-582
Operating profit	31 550	64 100	31 224	-25 628	101 246	32 550	-32 877	-56 852
Financial revenue	36 262	25 336	27 398	20 744	109 740	-10 926	2 062	-6 654
Dividend revenue	0	193 888	0	0	193 888	193 888	-193 889	0
Finance costs	1 524	1 477	1 412	1 558	5 971	-46	-65	146
Gross profit	66 289	281 847	57 209	-6 442	398 903	215 558	-224 638	-63 651
Net profit	53 748	264 221	41 692	-11 841	347 820	210 474	-222 529	-53 533
EBIDTA	36 202	68 220	35 493	-21 224	118 691	32 018	-32 727	-56 716

2. Sales revenue of ENEA S.A.

data in PLN '000	performance					Q1-Q2	Q2-Q3	Q3-Q4
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	difference	difference	difference
Sales revenue	1 801 816	1 583 611	1 520 415	1 653 141	6 558 983	-218 205	-63 195	132 726
<i>of which:</i>								
Revenue from sales of electricity and distribution services to end users	1 653 493	1 457 821	1 368 653	1 469 404	5 949 372	-195 672	-89 168	100 751
<i>of which:</i>								
<i>Sales of electricity to end users</i>	<i>1 118 811</i>	<i>997 153</i>	<i>927 424</i>	<i>1 015 802</i>	<i>4 059 190</i>	<i>-121 658</i>	<i>-69 729</i>	<i>88 378</i>
<i>Sales of distribution services to users holding comprehensive agreements</i>	<i>534 660</i>	<i>460 691</i>	<i>441 229</i>	<i>453 602</i>	<i>1 890 182</i>	<i>-73 969</i>	<i>-19 462</i>	<i>12 374</i>
Sales of electricity to cover balancing differences and own needs	76 263	75 299	78 452	96 120	326 134	-964	3 153	17 668
Sales of electricity to other entities	50 240	64 482	56 511	62 460	233 692	14 242	-7 971	5 949
Sales of generated electricity and certificates of origin	321	1 202	38	277	1 838	881	-1 165	240
Sales of services	13 465	14 488	14 491	16 022	58 466	1 023	2	1 532
Other revenue	8 034	-29 682	2 271	8 858	-10 519	-37 716	31 953	6 587

3. Operating costs from sales of ENEA S.A.

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Costs of purchasing electricity for resale	1 102 400	942 731	935 185	1 087 539	4 067 856	-159 669	-7 546	152 354
<i>of which: purchase of certificates of origin</i>	<i>140 922</i>	<i>125 708</i>	<i>117 137</i>	<i>150 674</i>	<i>534 441</i>	-15 215	-8 571	33 537
Cost of providing distribution services for the performance of comprehensive agreements for the provision of electricity and distribution services	537 671	453 576	441 914	453 186	1 886 347	-84 096	-11 662	11 273
Depreciation and amortisation of tangible and intangible assets	4 652	4 120	4 269	4 404	17 445	-532	149	135
Consumption of materials and energy and value of goods sold	1 013	1 051	620	1 364	4 049	38	-431	744
Other external services	31 772	29 748	35 179	44 531	141 231	-2 024	5 431	9 352
Employee benefit costs	11 127	15 253	12 797	20 665	59 842	4 126	-2 457	7 869
Taxes and charges	3 417	1 869	2 020	2 245	9 551	-1 548	151	225
Operating costs from sales	1 692 053	1 448 348	1 431 985	1 613 935	6 186 321	-243 704	-16 364	181 950

ENEA OPERATOR

1. Income statement of ENEA Operator

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 deviation
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Sales revenue	694 827	618 148	640 860	676 162	2 629 997	-76 679	22 712	35 302
Operating costs from sales	570 857	559 706	557 094	637 341	2 324 998	-11 151	-2 612	80 247
Other operating revenue	5 088	4 751	18 523	5 962	34 323	-337	13 773	-12 561
Other operating expenses	3 564	5 151	3 738	42 734	55 187	1 587	-1 413	38 996
Profit (loss) on sales and liquidation of property, plant and equipment	597	538	-3 817	-5 072	-7 754	-59	-4 355	-1 255
Operating profit (loss)	126 091	58 580	94 734	-3 023	276 381	-67 511	36 155	-97 757
Financial revenue	2 182	3 081	2 759	2 540	10 562	899	-322	-219
Finance costs	2 689	2 739	2 766	3 005	11 199	50	27	239
Gross profit (loss)	125 584	58 922	94 727	-3 488	275 744	-66 662	35 806	-98 215
Net profit (loss)	100 939	46 737	75 744	-3 867	219 553	-54 203	29 007	-79 611
EBITDA	218 317	149 447	186 678	90 574	645 015	-68 870	37 232	-96 104

2. Sales revenue of ENEA Operator

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Sales revenue	694 827	618 148	640 860	676 162	2 629 997	-76 679	22 712	35 302
<i>of which:</i>								
Revenue from sales of distribution services to end users, of which:	627 530	574 228	580 857	607 871	2 390 485	-53 302	6 629	27 014
<i>comprehensive agreements</i>	534 657	460 691	441 216	453 598	1 890 162	-73 966	-19 475	12 382
<i>other agreements</i>	92 873	113 537	139 640	154 272	500 323	20 664	26 104	14 632
Revenue from additional fees	723	817	837	847	3 225	94	21	10
Sales of distribution services in the WO and DO settlement system	4 332	-6 787	973	194	-1 289	-11 119	7 760	-779
Fees for customer grid connection	21 611	27 665	26 397	30 856	106 529	6 054	-1 269	4 460
Revenue from the illegal collection of electricity	1 630	1 737	1 491	2 758	7 616	107	-246	1 267
Revenue from services	24 484	23 359	25 305	27 672	100 820	-1 125	1 946	2 367
Sales of distribution services to other entities	4 921	4 360	4 550	5 024	18 855	-562	191	473
Sales of goods and materials and other revenue	9 595	-7 230	450	941	3 756	-16 825	7 680	491

3. Operating costs from sales of ENEA Operator

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Operating costs from sales	570 857	559 706	557 094	637 341	2 324 998	-11 151	-2 612	80 247
<i>of which:</i>								
Depreciation and amortisation of tangible and intangible assets	92 226	90 867	91 944	93 597	368 634	-1 359	1 077	1 653
Employee benefit costs	130 980	136 594	112 112	161 969	541 655	5 614	-24 482	49 857
Consumption of materials and energy and value of goods sold	103 065	90 234	103 801	110 472	407 572	-12 831	13 567	6 671
<i>of which:</i>								
<i>purchase of electricity to cover balancing differences and own needs</i>	90 334	78 169	89 680	96 441	354 623	-12 165	11 512	6 760
Costs of transmission services	174 065	169 679	171 742	175 608	691 094	-4 386	2 063	3 866
Other external services	39 516	45 763	51 476	69 258	206 013	6 247	5 713	17 782
Taxes and charges	31 005	26 569	26 019	26 437	110 030	-4 436	-550	418

ELEKTROWNIA KOZIENICE

1. Income statement of Elektrownia Kozenice

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Sales revenue	575 703	578 056	661 237	654 064	2 469 060	2 353	83 181	-7 173
Excise duty	7	-3 603	5	5	-3 586	-3 610	3 608	0
Net sales revenue	575 696	581 659	661 232	654 059	2 472 646	5 963	79 573	-7 173
Operating costs from sales	512 265	537 716	547 381	563 305	2 160 667	25 451	9 665	15 924
Other operating revenue	4 372	2 995	2 690	4 269	14 326	-1377	-305	1579
Other operating expenses	2 042	15 474	6 439	4 172	28 127	13 432	-9 035	-2 267
Profit (loss) on sales and liquidation of property, plant and equipment	-50	-7	-333	1 925	1 535	43	-326	2258
Operating profit (loss)	65 711	31 457	109 769	92 776	299 713	-34 254	78 312	-16 993
Financial revenue	6 206	1 684	3 471	4 135	15 496	-4522	1787	664
Finance costs	1 476	7 787	361	7 592	17 216	6 311	-7 426	7 231
Gross profit (loss)	70 441	25 354	112 879	89 319	297 993	-45 087	87 525	-23 560
Net profit (loss)	56 493	17 939	90 639	71 452	236 523	-38 554	72 700	-19 187
EBITDA	125 705	91 722	170 402	153 534	541 363	-33 983	78 680	-16 868

2. Sales revenue of Elektrownia Kozenice

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Gross sales revenue	575 703	578 056	661 237	654 064	2 469 060	2 353	83 181	-7 173
<i>of which:</i>								
Revenue from the sale of electricity, of which:								
<i>agreements with ENEA</i>	376 173	310 582	324 438	364 883	1 376 076	-65 591	13 856	40 445
<i>other agreements</i>	186 368	238 153	289 334	256 041	969 896	51 785	51 181	-33 293
Revenue from compensation for stranded costs	0	0	15 580	0	15 580	0	15 580	-15 580
Revenue from the sale of certificates of origin	8 668	23 383	24 286	28 174	84 511	14 715	903	3 888
Revenue from the sale of heat	1 999	1 306	1 089	1 517	5 911	-693	-217	428

Revenue from the sale of services	1 121	1 150	1 199	1 149	4 619	29	49	-50
Revenue from the sale of goods and materials	1 374	3 482	5 311	2 300	12 467	2 108	1 829	-3 011

3. Operating costs from sales of Elektrownia Kozenice

data in PLN '000	performance					Q1-Q2 difference	Q2-Q3 difference	Q3-Q4 difference
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010			
Operating cost from sales	512 265	537 716	547 381	563 305	2 160 667	25 451	9 665	15 924
<i>of which:</i>								
Depreciation and amortisation of tangible and intangible assets	59 994	60 265	60 633	60 758	241 650	271	368	125
Employee benefit costs	58 652	73 118	40 639	55 788	228 197	14 466	-32 479	15 149
Consumption of materials and raw materials and value of goods sold	321 370	323 587	366 798	343 583	1 355 338	2 217	43 211	-23 215
Costs of purchasing for resale	21 951	19 201	27 140	35 289	103 581	-2 750	7 939	8 149
Costs of transmission services	678	648	736	722	2 784	-30	88	-14
Other external services	32 913	46 745	36 789	34 509	150 956	13 832	-9 956	-2 280
Taxes and charges	16 707	14 152	14 646	32 656	78 161	-2 555	494	18 010

Financial results of the ENEA Capital Group in Q4 2009 and Q4 2010

ENEA Capital Group

1. Income statement of ENEA Capital Group

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Sales revenue	1 999 233	2 071 583	103,6%	72 350
Excise duty	71 334	62 360	87,4%	-8 974
Net sales revenue	1 927 899	2 009 223	104,2%	81 324
Other operating revenue	16 511	31 544	191,0%	15 033
Operating costs from sales	1 824 319	1 875 527	102,8%	51 208
Profit (loss) on sales and liquidation of property, plant and equipment	-443	-3 790	855,5%	-3 347
Write-down for impairment of property, plant and equipment	1 425	4 872	341,9%	3 447
Other operating expenses	51 989	73 006	140,4%	21 017
Operating profit	66 234	83 572	126,2%	17 338
Finance costs	8 090	16 851	208,3%	8 761
Financial revenue	41 009	27 223	66,4%	-13 786

Dividend revenue	0	134	x	134
Share in the net (loss)/profit of associates accounted for using the equity method	-2 798	8 086	x	10 884
Profit before tax	96 355	102 164	106,0%	5 809
Income tax	29 027	28 147	97,0%	-880
Net profit (loss) for the reporting period	67 328	74 017	109,9%	6 689
EBIDTA	245 346	246 467	100,5%	1 121

2. Sales revenue of ENEA Capital Group

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Revenue from the sale of electricity	1 225 403	1 277 620	104,3%	52 217
Revenue from the sale of distribution services	600 522	647 569	107,8%	47 047
Revenue from the sale of goods and materials	52 730	35 047	66,5%	-17 683
Revenue from the sale of other services	32 666	30 602	93,7%	-2 064
Recovery of stranded costs	0	0	x	0
Revenue from the sale of thermal energy	16 578	18 385	110,9%	1 807
Total net sales revenue	1 927 899	2 009 223	104,2%	81 324

3. Operating costs from sales of ENEA Capital Group

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Amortisation/depreciation	179 112	162 895	90,9%	-16 217
Employee benefit costs	239 410	254 835	106,4%	15 425
Consumption of materials and raw materials and value of goods sold	446 497	387 045	86,7%	-59 452
Energy purchases for sales needs	638 171	733 164	114,9%	94 993
Transmission services	183 275	176 378	96,2%	-6 897
Other external services	94 478	99 288	105,1%	4 810
Taxes and charges	43 376	61 922	142,8%	18 546
Operating costs from sales	1 824 319	1 875 527	102,8%	51 208

4. Financial ratios of ENEA Capital Group

Item	Q4	Q4
	2009	2010
PROFITABILITY RATIOS		
ROE - return on equity		
<i>gross profit (loss)</i>	4,1%	4,1%
<i>equity</i>		
ROA - return on assets		

<i>operating profit (loss)</i>	2,2%	2,6%
<i>total assets</i>		
Net profitability		
<i>net profit (loss)</i>	3,5%	3,7%
<i>net sales revenue</i>		
Operating profitability		
<i>operating profit (loss)</i>	3,4%	4,2%
<i>net sales revenue</i>		
EBITDA profitability		
<i>operating profit (loss) + amortisation and depreciation</i>	12,7%	12,3%
<i>net sales revenue</i>		
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS		
Current ratio		
<i>current assets</i>	2,7	2,5
<i>current liabilities</i>		
Equity-to-fixed assets ratio		
<i>equity</i>	111,9%	112,8%
<i>tangible assets</i>		
Total debt ratio		
<i>total liabilities</i>	23,4%	23,4%
<i>total assets</i>		
ECONOMIC ACTIVITY RATIOS		
Current receivables turnover in days		
<i>average net trade and other receivables x number of days</i>	44	41
<i>net sales revenue</i>		
Turnover of trade and other liabilities in days		
<i>average trade and other liabilities x number of days</i>	58	58
<i>cost of products, goods and materials sold</i>		
Inventory cycle in days		
<i>average inventory x number of days</i>	20	14
<i>cost of products, goods and materials sold</i>		

Financial results of ENEA S.A., ENEA Operator, Elektrownia Koźienice in Q4 2009 and Q4 2010

ENEA S.A.

1. Income statement of ENEA S.A.

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Sales revenue	1 911 935	1 653 141	86,5%	-258 794

Excise duty	71 329	62 355	87,4%	-8 974
Net sales revenue	1 840 605	1 590 786	86,4%	-249 819
Other operating revenue	6 384	19 865	311,2%	13 481
Operating costs from sales	1 779 235	1 613 935	90,7%	-165 300
Other operating expenses	30 822	21 638	70,2%	-9 184
Profit (loss) on sales of tangible assets	2 065	-706	-34,2%	-2 771
Operating profit	38 997	-25 628	-65,7%	-64 625
Financial revenue	26 646	20 744	77,9%	-5 902
Finance costs	2 170	1 558	71,8%	-612
Gross profit	62 777	-6 442	-10,3%	-69 219
Net profit	47 827	-11 841	-24,8%	-59 668
EBIDTA	41 830	-21 224	-50,7%	-63 054

2. Sales revenue of ENEA S.A.

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Sales revenue	1 911 935	1 653 141	86,5%	-258 794
<i>of which:</i>				
Revenue from sales of electricity and distribution services to end users	1 646 045	1 469 404	89,3%	-176 641
<i>of which:</i>				
<i>Sales of electricity to end users</i>	<i>1 140 623</i>	<i>1 015 802</i>	<i>89,1%</i>	<i>-124 821</i>
<i>Sales of distribution services to users holding comprehensive agreements</i>	<i>505 422</i>	<i>453 602</i>	<i>89,7%</i>	<i>-51 819</i>
Sales of electricity to cover balancing differences and own needs	142 633	96 120	67,4%	-46 512
Sales of electricity to other entities	86 721	62 460	72,0%	-24 261
Sales of generated electricity and certificates of origin	0	277	x	277
Sales of services	15 943	16 022	100,5%	79
Other revenue	20 592	8 858	43,0%	-11 735

3. Operating costs from sales of ENEA S.A.

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Costs of purchasing electricity for resale	1 212 941	1 087 539	89,7%	-125 401
<i>of which: purchase of certificates of origin</i>	<i>117 869</i>	<i>150 674</i>	<i>127,8%</i>	<i>32 805</i>
Cost of providing distribution services for the performance of comprehensive agreements for the provision of electricity and distribution services	511 590	453 186	88,6%	-58 403
Depreciation and amortisation of tangible and intangible assets	2 833	4 404	155,4%	1 571

Consumption of materials and energy and value of goods sold	850	1 364	160,5%	514
Other external services	33 730	44 531	132,0%	10 801
Employee benefit costs	15 621	20 665	132,3%	5 044
Taxes and charges	1 670	2 245	134,4%	575
Operating costs from sales	1 779 235	1 613 935	90,7%	-165 299

ENEA OPERATOR

1. Income statement of ENEA Operator

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Net sales revenue	618 899	676 162	109,3%	57 263
Other operating revenue	6 837	5 962	87,2%	-875
Operating costs from sales	639 603	637 341	99,6%	-2 262
Other operating expenses	19 166	42 734	223,0%	23 568
Profit (loss) on sales of tangible assets	-3 396	-5 072	x	-1 676
Operating profit	-36 429	-3 023	8,3%	33 406
Financial revenue	3 053	2 540	83,2%	-513
Finance costs	1 333	3 005	225,4%	1 672
Gross profit	-34 709	-3 488	10,0%	31 221
Net profit	-28 907	-3 867	13,4%	25 040
EBIDTA	59 824	90 574	151,4%	30 750

2. Sales revenue of ENEA Operator

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Sales revenue	618 899	676 162	109,3%	57 263
<i>of which:</i>				
Revenue from sales of distribution services to end users, of which:	563 851	607 871	107,8%	44 020
<i>comprehensive agreements</i>	505 395	453 598	89,8%	-51 797
<i>other agreements</i>	58 456	154 272	263,9%	95 817
Revenue from additional fees	1 101	847	76,9%	-254
Sales of distribution services in the WO and DO settlement system	5 710	194	3,4%	-5 516
Fees for customer grid connection	13 857	30 856	222,7%	16 999
Revenue from the illegal collection of electricity	1 859	2 758	148,4%	899
Revenue from services	27 494	27 672	100,6%	178
Sales of distribution services to other entities	4 344	5 024	115,7%	680
Sales of goods and materials and other revenue	683	941	137,7%	258

3. Operating costs from sales of ENEA Operator

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Operating costs from sales	639 603	637 341	99,6%	-2 262
<i>of which:</i>				
Depreciation and amortisation of tangible and intangible assets	96 253	93 597	97,2%	-2 656
Employee benefit costs	118 200	161 969	137,0%	43 769
Consumption of materials and energy and value of goods sold	160 842	110 472	68,7%	-50 370
<i>of which: purchase of electricity to cover balancing differences and own needs</i>	<i>146 124</i>	<i>96 441</i>	<i>66,0%</i>	<i>-49 684</i>
Costs of transmission services	175 990	175 608	99,8%	-382
Other external services	63 165	69 258	109,6%	6 093
Taxes and charges	25 153	26 437	105,1%	1 284

ELEKTROWNIA KOZIENICE

1. Income statement of Elektrownia Kozenice

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Sales revenue	634 598	654 064	103,1%	19 466
Excise duty	5	5	100,0%	0
Net sales revenue	634 593	654 059	103,1%	19 466
Operating costs from sales	571 647	563 305	98,5%	-8 342
Other operating revenue	-966	4 269	x	5 235
Other operating expenses	2 206	4 172	189,1%	1 966
Profit (loss) on sales and liquidation of property, plant and equipment	416	1 925	462,7%	1 509
Operating profit (loss)	60 190	92 776	154,1%	32 586
Financial revenue	7 243	4 135	57,1%	-3 108
Finance costs	3 899	7 592	194,7%	3 693
Gross profit (loss)	63 534	89 319	140,6%	25 785
Net profit (loss)	46 931	71 452	152,2%	24 521
EBITDA	120 987	153 534	126,9%	32 547

2. Sales revenue of Elektrownia Koźienice

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Gross sales revenue	634 598	654 064	103,1%	19 466
<i>of which:</i>				
Revenue from the sale of electricity, of which:	615 766	620 924	100,8%	5 158
<i>agreements with ENEA</i>	565 198	364 883	64,6%	-200 315
<i>other agreements</i>	50 568	256 041	506,3%	205 473
Revenue from compensation for stranded costs	0	0	x	0
Revenue from the sale of certificates of origin	14 786	28 174	190,5%	13 388
Revenue from the sale of heat	1 449	1 517	104,7%	68
Revenue from the sale of services	1 088	1 149	105,6%	61
Revenue from the sale of goods and materials	1 509	2 300	152,4%	791

3. Operating costs from sales of Elektrownia Koźienice

data in PLN '000	Q4 2009	Q4 2010	Change	Difference
Operating costs from sales	571 647	563 305	98,5%	-8 342
<i>of which:</i>				
Depreciation and amortisation of tangible and intangible assets	60 797	60 758	99,9%	-39
Employee benefit costs	79 975	55 788	69,8%	-24 187
Consumption of materials and raw materials and value of goods sold	346 634	343 583	99,1%	-3 051
Costs of purchasing for resale	27 619	35 289	127,8%	7 670
Costs of transmission services	724	722	99,7%	-2
Other external services	39 927	34 509	86,4%	-5 418
Taxes and charges	15 971	32 656	204,5%	16 685

Important information

In addition to the information presented above and in other sections of the quarterly report, the Management Board considers it necessary to also draw attention to the following information on ENEA S.A.

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.

Effective generation assets

Elektrownia Kozenice, 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 which we obtained by virtue of a decision of the Governor of the Mazowieckie Province of 20 December 2005, as amended. The main impact of Elektrownia Kozenice on the environment relates to areas associated with the emission of pollutants into the atmosphere, storing burner waste, drawing water and disposing of sewage. The most harmful pollutants emitted into the atmosphere include sulphur dioxide, nitric oxide, dust and carbon dioxide.

In Q4 2010, the amounts of pollutant emissions were as follows:

- SO₂ - 8,766 Mg
- NO_x - 5,427 Mg
- ash - 302 Mg
- CO - 423 Mg
- CO₂ - 2,747,747 Mg
- waste (mixture of ash and slag) – 88,431 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 power unit 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 unit at no more than 50 mg/ Nm³. The electrostatic precipitators were replaced in recent years on unit 2 (in 2006), unit 1 (2007), unit 6 (2008) and unit 10 (2010). In 2011 the Company plans to replace the electrostatic precipitator on unit 4.

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/Nm³, 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/ Nm³, the company will be required to build catalytic nitrogen oxide reduction systems on power units 4 through 10. In 2009, preparatory work was carried out in relation to future investments in this regard. In October 2010 a public procedure was announced for the design, delivery and assembly of catalytic fume denitrogenation equipment and installations on units 4 to 8. The project is planned to commence on 15 March 2011 and its completion is planned for 15 December 2015.

Restricting emissions of SO₂ is handled by fume desulphurisation installations using the wet limestone method: fume desulphurisation installation I for unit No. 9, with installed capacity of 500 MW, fume desulphurisation installation II for 800 MW of installed capacity, receiving fumes from 200 MW units No. 2-8 and fume desulphurisation installation III for unit No. 10, with installed capacity of 500 MW.

Waste management

Waste management is conducted in accordance with the applicable laws, i.e. the Waste Materials Act of 27 April 2001. The Power Plant has an ash and slag storage facility with an active storage area of 313 hectares, made up

of six storage fields, which contains a warehouse for burner waste and a storage area and warehouse for gypsum from the fume desulphurisation installations.

In Q4 2010, the company strove to maximise the use of burner waste, with 62.86 per cent of such waste being reused. In Q4 2010, the company repurposed 35,892.68 tonnes of gypsum residue from the fume desulphurisation installations (total quantity generated: 36,657.65 tonnes).

The following sales are also important: fly ash – 85,897.94 tonnes, microspheres – 238.40 tonnes, as well as the delivery of 44,938.16 tonnes of ash and slag mixture (ASM) from the ash and slag warehouse for reuse and 63,560.91 tonnes of ASM being sent to the warehouse, designated for reuse.

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

The main suppliers of power coal to Elektrownia Kozienice in the fourth quarter of 2010 were LW Bogdanka S.A., Katowicki Holding Węglowy S.A., Kompania Węglowa S.A. and Jastrzębska Spółka Węglowa S.A. More than 50 per cent of the volume delivered came from LW Bogdanka S.A.

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 CO₂ emission trading scheme,
- the production of energy from renewable sources,
- the generation of electricity.

To meet the needs of emission trading, CO₂ emissions are monitored using our own certified chemical laboratory (launched in 2008).

The solid biomass co-combustion installation makes it possible to produce electricity from renewable energy sources. In 2011 the Company plans to complete the construction of a liquid biomass co-combustion installation. In Q4 2010, the Company co-fired 59,235.00 Mg of biomass. Such a quantity of biomass results in avoiding carbon dioxide emissions of 98,408.86 Mg.

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

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

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

The power unit will be designed and built using high-performance technology which involves the combustion of bituminous 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: an electrostatic precipitator, nitrogen oxide reduction systems and fume desulphurisation systems. The unit will feature a closed cooling system with a cooling tower and a fume incinerator heat recovery system. It is assumed that the new power unit will be a designated unit using the existing technical, technological and organisational systems at Elektrownia Koźienice.

The unit 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 CO₂ capture-ready plant.

The net power capacity of the unit will amount to a minimum of 900 MW, and its net efficiency will amount to a minimum of 44.5 per cent.

Diversified customer portfolio

The portfolio of customers to whom we sell electricity is highly diversified. As of 31 December 2010, ENEA S.A. has provided end-to-end services (involving 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 Q4 2010, the proceeds from selling electricity to our largest customer accounted for 5.9 per cent of the overall value of electricity and distribution sales, and the share of the ten largest customers amounted to 15.45 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 an extremely favourable location for developing wind farms, has an estimated annual average wind speed of more than 6 m/s. In Q4 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 of installed capacity. The Group is currently conducting wind farm projects at various stages of development, with a combined installed capacity of 52.5 MW. In connection with an amendment of the Energy Law, in particular with a change in the requirements for submitting applications for the issuance of connection conditions, the implementation of some projects begun earlier (including one greenfield project) has been suspended. Whether those projects are resumed depends on the results of ongoing analyses of the possibilities for connecting them to the power grid.

In December 2010 ENEA S.A. concluded a framework cooperation agreement under which it obtained temporary exclusivity for negotiations and priority with regard to the purchase of shares in special purpose vehicles which own wind farm projects with target installed capacity of 214 MWe

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.

Sales by value and amount

Sales of electricity in each tariff group set, in terms of quantity (not taking account of non-invoiced statistical sales), were as follows:

Sales of energy (MWh)	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Tariff group set A	374,719	449,443	322,946	385,098
Tariff group set B	1,599,604	1,476,859	1,450,127	1,480,523
Tariff group set C	1,005,107	830,906	777,688	872,652
Tariff group set G	1,253,526	1,092,078	1,027,100	1,133,088
TOTAL	4,232,956	3,849,286	3,577,861	3,871,361

Revenues from sales of electricity in each tariff group set, in terms of value (not taking account of non-invoiced statistical sales), were as follows:

Sales revenues (PLN '000)	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Tariff group set A	91,458.6	101,658.2	71,963.4	87,623.4
Tariff group set B	429,930.6	380,785.1	372,978.3	390,361.3
Tariff group set C	296,709.9	243,242.5	226,435.5	255,285.7

Tariff group set G	300,712.2	271,467.0	256,085.3	282,494.0
TOTAL	1,118,811.3	997,152.8	927,462.5	1,015,764.4

On 17 December 2010, the President of the Energy Regulatory Office approved the electricity tariffs for tariff group set G in home and prepaid packages for 2011 for ENEA S.A. and tariffs for electricity distribution services for ENEA Operator Sp. z o.o. The approved tariffs came into force on 1 January 2011. The Company announced the approval of the tariffs referred to above in current report No. 45/2010 of 18 December 2010.

Risks related 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 27-28 to the consolidated quarterly financial statements (pages 36-41 of this report).

Collective labour disputes

At present, ENEA S.A. is a party to one collective dispute initiated on 7 September 2009 (mentioned above), which concerns the process of privatising ENEA S.A. and the effect of the potential shareholder change on the status of the Company's employees. The dispute has not been settled to date.

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 state aid, the Polish Parliament has adopted an act intended to terminate those 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 Koźienice"), 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 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 count as proceeds only amounts stipulated in the decision concerning the annual adjustment of stranded costs.

a/ 2008 payments

For 2008, Elektrownia Kozienice 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 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 earlier from Zarządca Rozliczeń S.A.) for Elektrownia Kozienice for 2008. Pursuant to that decision, the amount of the adjustment to the yearly stranded costs (i.e. the amount of advance payments to be returned to Zarządca Rozliczeń S.A.) was set at PLN 89,537,000, or PLN 77,381,000 less than the revenues on account of compensation reported by Elektrownia Kozienice 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 and ENEA S.A., the assumptions made in drafting the decision of the President of the ERO, as well as the interpretation of the LTTPA Termination Act are in many places erroneous or incorrectly applied. On 19 August 2009, Elektrownia Kozienice therefore 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 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 the amount not suspended by the court.

On 2 October 2009, Elektrownia Kozienice 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. In view of the above decision, on 27 May 2010 Elektrownia Kozienice submitted a request to Zarządca Rozliczeń S.A. for the return of PLN 40,577,000 plus due interest. However, Zarządca Rozliczeń sent a negative response to the Company, with the justification that grounds for repayment can only be a change in the decision of the President of the ERO of 31 July 2009. On 5 July 2010, Elektrownia Kozienice sent a final demand to Zarządca Rozliczeń S.A. prior to litigation for the payment of PLN 40,577,000 plus due 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.

In September 2009, the Management Board of Elektrownia Koźienice resolved not to recognise any further compensation proceeds and to recognise the adjustment of the 2008 compensation proceeds of PLN 77,380,000. That adjustment is recognised in the item revenues from sales (as an amount decreasing revenues from sales) 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 Koźienice is required 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 which indicates that the 2009 annual adjustment of stranded costs amounts to PLN 15,580,000. As this decision is also unfavourable for the Group, on 17 August 2010 an appeal against it was filed with the Court for Competition and Consumer Protection at the Regional Court in Warsaw. On 30 September 2010, Elektrownia Koźienice received the amount of the annual adjustment for 2009 in the amount of PLN 15,580,000 from Zarządca Rozliczeń S.A. That amount was recognised in the abbreviated mid-year financial statements for the period 1 January to 30 June 2010 as revenues from sales. Elektrownia Koźienice did not recognise revenues on account of compensation for 2010.

However, assuming that in the future Elektrownia Koźienice obtains favourable resolutions of the appeal against the decision of the President of the ERO establishing the annual adjustments for 2008 and 2009, the Company estimates the potential annual adjustments for:

- 2009 at PLN + 111,100,000;
- 2010 at PLN + 78,600,000 (the estimate is based on the preliminary figures for 2010 – before an opinion of a certified auditor was issued).

On 1 December 2010, case KDT 2008 was heard before the Court for Competition and Consumer Protection. However, the court decided to defer it until a legally valid decision is issued by the Court of Appeals as to whether Zarządca Rozliczeń can be granted the status of an interested party in the proceedings. Formal and procedural acts are also still being carried out.

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 its 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 accordance with the "Privatisation Plan 2008-2011" approved by the Council of Ministers on 22 April 2008, ENEA S.A. was identified as one of the energy groups to undergo privatisation in 2008-2011. The first stage of that process was the 2008 sale of a packet of new shares in the Company in its initial public offering.

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.o. (as the buyer) for exclusive 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.

On 16 November 2010, the the Ministry of the State Treasury announced in a bulletin that in view of the lapse of the negotiation exclusivity period granted to Kulczyk Holding S.A. and Elektron Sp. z o.o. in the ongoing process of selling 225,135,940 shares (51.00 per cent of the share capital) in ENEA S.A., it had decided to resume parallel negotiations with entities approved for negotiations. On 15 December 2010, in connection with the ongoing process of selling 225,135,940 shares (51.00 per cent of the share capital) in ENEA S.A., the Ministry of the State Treasury decided to set a deadline for Electricité de France S.A. for exclusive negotiations. The MST intends to complete the privatisation process of ENEA S.A. by the end of the first quarter of 2011.

Information on transactions hedging currency risk

As part of their operations neither ENEA S.A. nor its subsidiaries concluded any transactions hedging against currency exchange risk in Q4 2010.

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

One of the 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, i.e. 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 – in this area we will concentrate on:**
 - developing and diversifying 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 – in this area 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 – in this area 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,
- Power 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 the management of 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 courses 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 Koźienice Power Plant, where by 2016 we plan to construct a new power unit with a total capacity of approximately 1,000 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. Towards this end, the Company plans to continue concluding long-term agreements for the purchase of energy certificates of origin for energy production from renewable sources and cogeneration from outside entities, as well as 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 what stage a given project is at: searching for projects which would in part be implemented by a third-party entity on a developer services basis, purchasing a project from a third-party entity before that entity has obtained a building permit, with independent further 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 or 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 1,000 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 conducting proceedings to select a contractor to build a new power unit with capacity of 1,000 MW, which we plan to select for the fourth quarter of 2011. At the same time as the new unit is being built we will continue the modernisation of the other 200 and 500 MW units operating in Kozenice Power Plant. We are also conducting studies with regard to preparing for the construction of a second 1,000 MW unit in Świerze 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 improve the efficiency of our grid and reduce grid losses. They will also involve replacing those sections of distribution lines that have been in service the longest. The amount of investment outlays in the distribution area is steadily increasing. Investment expenditure in 2009 increased by 22 per cent in relation to 2008 and in 2010 it increased by 18 per cent in relation to 2009. Crucially, we are observing a clear increase in spending on the modernisation and regeneration of existing assets. In 2009 it increased by 31.6 per cent in relation to 2008 and in 2010 it increased by 65 per cent in relation to 2009. In 2010, investment outlays in the area of distribution amounted to about PLN 583 million, against planned outlays of PLN 575 million.

Pursuant to Article 16 par. 6 of the Energy Law of 10 April 1997, ENEA Operator applied to the President of the Energy Regulatory Office for approval of a draft plan for development pertaining to satisfying the current and future demand for electricity, prepared for the years 2011-2015.

In December 2010, the President of the ERO approved the draft within its material scope for the year 2011, at the same time approving the level of justified investment outlays for that year in the amount of PLN 802,311,000. These are almost 40 per cent higher than those in the investment plan for 2010.

This is the first investment plan of ENEA Operator in which the majority of investments will concern modernisation and the creation of wealth in connection with improved quality of services and/or increased demand for capacity. These will comprise 55 per cent of the above amount.

The greater majority of the remaining outlays will be intended for connecting new end users and new sources of electricity generation.

In previous plans that relationship had been reversed – the majority of outlays had been for connecting new users and sources.

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

On 15 January 2010 ENEA S.A. finalised the purchase of the first biogas power plant in Liszkowo (Kujawsko-Pomorskie Province), which has a capacity of 2.12 MWe. In 2011 we plan to acquire biogas power plants with total capacity of 5 MWe.

In December 2010 ENEA S.A. concluded a Framework Cooperation Agreement under which it obtained temporary exclusivity for negotiations and priority with regard to the purchase of shares in a group of special purpose vehicles which own wind farm projects with target installed capacity of 214 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. That 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 capacity of about 1,600 MW. This will involve additional outlays of 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 total expenditure 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 reach 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 define the key items of the 2010-2012 investment plan that affect the efficiency of ENEA S.A. and the Company's growth. They do not cover all investment needs, but only indicate the main areas in which spending is planned. There will also be considerable investment after 2012:

1) Monetary equity investments:

Given that ENEA S.A. manages the ENEA Group, and its core activity involves the sale of 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:

- Recapitalisation of Koźienice Power Plant with a cash contribution to cover costs related to the construction of a supercritical power unit with approximate capacity of 1,000 MW. As part of the construction of the new unit with capacity of approximately 1,000 MW, in 2010-2012 ENEA S.A. plans to inject capital into Koźienice Power Plant by way of a pecuniary contribution in the total amount of PLN 655,780,000. It is expected that the implementation of the investment project will also require substantial outlays outside the above-mentioned planning period.

In accordance with the original intentions, the process of constructing the unit was planned by the special purpose vehicle Koźienice II Sp. z o.o. However, in order to optimise the process in the near future we plan to merge Koźienice II Sp. z o.o. with Koźienice Power Plant, which will take over responsibility for the construction of the unit.

- Recapitalising Elektrownie Wodne Sp. z o.o. (formerly EnergoPartner Sp. z o.o.; currently Elektrownie Wodne Sp. z o.o. following 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 construction projects. Due to the increasing

requirement to obtain certificates of origin, ENEA S.A. will be required to purchase increasingly large annual 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 channel within the Group 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 total pecuniary contribution of PLN 245,854,000, to be used for seeking new wind power projects for purchase and, in particular, for the development of the projects owned by the Company (including with Renpro Sp. z o.o.).

- Recapitalising the Lead Company – as the supervisor and co-ordinator of the Group’s renewable energy operations, for the purpose of implementing investment projects involving biogas plant/biogas generator construction. The Company undertook efforts to invest in biogas facilities, planning to obtain an approximate capacity of 40-60 MW by 2020. The Company allocated a total of PLN 122,400,000 for 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 proprietary 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 upgrade 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.:

- Upgrading 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;
- Upgrading and developing the IT and telecommunications network;
- Technical system architecture.

Furthermore, it is anticipated that the implementation of these investments will involve outlays of approximately PLN 81,100,000 after the above-mentioned period.

3) Street lighting upgrade

The planned outlays for investment tasks to be carried out in 2010-2012 related to the modernisation of street lighting amount to a total of PLN 44,022,000, in the following areas: Poznań, Bydgoszcz, Zielona Góra, Gorzów Wielkopolski and Szczecin. The Company anticipates that it will make street lighting upgrade 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).

ENEA S.A. is in the process of preparing an investment plan for the years 2011-2013 which, according to assumptions, will maintain the main investment directions specified in the plan for the years 2010-2012. We plan to increase the number of investments in subsidiaries, the planned financing solution for which involves an intragroup bond issue programme.

Please note that the Company will not have sufficient funds to implement the adopted 2010-2020 development plan (even in its minimum scope), which 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 amendments to the Energy Law of 10 April 1997 stemming from the Act on Amending the Energy Law and Certain Other Acts of 8 January 2010 (Journal of Laws of 2010 No. 21, item 104) (the Amendment). Under the Amendment, distribution system operators (in a vertically integrated company) cannot conduct business activity which involves generating or trading in electricity, or conduct such activity under a contract for other utilities. This required that some customer service activities be transferred from ENEA Operator Sp. z o.o. 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 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 an 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 include:

- The overall condition of the economy

Our business may be affected by macroeconomic factors in Poland's economy. In particular, our business is affected by interest rates, the zloty 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

Our 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 may transpire 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.