Extended consolidated quarterly report of the ENEA Group for the fourth quarter of 2011

Poznań, 29 February 2012

Contents of the extended consolidated quaterly report

Selected consolidated financial data of the ENEA Capital Group

	in PLN'000		in EUR '000	
	12 months ended 31.12.2011	**12 months ended 31.12.2010**	**12 months ended 31.12.2011**	**12 months ended 31.12.2010**
Net sales revenue	9 690 102	7 836 875	2 340 548	1 957 066
Operating profit/loss	850 691	711 964	205 476	177 795
Profit/loss before tax	993 701	813 216	240 019	203 081
Net profit/loss for the reporting period	800 456	639 381	193 342	159 670
Net cash flows from operating activities	1 085 557	1 275 667	262 206	318 566
Net cash flows from investing activities	(514 766)	(1 067 613)	(124 337)	(266 610)
Net cash flows from financing activities	(239 751)	(210 970)	(57 909)	(52 685)
Total net cash flows	331 040	(2 916)	79 959	(728)
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)	1.81	1.45	0.44	0.36
Diluted earnings per share (in PLN/EUR)	1.81	1.45	0.44	0.36
	Balance as at 31 December 2011	**Balance as at 31 December 2010**	**Balance as at 31 December 2011**	**Balance as at 31 December 2010**
Total assets	13 713 881	12 836 705	3 104 936	3 241 347
Total liabilities	3 226 185	2 960 234	730 435	747 477
Non-current liabilities	1 457 991	1 373 976	330 101	346 937
Current liabilities	1 768 194	1 586 258	400 334	400 540
Equity	10 487 696	9 876 471	2 374 501	2 493 869
Share capital	588 018	588 018	133 132	148 478
Book value per share (in PLN/EUR)	23.76	22.37	5.38	5.65
Diluted book value per share (in PLN/EUR)	23.76	22.37	5.38	5.65

The above financial data for Q4 2011 and 2010 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 December 2011– PLN/EUR 4.4168 (as at 31 December 2010 - PLN/EUR 3.9603);
- 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 at the last day of each month of the financial period from 1 January to 31 December 2011 – 4.1401 PLN/EUR (for the period from 1 January to 31 December 2010 – 4.0044 PLN/EUR).

Condensed interim consolidated financial statements of the ENEA Capital Group for the period from 1 January to 31 December 2011

Poznań, 29 February 2012

Index to the condensed interim consolidated financial statements

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

Members of the Management Board

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

Poznań, 29 February 2012

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

Consolidated balance sheet

	As at	
	31.12.2011	**31.12.2010**
ASSETS		
Non-current assets		
Property, plant and equipment	9 096 510	8 308 650
Perpetual usufruct of land	68 343	29 208
Intangible assets	267 072	145 141
Investment property	18 925	8 203
Investments in associated entities measured using the equity method	6 545	170 220
Financial assets available for sale	70 490	74 867
Financial assets measured at fair value through profit or loss	1 557	1 411
Trade and other receivables	179	168
	9 529 621	**8 737 868**
Current assets		
Inventory	340 972	242 058
Trade and other receivables	1 328 903	922 460
Current income tax receivables	15 076	1 819
Financial assets held to maturity	523 705	250 934
Financial assets measured at fair value through profit or loss	723 439	1 781 939
Cash and cash equivalents	1 230 667	899 627
	4 162 762	**4 098 837**
Non-current assets available for sale (AFS)	**21 498**	**-**
Total assets	**13 713 881**	**12 836 705**

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

	As at	
EQUITY AND LIABILITIES	**31.12.2011**	**31.12.2010**
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)	49 564	50 922
Other capitals	(21 710)	(22 110)
Retained earnings	5 065 939	4 458 944
	10 458 611	**9 852 574**
Minority interest	29 085	23 897
Total equity	**10 487 696**	**9 876 471**
LIABILITIES		
Non-current liabilities		
Credit facilities and loans	72 868	72 362
Trade and other liabilities	1 451	2
Finance lease liabilities	2 412	1 742
Settlement of income due to subsidies and connection fees	670 890	713 215
Deferred tax liability	116 809	80 453
Liabilities due to employee benefits	454 325	428 134
Provisions for other liabilities and charges	139 236	78 068
	1 457 991	**1 373 976**
Current liabilities		
Credit facilities and loans	47 561	42 398
Trade and other liabilities	1 199 499	1 017 805
Finance lease liabilities	2 466	2 134
Settlement of income due to subsidies and connection fees	113 782	122 370
Current income tax liabilities	49 650	72 159
Liabilities due to employee benefits	170 182	146 864
Liabilities due to an equivalent of the right to acquire shares free of charge	508	557
Financial liabilities measured at fair value through profit or loss	-	-
Provision for certificates of origin	104 810	92 646
Provisions for other liabilities and charges	78 941	89 325
Liabilities related to non-current assets available for sale	795	-
	1 768 194	**1 586 258**
Total liabilities	**3 226 185**	**2 960 234**
Total equity and liabilities	**13 713 881**	**12 836 705**

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

Consolidated Statement of Comprehensive Income

	12 months ended 31.12.2011	3 months ended 31.12.2011	12 months ended 31.12.2010	3 months ended 31.12.2010
Sales revenue	9 918 496	2 581 186	8 087 940	2 071 483
Excise tax	(228 394)	(59 034)	(251 065)	(62 360)
Net sales revenue	**9 690 102**	**2 522 152**	**7 836 875**	**2 009 123**
Other operating revenue	254 113	62 989	84 292	35 269
Depreciation/amortization	(710 980)	(191 398)	(652 672)	(162 340)
Costs of employee benefits	(1 001 349)	(300 371)	(924 356)	(255 333)
Consumption of materials and supplies and costs of goods sold	(1 738 235)	(521 851)	(1 535 465)	(384 306)
Energy purchase for sale	(4 112 724)	(1 036 485)	(2 689 513)	(717 817)
Transmission services	(719 937)	(185 244)	(693 340)	(176 133)
Other external services	(413 509)	(125 586)	(364 550)	(101 049)
Taxes and charges	(204 906)	(51 161)	(199 959)	(62 215)
(Profit) / loss on sale and liquidation of property, plant and equipment	(10 055)	(10 102)	(7 124)	(3 791)
Impairment loss on property, plant and equipment	(6 406)	(772)	(6 143)	(6 143)
Other operating expenses	(175 423)	(86 403)	(136 081)	(74 004)
Operating profit	**850 691**	**75 768**	**711 964**	**101 261**
Financial expenses	(48 595)	(18 882)	(41 003)	(16 874)
Financial revenue	185 643	41 729	140 493	27 232
Revenue from dividends	1 438	-	774	134
Share in profits/losses of associates measured using the equity method	4 524	1 143	988	8 085
Profit before tax	**993 701**	**99 758**	**813 216**	**119 838**
Income tax	(193 245)	(20 057)	(173 835)	(27 466)
Net profit for the reporting period	**800 456**	**79 701**	**639 381**	**92 372**
Other items of comprehensive income				
Measurement of financial assets available for sale	(1 676)	1 731	34 685	10 764
Income tax related to other items of comprehensive income	318	(329)	(4 519)	(2 045)
Other items of net comprehensive income	**(1 358)**	**1 402**	**30 166**	**8 719**
Comprehensive income for the period	**799 098**	**81 103**	**669 547**	**101 091**
Including net profit:				
attributable to shareholders of the Parent	801 230	79 889	639 262	91 874
attributable to minority interests	(774)	(188)	119	498
Including comprehensive income:				
attributable to shareholders of the Parent	799 872	81 291	669 428	100 593
attributable to minority interest	(774)	(188)	119	498
Net profit attributable to shareholders of the Parent	801 230	79 889	639 262	91 874
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)	**1.81**	**0.18**	**1.45**	**0.21**
Diluted earnings per share (in PLN per share)	**1.81**	**0.18**	**1.45**	**0.21**

(all amounts in PLN '000, unless specified 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 at 01.01.2011	**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**50 922**	**(22 110)**	**4 458 944**	**23 897**	**9 876 471**
Comprehensive income							(1 358)		801 230	(774)	799 098
Dividends									(194 235)		(194 235)
Put option on minority interest in subsidiaries								400			400
Settlement of acquisition of shares in subsidiaries										5 962	5 962
Balance as at 31.12.2011	**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**49 564**	**(21 710)**	**5 065 939**	**29 085**	**10 487 696**

	Share capital (face value)	Revaluation of share capital	Total share capital	Treasury shares	Share-based capital	Share premium	Revaluation reserve (financial instruments)	Other capitals	Retained earnings	Capital attributable to minority interests	Total equity
Balance as at 01.01.2010	**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**20 756**	**(22 110)**	**3 985 386**	**23 778**	**9 372 628**
Comprehensive income							30 166		639 262	119	669 547
Dividends									(167 748)		(167 748)
Other									2 044		2 044
Balance as at 31.12.2010	**441 443**	**146 575**	**588 018**	**-**	**1 144 336**	**3 632 464**	**50 922**	**(22 110)**	**4 458 944**	**23 897**	**9 876 471**

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

Consolidated cash flow statement

	12 months ended 31.12.2011	12 months ended 31.12.2010
Cash flows from operating activities		
Net profit for the reporting period	800 456	639 381
Adjustments:		
Income tax disclosed in the income statement	193 245	173 835
Depreciation/amortization	710 980	652 672
(Profit) / loss on sale and liquidation of property, plant and equipment	971	4 184
Impairment loss on property, plant and equipment	7 403	6 861
Write-down of goodwill	-	385
Write-down on profit due to bargain purchase	(81 988)	-
(Profit) / loss on sale of financial assets	(10 662)	7 210
Interest income	(235 525)	(146 327)
Revenue from dividends	(1 438)	(774)
Interest expense	9 313	9 051
Share in the (profit) / loss of associates	(4 524)	(988)
Exchange (gains) / losses on credit facilities and loans	6 419	(1 742)
Other adjustments	194 002	(2 481)
	788 196	**701 886**
Income tax paid	(253 080)	(199 225)
Interest received	80 259	57 264
Interest paid	(8 220)	(6 099)
Changes in working capital		
Inventory	(55 000)	60 777
Trade and other receivables	(376 074)	2 935
Trade and other liabilities	107 445	(93 446)
Liabilities due to employee benefits	37 693	41 863
Settlement of income due to subsidies and connection fees	(97 502)	(31 407)
Provisions for certificates of origin	12 107	46 107
Liabilities due to an equivalent of the right to acquire shares free of charge	(49)	(61)
Other provisions	49 326	55 692
	(322 054)	82 460
Net cash flows from operating activities	**1 085 557**	**1 275 667**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(1 177 094)	(852 170)
Proceeds from disposal of property, plant and equipment	13 647	8 946
Acquisition of financial assets	(1 420 526)	(470 440)
Receipts from disposal of financial assets	2 383 947	239 615
Acquisition of subsidiaries adjusted by acquired cash	(316 185)	-
Dividends received	2 568	16 181
Other outflows	(1 123)	(9 745)
Net cash flows from investing activities	**(514 766)**	**(1 067 613)**
Cash flows from financing activities		
Credit facilities and loans received	9 488	12 328
Credit facilities and loans repaid	(37 373)	(49 480)
Dividend paid to the Parent's shareholders	(194 206)	(167 748)
Payment of finance lease liabilities	(4 944)	(4 521)
Other adjustments	(12 716)	(1 549)
Net cash flows from financing activities	**(239 751)**	**(210 970)**
Net increase (decrease) in cash	**331 040**	**(2 916)**
Opening balance of cash	899 627	902 543
Closing balance of cash	**1 230 667**	**899 627**

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

Notes to the condensed interim consolidated financial statements

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

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

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

The main activities of the ENEA 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 at 31 December 2011 the shareholding structure of the Parent, was the following: the State Treasury of the Republic of Poland – 51.68% of shares, Vattenfall AB – 18.67%, other shareholders – 29.65%.

As at 31 December 2011 the statutory share capital of ENEA 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.

As at 31 December 2011 the Capital Group comprised the parent ENEA S.A. ("Company", "Parent"), 20 subsidiaries, 3 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 2011. 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 2010.

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 2010.

4. New accounting standards and interpretations

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

5. Material estimates and assumptions

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

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

6. Composition of the 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 31.12.2011	Share of ENEA S.A. in the total number of votes 31.12.2010
1.	ENERGOMIAR Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, ul. Strzeszyńska 58*	92.62	91.47
3.	ENEA Centrum S.A. *Poznań, ul. Św. Wojciech 7/9*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
7.	ENERGO-TOUR Sp. z o.o. *Poznań, ul. Marcinkowskiego 27*	99.92	99.92
8.	ENEOS Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
9.	ENTUR Sp. z o.o. *Szczecin, ul. Malczewskiego 5/7*	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, ul. Wilkońskiego 2*	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	100	100
12.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, ul. Wybudowanie 56	91.02	87.99
13.	„ITSERWIS" Sp. z o.o. *Zielona Góra, ul. Zacisze 28*	100	100
14.	„Auto – Styl" Sp. z o.o. *Zielona Góra, ul. Zacisze 15*	100	100
15.	FINEA Sp. z o.o. in liquidation *Poznań, ul.Warszawska 43*	-	100
16.	ENEA Operator Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
17.	Elektrownia „Kozienice" S.A. *Świerże Górne, gmina Kozienice, Kozienice 1*	100	100
18.	Miejska Energetyka Cieplna Piła Sp. z o.o. *64-920 Piła, ul. Kaczorska 20*	65.03	64.064
19.	Kozienice II Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 1*	-	100
20.	Elektrociepłownia Białystok S.A. *Białystok, ul. Gen. Andersa 3*	99.94	30.36
21.	DOBITT Energia Sp. z o.o. *Gorzesław 8, 56-420 Bierutów*	100	-
22.	Annacond Enterprises Sp. z o.o. Warszawa, ul. Jana III Sobieskiego 1/4	61	-
23.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., ul. Chłapowskiego 51*	49	49
24.	Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. *Śrem, ul. Staszica 6*	-	41.65

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

25.	ELKO Trading Sp. z o.o. Świerże Górne, gmina Kozienice, Kozienice 1	-*	-*
26.	Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa *Samociążek 92, 86-010 Koronowo*	-**	-
27.	„Ecebe" Sp. z o.o. Augustów, ul. Wojciech 8	-***	-
28.	Energo-Invest-Broker S.A. Toruń, ul. Jęczmienna 21	-****	-

*100% of shares in ELKO Trading Sp. z o.o. is held by Elektrownia "Kozienice" S.A.
** as at 31 December 2011 99% of total rights and obligations in Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa was vested in Elektrownie Wodne Sp. z o. o., and 1% in ENEA Centrum S.A.
***100% of shares in Ecebe is held by Elektrociepłownia Białystok S.A.
**** an associate of Elektrownia Kozienice S.A.

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

On 27 December 2010, the Extraordinary Shareholders' Meeting of BHU S.A. adopted a 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 under a private placement. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in kind.
The increased share capital of BHU S.A. was registered in the National Court Register on 21 January 2011.

On 30 December 2010 the Extraordinary Shareholders' Meeting decided to increase the share capital of MEC Piła Sp. z o.o. by PLN 773 thousand up to PLN 28,689 thousand, by way of creating 773 new shares with the face value of PLN 1,000 each. The new shares in the Company's share capital were acquired by ENEA S.A. for a contribution in kind.
The increased share capital of MEC Piła Sp. z o.o. was registered in the National Court Register on 24 February 2011.

On 27 January 2011 an auction was announced for the sale of shares in Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. The auction includes 6,860 ordinary registered shares of Przedsiębiorstwo Energetyki Cieplnej 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 – was PLN 9,611,820.40 and was based on measurement carried out as at 30 June 2010. Since none of the potential investors paid the deposit within the deadline, no buyer was selected in the tender and ENEA S.A. remained the holder of the shares. On 21 February 2011 ENEA S.A. received a letter from Centrozap S.A. (a holder of 51% of shares in PEC Śrem S.A.) declaring the will to buy the block in question, but due to corporate procedures only after 16 May 2011. At the same time, Centrozap S.A. accepted the starting price published in the tender announcement.
The preliminary agreement on the sale of shares was concluded on 26 May 2011 under which the Parties are obliged to conclude the Final Agreement by 14 July 2011. The Final Agreement was concluded on 13 July 2011.

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

On 15 February 2011 the Extraordinary Shareholders' Meeting decided to increase the share capital of Hotel EDISON Sp. z o.o. by PLN 35 thousand up to PLN 21,271.5 thousand, by way of creating 70 new shares with the face value of PLN 500 each. All shares in the increased share capital of Hotel EDISON Sp. z o.o. will be acquired by the existing sole shareholder – ENEA S.A. and fully covered with a cash contribution. The increase in the share capital was registered in the National Court Register on 28 July 2011.

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

On 30 March 2011 the Group acquired 100% of rights and obligations in ZU-AN Sp. z o. o. sp. k. for the total amount of PLN 28,383 thousand. (Elektrownie Wodne Sp. z o.o. paid PLN 28,117 thousand – PLN 1,773 thousand was paid after the balance sheet date - and Energetyka Poznańska Biuro Usług Technicznych S.A. paid PLN 266 thousand). The name of the Acquiree is Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa. The change in the name of the general partner resulted in a change in the name of the partnership to Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa. 99% of total rights and obligations was vested in Elektrownie Wodne Sp. z o. o. (limited partner), and 1% in ENEA Centrum S. A. (general partner).
On 17 November 2011 the Extraordinary Shareholders' Meeting passed a resolution to merge Elektrownie Wodne Sp. z o. o. with Elektrownie Wiatrowe Enea Centrum S. A. Sp. k. and to increase the share capital of Elektrownie Wodne Sp. z o. o. by PLN 8.5 thousand. The increased share capital was registered in the National Court Register on 2 January 2012.

On 11 May 2011 ENEA S. A. acquired 100% shares in DOBITT Energia Sp. z o. o. for PLN 3,350 thousand and at the same time the share capital was increased by PLN 9,075 thousand up to PLN 9,175 thousand. The increased share capital of the Company was registered in the National Court Register on 22 August 2011.

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

On 8 June 2011 the Extraordinary Shareholders' Meeting of FINEA Sp. z o.o. in liquidation approved distribution of liquidation amounts. On 13 June 2011 a motion to remove the entity was filed to the National Court Register. On 20 July 2011 FINEA Sp. z o.o. in liquidation was wound up and removed from the National Court Register.

On 27 May and on 6 and 8 June 2011 ENEA S. A. acquired 304 employee shares in Przedsiębiorstwo Energetyki Cieplnej Sp. z o. o. with the registered office in Oborniki for the total amount of PLN 387.6 thousand.
In December 2011 ENEA S. A. bought 10 employee shares, as a part of the first tranche planned for 2011 for PLN 12.7 thousand.

On 29 December 2010 the Extraordinary Shareholders' Meeting of Energo-Invest-Broker S. A. adopted the following resolutions: Resolution 1 approving the acquisition of 55.625% of shares in EIB S.A. held by PGE Górnictwo i Energetyka Konwencjonalna S.A. for redemption, Resolution 2 decreasing the share capital of the Company due to redemption of treasury shares acquired, Resolution 3 on redemption of treasury shares.
On 28 April 2011 District Court for Toruń, VII Business Division of the National Court Register issued a decision to register the decrease in the share capital from PLN 500 thousand to PLN 221,9 thousand due to redemption of 1,780 shares previously held by PGE Górnictwo i Energetyka Konwencjonalna S. A. After redemption the number of shares in EIB S.A. fell to 1,420. As a result the share of Elektrownia "Kozienice" S.A. in the share capital of the Company changed from 12.5% to 28.17%.
In accordance with IAS 28 point 23, the excess of the share of the fair value of net assets over the cost of PLN 2,908 thousand was recognized in these condensed interim consolidated financial statements as revenue of the period in which EIB became an associate measured using the equity method.

On 26 July 2011, the Extraordinary Shareholders' Meeting of EP PUE ENERGOBUD Leszno Sp. z o.o. adopted a resolution to increase the share capital by PLN 1,151 thousand, i.e. from PLN 7,634 thousand to PLN 8,785 thousand, in exchange for a contribution in-kind. The acquisition of shares in the increased share capital of EP PUE ENERGOBUD Leszno Sp. z o.o. by ENEA S.A. and the transfer of perpetual usufruct right to real property related to the contribution in kind took place on 3 August 2011. The increased share capital was registered in the National Court Register on 15 September 2011.
On 22 August 2011 ENEA S. A. acquired 21,265 shares in "Annacond Enterprises" Sp. z o. o. with the registered office in Warsaw, with the par value of PLN 500 per share and constituting 61% of the share capital of the company.

On 12 September 2011 the Extraordinary Shareholders' Meeting of ENEOS Sp. z o.o. adopted Resolution on the increase in the share capital of the company by PLN 11,900 thousand, from PLN 20,189 thousand to PLN 32,089.5 thousand in exchange for a contribution in kind in the form of an organized part of an enterprise – as understood by Article 551 of the Civil Code – under the name "Oświetlenie uliczne Miasta Poznania" ("Street lights in Poznań"). On 13 September 2011 ENEA S.A. took up shares in the increased share capital of

ENEOS Sp. z o. o. and an organized part of an enterprise – as understood by Article 551 of the Civil Code – was transferred from ENEA S. A. to ENEOS Sp. z o. o. The increased share capital of ENEOS Sp. z o.o. was registered in the National Court Register on 13 October 2011.

On 20 September 2011 the Extraordinary Shareholders’ Meeting of BHU SA adopted Resolution No. 1 to increase the share capital of the Company by PLN 165,6 thousand by issuing 1,656 L series shares with the face value of PLN 100.00 each, from PLN 16,375.1 thousand to PLN 16.6 thousand, in exchange for a contribution in kind in the form of perpetual usufruct right of PLN 165.6 thousand, with no right to acquire shares granted to the existing shareholders.
On 20 September 2011, BHU S.A. placed an offer to acquire L series shares with ENEA S.A.
On 4 October 2011, ENEA S.A. accepted the offer to acquire L series shares of BHU S.A.
The agreement on the transfer of perpetual usufruct right to land was concluded on 3 November 2011. The increased share capital was registered in the National Court Register on 16 November 2011.

The change in the scope of business of Energetyka Poznańska Biuro Usług Technicznych S.A. and the launch of customer service offer for the customers of ENEA SA resulted in a change in the name of the company to ENEA Centrum S. A.

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

7. Segment reporting

Segment reporting for the period from 1 January to 31 December 2011:

	Turnover	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	3 865 775	2 640 730	2 977 519	206 078		9 690 102
Inter-segment sales	201 823	-	159 110	594 033	(954 966)	-
Total net sales revenue	**4 067 598**	**2 640 730**	**3 136 629**	**800 111**	**(954 966)**	**9 690 102**
Total expenses	(3 913 615)	(2 304 732)	(2 668 236)	(753 107)	923 683	(8 716 007)
Segment profit/loss	**153 983**	**335 998**	**468 393**	**47 004**	**(31 283)**	**974 095**
Unassigned Group costs (general and administrative expenses)						(123 404)
Operating profit						**850 691**
Financial expenses						(48 595)
Financial revenue						185 643
Revenue from dividends						1 438
Net profit sharing/loss coverage in associated entities						4 524
Income tax						(193 245)
Net profit						**800 456**
Share in minority interest profit						(774)

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

Segment reporting for the period from 1 October to 31 December 2011:

	Turnover	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	992 438	690 224	810 394	29 096	-	2 522 152
Inter-segment sales	145 762	-	17 395	242 403	(405 560)	-
Total net sales revenue	**1 138 200**	**690 224**	**827 789**	**271 499**	**(405 560)**	**2 522 152**
Total expenses	(1 123 414)	(663 387)	(769 893)	(247 615)	394 859	(2 409 450)
Segment profit/loss	**14 786**	**26 837**	**57 896**	**23 884**	**(10 701)**	**112 702**
Unassigned Group costs (general and administrative expenses)						(36 934)
Operating profit						**75 768**
Financial expenses						(18 882)
Financial revenue						41 729
Write-down of goodwill						-
Revenue from dividends						-
Net profit sharing/loss coverage in associated entities						1 143
Income tax						(20 057)
Net profit						**79 701**
Share in minority interest profit						(188)

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

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

	Turnover	**Distribution**	**Production**	**All other segments**	**Eliminations**	**Total**
Net sales revenue	4 021 458	2 527 923	1 024 432	263 062		7 836 875
Inter-segment sales	332 399		1 504 517	507 843	(2 344 759)	-
Total net sales revenue	**4 353 857**	**2 527 923**	**2 528 949**	**770 905**	**(2 344 759)**	**7 836 875**
Total expenses	(4 144 574)	(2 264 396)	(2 215 331)	(729 501)	2 329 236	(7 024 566)
Segment profit/loss	**209 283**	**263 527**	**313 618**	**41 404**	**(15 523)**	**812 309**
Unassigned Group costs (general and administrative expenses)						(100 345)
Operating profit						**711 964**
Financial expenses						(41 003)
Financial revenue						140 493
Revenue from dividends						774
Net profit sharing/loss coverage in associated entities						988
Income tax						(173 835)
Net profit						**639 381**
Share in minority interest profit						119

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

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

	Turnover	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	1 021 622	647 872	275 479	64 150	-	2 009 123
Inter-segment sales	99 265	-	397 433	203 973	(700 671)	-
Total net sales revenue	**1 120 887**	**647 872**	**672 912**	**268 123**	**(700 671)**	**2 009 123**
Total expenses	(1 100 152)	(654 802)	(578 395)	(252 117)	709 415	(1 876 051)
Segment profit/loss	**20 735**	**(6 930)**	**94 517**	**16 006**	**8 744**	**133 072**
Unassigned Group costs (general and administrative expenses)						(31 811)
Operating profit						**101 261**
Financial expenses						(16 874)
Financial revenue						27 232
Revenue from dividends						134
Net profit sharing/loss coverage in associated entities						8 085
Income tax						(27 466)
Net profit						**92 372**
Share in minority interest profit						498

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

Segment reporting (cont'd)

Other segment reporting information as at 31 December 2011:

	Turnover	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	6 223	5 266 063	3 276 135	306 901	(135 902)	8 719 420
Trade and other receivables	515 882	374 233	110 655	219 750	(173 595)	1 046 925
Total	522 105	5 640 296	3 386 790	526 651	(309 497)	9 766 345
ASSETS excluded from segmentation						3 947 536
- including property, plant and equipment						377 090
- including trade and other receivables						282 157
TOTAL ASSETS						**13 713 881**
Trade and other liabilities	234 207	503 527	367 946	176 865	(173 595)	1 108 950
Equity and liabilities excluded from segmentation						12 604 931
- including trade and other liabilities						92 000
TOTAL EQUITY AND LIABILITIES						**13 713 881**
Capital expenditure for fixed assets and intangible assets	-	774 838	494 139	80 570	(52 041)	1 297 506
Capital expenditure for fixed assets and intangible assets excluded from segmentation						32 201
Depreciation/amortization	703	352 663	325 173	29 906	(3 186)	705 259
Amortization excluded from segmentation						5 721
Impairment losses on receivables as at 31 December 2011	81 193	6 275	74 560	6 202	-	168 230

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

Segment reporting (cont’d)

Other segment reporting information as at 31 December 2010:

	Turnover	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	18 746	4 862 914	2 874 885	350 681	(93 663)	8 013 563
Trade and other receivables	463 869	332 995	241 263	201 648	(327 554)	912 221
TOTAL	482 615	5 195 909	3 116 148	552 329	(421 217)	8 925 784
ASSETS excluded from segmentation						3 910 921
- including property, plant and equipment						295 087
- including trade and other receivables						10 407
TOTAL ASSETS						**12 836 705**
Trade and other liabilities	359 389	434 131	314 518	154 808	(327 554)	935 292
Equity and liabilities excluded from segmentation						11 901 413
- including trade and other liabilities						82 515
TOTAL EQUITY AND LIABILITIES						**12 836 705**
Capital expenditure for fixed assets and intangible assets	-	506 275	420 513	76 984	(27 734)	976 038
Capital expenditure for fixed assets and intangible assets excluded from segmentation						66 206
Depreciation/amortization	610	360 890	252 311	34 010	(3 132)	644 689
Amortization excluded from segmentation						7 983
Impairment losses on receivables as at 31 December 2010	81 578	12 271	55 840	5 908	-	155 597

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 in the market. Trade in electricity and transmission services are governed by prices specified in the Energy Law of 10 April 1997. and secondary legislation thereto.

Supplementary reporting - geographical segments

The 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 2011 the Group acquired property, plant and equipment for the total amount of PLN 1,112,190 thousand (PLN 928,953 thousand during the period of 12 months ended 31 December 2010).

During the 12-month period ended 31 December 2011 the Group sold and liquidated property, plant and equipment for the total net amount of PLN 44,084 thousand (PLN 54,500 thousand during the period of 12 months ended 31 December 2010).

During the 12 months ended 31 December 2011, impairment loss on the carrying amount of property, plant and equipment increased by PLN 6,464 thousand (during the 12 months ended 31 September 2010 impairment loss on the carrying amount of property, plant and equipment decreased by PLN 9,953 thousand).

During the 3 months ended 31 December 2011, impairment loss on the carrying amount of property, plant and equipment decreased by PLN 7,182 thousand (during the 3 months ended 31 September 2010 impairment loss on the carrying amount of property, plant and equipment increased by PLN 5,205 thousand).

As at 31 December 2011 the total impairment of the carrying amount of property, plant and equipment amounted to PLN 13,237 thousand (as at 31 December 2010: PLN 6,773 thousand).

As at 31 December 2011 in line with IFRS 5 the Group transferred assets of Hotel "EDISON" Sp. z o.o., a subsidiary, of PLN 13,671 thousand to non-current assets held for sale. It also transferred liabilities of the subsidiary in question of PLN 795 thousand to liabilities related to non-current assets held for sale.

Impairment test (property, plant and equipment)

Property, plant and equipment related to distribution were last tested for impairment on 31 December 2008. The test did not reveal any impairment of property, plant and equipment related to distribution as at 31 December 2008.
As at 31 December 2009, 31 December 2010 and 31 December 2011 there were no reasons to carry out another impairment test of property, plant and equipment related to distribution.

As at 31 December 2011 the ENEA Group compared the book value of its equity with its market value (stock market cap). Consequently, the impairment analysis of property, plant and equipment was carried out. The Group has found no grounds to recognize impairment losses on analyzed assets as at 31 December 2011.

9. Intangible assets

During the 12-month period ended 31 December 2011 the Group acquired intangible assets for the total amount of PLN 217,517 thousand (PLN 113,291 thousand during the period of 12 months ended 31 December 2010). A significant portion of the amount is related to CO_2 emission allowances.

During the 12-month period ended 31 December 2011 the Group did not sell or liquidate any considerable intangible assets, except for the redemption of CO_2 emission allowances for the amount of PLN 182,608 thousand (during the period of 12 months ended 31 December 2010 the Group did not sell or liquidate any considerable intangible assets, either).

10. Investment property

During the 12-month period ended 31 December 2011 the Group did not acquire any investment property (during the period of 12 months ended 31 December 2010 the Group acquired investment property for PLN 81 thousand). Real property with the value of PLN 10,747 thousand has been reclassified to investment property from property, plant and equipment.

11. Investments in associates and jointly-controlled entities

During the 12-month period ended 31 December 2011 the Group acquired shares in associates for PLN 1,499 thousand (during the period of 12 months ended 31 December 2010 the Group acquired shares in associates and jointly-controlled entities for the total amount of PLN 3,000 thousand). The acquisition of an associate of Elektrownia Kozienice S.A.- Energo-Invest-Broker S. A. has been presented in note 6).

On 1 June 2011 ENEA S. A. acquired 1,283,214 shares in Elektrociepłownia Białystok S. A. with the value of PLN 10 per share for the total amount of PLN 347,751 thousand. The company, earlier an associate, became a subsidiary of ENEA S.A. This resulted in a decrease in “investments in associates measured using the equity method” to PLN 165,396 thousand.

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

As at 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 Cieplnej w Śremie S.A. and Elektrociepłownia Białystok S.A.), the Group recognized impairment of shares in Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. of PLN 7,959 thousand, which brought the book value of the shares in the company to PLN 0.

On 13 July 2011 the Group sold all its shares in Przedsiębiorstwo Energetyki Cieplnej w Śremie S. A.

As at 31 December 2011, in accordance with IFRS 5, the Group reclassified shares in an associate "WIRBET" S.A. which had been measured using the equity method at PLN 5,585 thousand to non-current assets held for sale.

12. Impairment loss on trade and other receivables

	31.12.2011	31.12.2010
Opening balance of impairment loss on receivables	**155 597**	**150 632**
Acquisition of subsidiaries	533	-
Recognized	37 917	27 869
Derecognized	(17 672)	(22 427)
Assigned	(8 145)	(477)
Closing balance of impairment loss on receivables	**168 230**	**155 597**

During the 12-month period ended 31 December 2011 the impairment loss on the carrying amount of trade and other receivables increased by PLN 12,633 thousand (during the period of 12 months ended 31 December 2010 the impairment loss increased by PLN 4,965 thousand).

During the 3-month period ended 31 December 2011 the impairment loss on the carrying amount of trade and other receivables decreased by PLN 6,783 thousand (during the period of 3 months ended 31 December 2010 the impairment loss increased by PLN 2,369 thousand).

13. Inventory

As at 31 December 2011 the total impairment loss on the carrying amount of inventories was PLN 9,840 thousand (PLN 6,748 thousand as at 31 December 2010).

During the 12-month period ended 31 December 2011 the impairment loss on the carrying amount increased by PLN 3,092 thousand (during the period of 12 months ended 31 December 2010 the impairment loss increased by PLN 471 thousand).

During the 3-month period ended 31 December 2011 the impairment loss on the carrying amount increased by PLN 1,213 thousand (during the period of 3 months ended 31 December 2010 the impairment loss decreased by PLN 2,545 thousand).

14. Restricted cash

As at 31 December 2011 the restricted cash amounted to PLN 9,262 thousand. - cash at bank (blocked on the account in relation to a deposit for receivables and a transaction deposit).

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

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

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

ENEA S.A. fulfilled the conditions necessary to release funds due to the issue of shares at the WSE from the ESCROW account. Therefore, on 6 February 2009 the funds were transferred to a specialized financial institution dealing with professional cash management. In accordance with the Agreement, 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 at 31 December 2011 the funds amounted to PLN 712,527 thousand (treasury bills and bonds of PLN 282,527 thousand) and deposits (in banks specified by the Company – PLN 430,000 thousand).
The investment portfolio is treated as financial assets measured at fair value through profit or loss. The strategy is to maximize profit at a minimum risk.

In December 2011 ENEA S. A. concluded one forward transaction with the bank, the purpose of which was to hedge FX risk (EUR/PLN) related to the contract on the purchase of assets. As at 31 December 2011 the value of the financial asset (forward) was PLN 143 thousand.

16. Settlement of Acquisition of New Subsidiaries

On 30 March 2011 the Group acquired 100% of rights and obligations in Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa for the total amount of PLN 28,383 thousand. The initial settlement in the condensed interim consolidated financial statements for the period from 1 January to 31 March 2011 was carried out as agreed. The Capital Group assumed that the difference between the cost of a company and book value of net assets related to the acquired shares results from the difference between the fair value of property, plant and equipment and their book value as at the date of acquiring the company. As at the date of preparation of these condensed interim consolidated financial statements the transaction was finally settled.

Settlement of the acquisition of Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa

Share in the total rights and obligations	100.00%
Book value of net assets	8 642
Fair value adjustment of property, plant and equipment	1 055
Acquisition price	28 383
Goodwill	18 686

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

Detailed analysis of the acquired net assets at fair value:

Fair value of acquired net assets	
Non-current assets:	
Property, plant and equipment	35 734
Deferred income tax asset	437
Current assets:	
Inventory	481
Current receivables	984
Cash and short-term financial assets	1 868
Non-current liabilities:	
Deferred tax liability	(684)
Long-term credit facilities and loans	(23 720)
Current liabilities:	
Trade and other liabilities	(2 733)
Short-term credit facilities and loans	(2 670)
	9 697

The entire payment was made in cash.

As a result of the acquisition of Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa the Group's profit for the period from 1 January to 31 December 2011 increased by PLN 1,827 thousand. Had the combination taken place on 1 January 2011, the Group's profit would have been higher by PLN 641 thousand.

On 11 May 2011 ENEA S. A. bought 100% of shares in DOBITT Energia Sp. z o. o. for PLN 3,350 thousand. The initial settlement in the condensed interim consolidated financial statements for the period from 1 January to 30 June 2011 was carried out as agreed. The Capital Group assumed that the difference between the cost of a company and book value of net assets related to the acquired shares results from the difference between the fair value of property, plant and equipment and their book value as at the date of acquiring the company. As at the date of preparation of these condensed interim consolidated financial statements the transaction was finally settled.

Settlement of the acquisition of Dobitt Energia Sp. z o.o.	
Number of shares (in %)	100.00%
Book value of net assets	214
Fair value adjustment of property, plant and equipment	6
Acquisition price	3 350
Goodwill	3 130

Detailed analysis of the acquired net assets at fair value:

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

Fair value of acquired net assets

Non-current assets:	
Property, plant and equipment	705
Current assets:	
Current receivables	105
Cash and short-term financial assets	3
Non-current liabilities:	
Deferred tax liability	(1)
Current liabilities:	
Trade and other liabilities	(592)
	220

The entire payment was made in cash.

As a result of the acquisition of DOBITT Energia Sp. z o.o. the Group's profit for the period from 1 January to 31 December 2011 increased by PLN 501 thousand.

On 1 June 2011 ENEA S. A. acquired 1,283,214 shares in Elektrociepłownia Białystok S. A. with the par value of PLN 10 per share for the total amount of PLN 347,751 thousand (related cash and cash equivalents totaled PLN 76,801 thousand). The company, earlier an associate, became a subsidiary of ENEA S.A. The initial settlement in the condensed interim consolidated financial statements for the period from 1 January to 30 June 2011 was carried out as agreed. The Capital Group assumed that the difference between the cost of a company and book value of net assets related to the acquired shares results from the difference between the fair value of property, plant and equipment and intangible assets and their book value as at the date of acquiring the company. As at the date of preparation of these condensed interim consolidated financial statements the transaction was finally settled.

Settlement of the acquisition of Elektrociepłownia Białystok S.A.

Number of shares (in %)	99.94%
Book value of net assets	435 723
Fair value adjustment of intangible assets and property, plant and equipment	148 369
Acquisition price	347 751
Fair value of shares	154 000
Non-controlling interest	353
Profit due to bargain purchase	81 988

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

Detailed analysis of the acquired net assets at fair value:

Fair value of acquired net assets

Non-current assets:	
Intangible assets	100 869
Property, plant and equipment	434 229
Deferred income tax asset	16 364
Current assets:	
Inventory	41 526
Current receivables	21 393
Cash and short-term financial assets	76 801
Non-current liabilities:	
Deferred tax liability	(65 407)
Other long-term provisions	(9 610)
Current liabilities:	
Trade and other liabilities	(32 073)
	584 092

Following fair-value measurement of 30.36% of shares in Elektrociepłownia Białystok S.A., their value totaled PLN 154,000 thousand. The value of 30.36% of shares in Elektrociepłownia Białystok S.A. presented so far in the consolidated financial statements of the Group was PLN 162,059 thousand. A decrease in the value of the 30.36% of shares by PLN 8,059 thousand was recorded in the consolidated financial statements which led to a decrease in profit.

The estimated fair value of net assets in Elektrociepłownia Białystok S.A. is PLN 584,092 thousand; their acquisition cost is PLN 502,104 thousand. This bargain purchase led to a profit of PLN 81,988 thousand, which will contribute to an increase in profit in the consolidated financial statements.
The following factors caused that the transaction resulted in the profit from a bargain purchase:

a) factors resulting in the increased net value of assets after revaluation, i.e.:

- recognizing significant intangible assets, i.e. mainly CO2 emission allowances obtained free of charge in the assets of Elektrociepłownia Białystok S.A. (for the period until the end of 2012) and transactions with direct electricity buyers;
- significant remeasurement of land owned by the Company;
- significant fair value remeasurement of machines and equipment, which results from accounting for the increase in the price of assets in the period from the acquisition date to the date of assuming control and reviewing the economic useful life.

b) factors affecting the acquisition cost:

- ENEA held a significant 30% share in the entity before the transaction of assuming control, which improved the negotiating position.

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

The entire payment was made in cash. Other costs of the combination have been recognized in the consolidated statement of comprehensive income under "external services" (PLN 1,083 thousand is for advisory, legal and translation services) and "taxes and charges" (PLN 3,478 thousand is for tax on civil law transactions).

Non-controlling interest is measured proportionally to the share in the fair value of acquired net assets.

As a result of the acquisition of Elektrociepłownia Białystok S.A. the Group's profit for the period from 1 January to 31 December 2011 increased by PLN 4,993 thousand. Had the combination taken place on 1 January 2011, the Group's profit would have been higher by PLN 2,520 thousand.

On 22 August 2011 ENEA S. A. bought 61% of shares in Annacond Enterprises Sp. z o. o. for PLN 15,250 thousand. The initial settlement in the condensed interim consolidated financial statements for the period from 1 January to 30 September 2011 was carried out as agreed. The Capital Group assumed that the difference between the cost of a company and book value of net assets related to the acquired shares results from the difference between the fair value of property, plant and equipment and their book value as at the date of acquiring the company. As at the date of preparation of these condensed interim consolidated financial statements the transaction was finally settled.

Settlement of the acquisition of Annacond Enterprises Sp. z o.o.

Number of shares (in %)	61.00%
Book value of net assets	12 382
Fair value adjustment of property, plant and equipment	2 911
Acquisition price	15 250
Non-controlling interest	5 964
Goodwill	5 921

Detailed analysis of the acquired net assets at fair value:

Fair value of acquired net assets

Non-current assets:	
Property, plant and equipment	15 030
Intangible assets	311
Current assets:	
Current receivables	732
Cash and short-term financial assets	126
Non-current liabilities:	
Deferred tax liability	(683)
Current liabilities:	
Trade and other liabilities	(223)
	15 293

The entire payment was made in cash.

Non-controlling interest is measured proportionally to the share in the fair value of acquired net assets.

As a result of the acquisition of Annacond Enterprises Sp. z o.o. the Group's profit for the period from 1 January to 31 December 2011 increased by PLN 35 thousand. Had the combination taken place on 1 January 2011, the Group's profit would have been lower by PLN 853 thousand.

17. Goodwill tested for impairment and measurement of call options for shares in PEC Oborniki and MEC Piła

As at 31 December 2011 assets, including goodwill in two companies acquired in 2008: Przedsiębiorstwo Energetyki Cieplnej Sp. z o. o. w Obornikach ("PEC Oborniki") and Miejska Energetyka Cieplna Piła Sp. z o. o. ("MEC Piła") and in three companies acquired in 2011: Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa, Dobitt Energia Sp. z o.o. and Annacond Enterprises Sp. z o.o. were tested for impairment. The tests results have indicated no reason to recognize impairment.

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. These purchase options have been measured in these consolidated financial statements.

The Company recognized the financial liability resulting from these options as at 31 December 2008 in the amount of PLN 21,710 thousand corresponding to other capitals, the amount of PLN 1,691 thousand, constituting a difference between measurement as at 31 December 2009 (PLN 20,419 thousand) and as at 31 December 2008 (PLN 22,110 thousand) corresponding to financial expenses of 2009, the amount of PLN 2,844 thousand, i.e. the difference between measurement as at 31 December 2010 (PLN 23,263 thousand) and as at 31 December 2009 (PLN 20,419 thousand) corresponding to financial expenses of 2010, the amount of PLN 1,685 thousand, i.e. the difference between the measurement as at 31 December 2011 (PLN 24,548 thousand) and the amount for which a portion of shares in PEC Oborniki was acquired under the first tranche of employee shares planned for 2011 (PLN 400 thousand) and the measurement as at 31 December 2010 (PLN 23,263 thousand) corresponding to financial expenses of 2011.

18. 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 right to acquire the shares in ENEA S.A. free of charge may be executed until 16 May 2012. After the deadline the title will expire.

The Management Board of ENEA S.A. assigned 33,239,235 shares to eligible individuals. The lockup period for the shares acquired by eligible individuals free of charge is two years starting from the date of disposal of the first shares by the State Treasury on general terms. The two-year lockup period ends on 15 February 2012. The Management Board of ENEA S.A. took appropriate steps to enable trading in specified shares in the Warsaw Stock Exchange.

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 at the Grant Date, i.e. as at 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 at 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 at 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, will 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.

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

Considering the above, the Management Board of ENEA S.A. decided that the value of the plan would not be changed. As a result, the value of the plan as at 31 December 2011 remained at the level of PLN 921 million.

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

As at 31 December 2011 nearly the whole equivalent was paid to the Eligible Employees of Elektownia "Kozienice" S.A. As at 31 December 2011 the remaining liabilities due to the equivalent amounted to PLN 508 thousand (PLN 557 thousand as at 31 December 2010).

19. Credit facilities and loans

	31.12.2011 Carrying amount	**31.12.2010 Carrying amount**
Long-term		
Bank credit facilities	37 004	66 006
Loans	35 864	6 356
	72 868	**72 362**
Short-term		
Bank credit facilities	43 189	41 285
Loans	4 372	1 113
	47 561	**42 398**
Total	**120 429**	**114 760**

During the 12-month period ended 31 December 2011 the net increase in the carrying amount of credit facilities and loans was PLN 5,669 thousand (during the period of 12 months ended 31 December 2010 the carrying amount of credit facilities and loans decreased by PLN 42,247 thousand).

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

20. Settlement of income due to subsidies and connection fees

	31.12.2011 Carrying amount	31.12.2010 Carrying amount
Long-term		
Deferred income due to subsidies	158 096	210 797
Deferred income due to connection fees	512 794	502 418
	670 890	**713 215**
Short-term		
Deferred income due to subsidies	15 714	14 767
Deferred income due to connection fees	98 068	107 603
	113 782	**122 370**

Deferred income schedule	31.12.2011	31.12.2010
Up to 1 year	113 782	122 370
1 to 5 years	96 000	93 686
Over 5 years	574 890	619 529
	784 672	**835 585**

During the 12-month period ended 31 December 2011 the carrying amount of the settlement of income due to subsidies and connection fees decreased by PLN 50,913 net (in the period of 12 months ended 31 December 2010 the carrying amount decreased by PLN 13,745 thousand).

21. Deferred income tax

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

	31.12.2011	31.12.2010
Opening balance	80 453	112 366
Acquisition of subsidiaries	13 905	-
Amount debited/(credited) to profit	7 833	(36 309)
Amount debited/(credited) to other items of comprehensive income	14 618	4 396
Closing balance	**116 809**	**80 453**

During the 9 months ended 31 December 2011 the Group's profit before tax was debited with PLN 7,833 thousand as a result of an increase in the deferred tax liability (during the 12 months ended 31 December 2010 the Group's profit before tax was credited with PLN 36,309 thousand due to a decrease in the liability).

During the 3-month period ended 31 December 2011 the Group's profit before tax was credited with PLN 16,169 thousand as a result of a decrease in the deferred tax liability (during the period of 3 months ended 31 December 2010 the Group's profit before tax was credited with PLN 16,557 thousand due to a decrease in the liability).

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

22. Certificates of origin

	31.12.2011	31.12.2010
Certificates of origin	(139 385)	(119 538)
Advance payments for certificates of origin	(2 952)	(2 610)
Provision for the costs of redemption of certificates of origin	247 147	214 794
Provision for certificates of origin	**104 810**	**92 646**

23. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings

	31.12.2011	31.12.2010
Opening balance	**135 472**	**87 738**
Increase in provisions	99 354	66 124
Applied provisions	(1 757)	-
Release of unused provision	(37 753)	(18 390)
Closing balance	**195 316**	**135 472**

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 amount recognized as a provision is the best estimate of the expenditure required to settle a claim. The cost of provisions is recognized under other operating expenses.

A description of material claims and the related contingent liabilities has been presented in notes 29.2, 29.4, 29.5 and 29.6.

During the 12-month period ended 31 December 2011 the provision for projected losses due to compensation proceedings increased by PLN 59,844 thousand (during the period of 12 months ended 31 December 2010 it increased by PLN 47,734 thousand).

During the 3-month period ended 31 December 2011 the provision for projected losses due to compensation proceedings increased by PLN 55,678 thousand (during the period of 3 months ended 31 December 2010 it increased by PLN 49,712 thousand).

Other provisions

	31.12.2011	31.12.2010
Opening balance	**31 921**	**23 979**
Increase in provisions	16 598	93 582
Applied provisions	(22 757)	(83 454)
Release of unused provision	(2 901)	(2 186)
Closing balance	**22 861**	**31 921**

During the 12 months ended 31 December 2011, other provisions decreased by PLN 9,060 thousand (during the 12 months ended 31 December 2010 they grew by PLN 7,942 thousand).

During the 3 months ended 31 December 2011, other provisions decreased by PLN 7,671 thousand (during the 3 months ended 31 December 2010 they grew by PLN 3,972 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 5.87% discount rate. The value of the provision for land reclamation is reviewed as at 31 December and 30 June, unless significant changes in estimation assumptions occur.

As at 31 December 2011 the provision amounted to PLN 9,856 thousand (as at 31 December 2010 it was PLN 9,890 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 5.87% discount rate. The provision for costs of disposal or storage of ash and slag mixture is reviewed as at 31 December and 30 June, unless significant changes in estimation assumptions occur.

As at 31 December 2011 the provision amounted to PLN 1,376 thousand (as at 31 December 2010 it was PLN 2,334 thousand).

Provision for purchasing CO_2 emission allowances

As at 31 December 2011 the provision determined based on the market price of CO2 emission allowances amounted to PLN 2,836 thousand (as at 31 December 2010 it was PLN 906 thousand).

24. Dividend

On 29 June 2011 the General Shareholders' Meeting of ENEA S.A. adopted Resolution 7 concerning net profit distribution for the financial period from 1 January 2010 to 31 December 2010 whereby the dividend for the shareholders amounted to PLN 194,235 thousand (PLN 0.44 per share). The dividend has already been paid to the shareholders.

25. 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.

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

Transactions with members of the Group's governing bodies:

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010	01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010
Remuneration under employment contracts	473	1 298	-	-
Remuneration under managerial contracts and consultancy agreements	525	-	-	-
Remuneration relating to appointment of members of supervisory bodies	1 888	-	415	195
Remuneration due to the position held in supervisory boards of subsidiaries	195	415	-	-
Remuneration due to other employee benefits (electricity allowance)	131	137	-	-
TOTAL	**3 212**	**1 850**	**415**	**195**

Remunerations of Members of the Management Board (until August 2011) and Supervisory Board are determined in line with 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. Since August 2011 Members of the Management Board have been hired based on managerial contracts and consultancy agreements.

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

Company body	Balance as at 01.01.2011	Granted on 01.01.2011	Maturing on 31.12.2011	Balance as at 31.12.2011
Management Board	-	-	-	**-**
Supervisory Board	29	5	(13)	**21**
TOTAL	**29**	**5**	**(13)**	**21**

Company body	Balance as at 01.01.2010	Granted on 01.01.2010	Maturing on 31.12.2010	Balance as at 31.12.2010
Management Board	21	-	(21)	**-**
Supervisory Board	29	11	(11)	**29**
TOTAL	**50**	**11**	**(32)**	**29**

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.

26. 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. 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 emphasized 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 unfavorable 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 the consolidated financial statements for 2010 as sales revenue.

c/ 2010 and 2011 settlements

In 2010 the Company requested an advance payment to cover stranded costs of PLN 0. In 2010 revenue due to compensation for 2010 were not recognized (the financial statements recognize only the annual adjustment for 2009). On 29 July 2011 the President of the Energy Regulatory Office determined the annual adjustment of stranded costs for 2010 at PLN 2,472 thousand. This decision is also unfavorable for the Company and on 18 August 2011 the Company appealed against it to the Regional Court of Competition and Consumer Protection in Warsaw. On 30 September 2011 Elektrownia "Kozienice" S. A. received the amount of annual adjustment for 2010 of PLN 2,472 thousand from Zarządca Rozliczeń S. A. Formal issues and procedures are still being carried out.

The Company requested for an advance payment to cover stranded costs of PLN 3,500 thousand for 2011. By 5 January 2012 Zarządca Rozliczeń S. A. made advance payments for four quarters of 2011 for the total amount of PLN 3,500 thousand. Between January and December 2011 the Company recognized revenue due to compensation only up to the annual adjustment of stranded costs for 2010, i.e. PLN 2,472 thousand.

The Company requested for an advance payment to cover stranded costs of PLN 0 for 2012.

Assuming that the appeal against the decision of the President of the Energy Regulatory Office concerning annual adjustments for 2008 and 2009 are favorable for Elektrownia "Kozienice" S.A.:
- the annual adjustment for 2009 is estimated at PLN 111,100 thousand (+);
On 1 December 2010, Court of Competition and Consumer Protection held a hearing regarding LTC 2008. 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 22 June 2011 the Court of Appeals

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

dismissed the complaint of Zarządca Rozliczeń S.A. against the decision of the Court of Competition and Consumer Protection of 21 October 2010 and the refusal to admit Zarządca Rozliczeń to case concerning the 2008 LCT as a party concerned. This way it was not granted the status of a party to the proceedings in the 2008 LCT case.

On 19 January 2011 the court heard case XVII Amz 53/10 concerning the complaint of Elektrownia "Kozienice" 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. 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.

As at the date of preparation of these condensed interim consolidated financial statements it was not possible to clearly specify the final annual adjustments for 2008, 2009 and 2010 (the result of the appeal against the decision of the President of the Energy Regulatory Office concerning annual adjustment for 2008, 2009 and 2010 are not known). The full amount of the admissible public aid due to compensation of stranded costs will be defined in the decision of the President of the Energy Regulatory Office concerning the amount of final adjustment, which will be issued in 2015. In view of the above, it should be reserved that the LTC revenue recognized so far, which have been based on the annual adjustments determined by the President of the Energy Regulatory Office, may change as a result of the above decision of the President of the Office concerning the final adjustment.

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

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

	31.12.2011	**31.12.2010**
Acquisition of property, plant and equipment	545 222	321 744
Acquisition of intangible assets	11 242	8 459
	556 464	**330 203**

28. 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 (44.74% of the sales value), rather than to the industrial sector.

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

29.1. 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.

29.2. Pending proceedings before courts of general jurisdiction

Actions brought by the Group

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

Actions brought to courts of general jurisdiction by Elektrownia “Kozienice” S.A. are connected mainly with claims for receivables due to breaches of forwarding agreements and liquidated damages from biomass suppliers.

As of 31 December 2011, the total of 9,191 cases brought by the Group were pending before common courts for the total amount of PLN 58,399 thousand (6,910 cases for the total amount of PLN 44,571 thousand as at 31 December 2010).

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 29.5).

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 Pospieszył spółka cywilna. The claim concerns remedying damages resulting from the operation of the plant owned by Elektrownia located on the land adjacent to the plot of Gospodarstwo Ogrodnicze, by way of paying PLN 5,082 thousand. Other claims include e.g. the claim of Centrum Konsultingu Menedżerskiego Gordion Sp. z o.o following a claim to institute amicable proceedings - the amount claimed is PLN 5,018 thousand. During the concilliary 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 at 31 December 2011 there were 671 cases pending before common courts which have been brought against the Group for the total amount of PLN 92,696 thousand (539 cases for the total amount of PLN 68,941 thousand as at 31 December 2010). Provisions related to the court cases have been presented in note 23.

29.3. Arbitration proceedings

As at 31 December 2011 there were no pending proceedings before competent arbitration bodies.

29.4. Proceedings before public administration bodies

Pursuant to a decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 which closed the proceedings for charging customers with a double subscription fee for January 2008, ENEA S.A. was obliged to pay a fine of PLN 160 thousand. The Company appealed against the decision on 30 September 2008. On 31 August 2009 the Regional Court in Warsaw – Court of Competition and Consumer Protection reduced the fine to PLN 10 thousand. On 25 September 2009, ENEA appealed against the judgment issued by the Court of Competition and Consumer Protection to the Court of Appeals in Warsaw applying for reversal of the decision in whole. On 27 April 2010 the Court reversed the judgment and remanded the case for reconsideration. On 27 January 2011 the Court of Competition and Consumer Protection dismissed the appeal of ENEA S. A. against the decision of the President of the Office of Competition and Consumer Protection of 12 September 2008 and upheld the PLN 10 thousand fine imposed on the Company. Having obtained the grounds for the decision, on 20 April 2011 the Proxy of ENEA S.A. appealed against the decision to the Court of Appeals in Warsaw, VI Civil Law Division.

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. On 17 March 2011 the Court of Appeals overruled the decision of the President of the Office of Competition and Consumer Protection. The ruling is final and the President of the Office of Competition and Consumer Protection did not file a last resort 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 by the President of the Energy Regulatory Office and remanded the case for reconsideration and settling the costs of the appeal proceedings. On 27 September 2011 the Regional Court of Competition and Consumer Protection in Warsaw dismissed the appeal of ENEA against the decision of the President of the Office of Competition and Consumer Protection on imposing a fine on ENEA. An appeal against the decision of 27 September 2011 was filed on 18 November 2011.

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: Elektrownia Kozienice 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 individual months of 2006 and the amounts specified in the original tax return were correct.

Proceedings related to overpaid tax for 2007: Elektrownia Kozienice 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 individual 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 individual 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.

Elektrownia Kozienice 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 individual months of 2008 and which set the tax liability for a certain period.

Proceedings related to overpaid tax for January 2009 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 individual 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.

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 January and February 2009 and which set the tax liability for a certain period.

The Administrative Court in Warsaw, VIII Division in Radom, gave rulings which accepted the complaints of Elektrownia "Kozienice" S. A. and overruled the decisions of the Director of the Customs Chamber in Warsaw and earlier decisions of the Head of the Radom Customs Office on the amounts of excise duty for the period from January 2006 to February 2009. The Head of the Customs Chamber in Warsaw filed last resort appeals against the rulings in question.

The Administrative Court in Warsaw, VIII Division in Radom, gave rulings which dismissed the complaints of Elektrownia "Kozienice" S. A. concerning the decisions of the Director of the Customs Chamber in Warsaw and earlier decisions of the Head of the Radom Customs Office on the refusal to return the overpaid excise duty for the period from January 2006 to February 2009. Last resort appeals are being prepared.

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 first and second half of 2008. The decision 132 imposed a fine of PLN 2,888,542.00 thousand, decision 133, of PLN 2,177,780.00.
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.

The representative of Elektrownia "Kozienice" appealed against both decisions (of 23 December 2010, ref. No. KOA/2563/Oś/10 and KOA/2562/Oś/10) to the Provincial Administrative Court in Warsaw. On 1 April 2011 the Provincial Administrative Court in Warsaw heard both cases, ref. No. IV SA/Wa 296/11 and IV SA/Wa 297/11. The court dismissed both appeals of Elektrownia "Kozienice". On 16 June 2011 the representative of Elektrownia "Kozienice" filed last resort appeals to the Supreme Administrative Court against both rulings of the Provincial Administrative Court on cases No. IV SA/Wa 296/11 and IV SA/Wa 297/11. The Supreme Administrative Court has not yet set dates of the hearing of appeals.

Due to the nature of the Group's business, there were many other proceedings before the public administration bodies as of 31 December 2011.

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 2011 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.

29.5. 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).

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.

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

The Act of 17 December 2010 amending the act on forests and the act on environmental protection (Journal of Laws of 2010, No. 34, item 2572 as amended), which came into force in March 2011 laid legal grounds for establishing transmission easement for consideration on real property owned by the State Treasury and managed by National Forests by forest district offices for the benefit of energy companies. In accordance with the Act, the consideration depends on the amount of taxes and charges incurred by the National Forests with relation to the part of the real property the use of which is limited due to the easement.
In preparation for implementation of the statutory provisions, the Group carried out a physical count of land managed by the National Forests with elements of the energy distribution system owned by the Group and created a relevant provision for the potential payments to the National Forests. The Group started talks with the National Forests aimed at determining the scope of transmission easement and the amount of related expenses. Agreements concluded with particular forest district offices will allow for resolving issues related to locating electricity networks in the woodlands and will enable the Company to use these networks appropriately. Obtaining a title to use land in the woodlands will facilitate exploitation, renovation and modernization of electricity lines and carrying out new investment projects. Better access to the network and appropriate cutting of trees and branches will reduce the risk of breakdowns and improve the security of electricity supplies.

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 23.

30. 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 duty (before it was paid by Elektrownia "Kozienice" S.A.).

On 12 February 2009 the European Court of Justice issued a ruling 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 29.4.

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

31. 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) 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 intended to sell the 225,135,940 shares with the face value of PLN 1 each.

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 2010 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.

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 underwriter) 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. On 1 April 2011, the Minister of the Treasury decided to close the process of sales of 51% of shares in ENEA S.A. (inconclusive).

32. Post balance sheet events

On 9 February 2012 the Company published an initiation to negotiations concerning acquisition of a block of 4,400 shares with the face value of PLN 500 each - owned by ENEA S. A. and accounting for 100% of the share capital of Auto-Styl Sp. z o.o. with its registered office in Zielona Góra. The deadline for the written responses to be provided by Potential Investors is 14 March 2012, 12 p.m. Warsaw time.

Selected separate financial data

	in PLN'000		in EUR '000	
	12 months ended 31 December 2011	12 months ended 31 December 2010	12 months ended 31 December 2011	12 months ended 31 December 2010
Net sales revenue	5 577 633	6 304 332	1 347 222	1 574 351
Operating profit/loss	42 268	116 230	10 209	29 026
Profit/loss before tax	394 281	413 872	95 235	103 354
Net profit/loss for the reporting period	358 141	364 386	86 505	90 996
Net cash flows from operating activities	(386 821)	118 501	(93 433)	29 593
Net cash flows from investing activities	926 388	117 632	223 760	29 376
Net cash flows from financing activities	(198 076)	(171 436)	(47 843)	(42 812)
Total net cash flows	341 491	64 697	82 484	16 156
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.81	0.83	0.20	0.21
Diluted earnings per share (in PLN/EUR)	0.81	0.83	0.20	0.21

	Balance as at 31 December 2011	Balance as at 31 December 2010	Balance as at 31 December 2011	Balance as at 31 December 2010
Total assets	11 162 549	11 075 352	2 527 293	2 796 594
Total liabilities	953 721	1 031 478	215 930	260 455
Non-current liabilities	115 210	120 115	26 085	30 330
Current liabilities	838 511	911 363	189 846	230 125
Equity	10 208 828	10 043 874	2 311 363	2 536 140
Share capital	588 018	588 018	133 132	148 478
Book value per share (in PLN/EUR)	23.13	22.75	5.24	5.75
Diluted book value per share (in PLN/EUR)	23.13	22.75	5.24	5.75

The above financial data for Q4 2011 and 2010 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 December 2011– PLN/EUR 4.4168 (as at 31 December 2010 - PLN/EUR 3.9603);
- 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 2011 - PLN/EUR – 4.1401 (for the period from 1 January to 31 December 2010 – PLN/EUR 4.0044).

Condensed interim separate financial statements of ENEA S.A. for the period from 1 January to 31 December 2011

Poznań, 29 February 2012

Index to the condensed interim separate financial statements

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

Members of the Management Board

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

Poznań, 29 February 2012

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

Separate Balance Sheet

	Balance as at	
	31.12.2011	**31.12.2010**
ASSETS		
Non-current assets		
Property, plant and equipment	185 550	209 566
Perpetual usufruct of land	1 471	1 488
Intangible assets	3 114	3 353
Investment property	10 747	-
Investments in subsidiaries, associates and co-subsidiaries	8 250 389	7 874 545
Deferred tax asset	56 493	40 137
Financial assets available for sale	19 365	20 448
Financial assets held to maturity	142 193	-
Financial assets measured at fair value through profit or loss	1 557	1 411
	8 670 879	**8 150 948**
Current assets		
Trade and other receivables	1 039 389	775 466
Current income tax receivables	14 183	880
Financial assets measured at fair value through profit or loss	712 670	1 781 939
Cash and cash equivalents	707 610	366 119
	2 473 852	**2 924 404**
Non-current assets available for sale (AFS)	**17 818**	**-**
TOTAL ASSETS	**11 162 549**	**11 075 352**

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

	Balance as at	
EQUITY AND LIABILITIES	**31.12.2011**	**31.12.2010**
EQUITY		
Share capital	588 018	588 018
Share premium	4 627 673	4 627 673
Share-based capital	1 144 336	1 144 336
Revaluation reserve (financial instruments)	11 989	10 941
Reserve capital	1 062 349	892 198
Retained earnings	2 774 463	2 780 708
Total equity	**10 208 828**	**10 043 874**
LIABILITIES		
Non-current liabilities		
Credit facilities and loans	-	-
Finance lease liabilities	5 548	5 019
Settlement of income due to subsidies and connection fees	30 278	31 840
Liabilities due to employee benefits	79 384	83 256
	115 210	**120 115**
Current liabilities		
Credit facilities and loans	-	-
Trade and other liabilities	570 558	713 729
Finance lease liabilities	3 136	3 422
Settlement of income due to subsidies and connection fees	2 918	2 325
Current income tax liabilities	-	-
Liabilities due to employee benefits	14 567	17 022
Liabilities due to an equivalent of the right to acquire shares free of charge	508	557
Provision for certificates of origin	192 946	130 779
Provisions for other liabilities and charges	53 878	43 529
	838 511	**911 363**
Total liabilities	**953 721**	**1 031 478**
TOTAL EQUITY AND LIABILITIES	**11 162 549**	**11 075 352**

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

Separate statement of comprehensive income

	12 months ended 31.12.2011	3 months ended 31.12.2011	12 months ended 31.12.2010	3 months ended 31.12.2010
Sales revenue	5 805 632	1 450 170	6 558 983	1 653 141
Excise tax	(227 999)	(58 856)	(254 651)	(62 355)
Net sales revenue	**5 577 633**	**1 391 314**	**6 304 332**	**1 590 786**
Other operating revenue	25 945	13 418	28 667	22 163
Depreciation/amortization	(16 645)	(3 860)	(17 445)	(4 404)
Costs of employee benefits	(60 383)	(19 012)	(59 842)	(20 665)
Consumption of materials and supplies and costs of goods sold	(5 495)	(1 379)	(4 049)	(1 364)
Energy purchase for sale	(3 575 667)	(909 455)	(4 052 513)	(1 072 196)
Transmission and distribution services	(1 665 980)	(404 764)	(1 886 344)	(453 183)
Other external services	(179 494)	(56 302)	(140 763)	(44 064)
Taxes and charges	(9 450)	(1 837)	(9 549)	(2 243)
Profit/(loss) on sale and liquidation of property, plant and equipment	(282)	(405)	(1 179)	(706)
Impairment loss on property, plant and equipment	(5 634)	-	-	-
Other operating expenses	(42 280)	(18 588)	(45 085)	(24 768)
Operating profit	**42 268**	**(10 870)**	**116 230**	**(10 644)**
Financial expenses	(6 436)	(1 569)	(5 986)	(1 573)
Financial revenue	122 110	23 450	109 740	20 744
Revenue from dividends	236 339	-	193 888	-
Profit before tax	**394 281**	**11 011**	**413 872**	**8 527**
Income tax	(36 140)	(4 373)	(49 486)	(3 802)
Net profit for the reporting period	**358 141**	**6 638**	**364 386**	**4 725**

Other items of comprehensive income:				
Measurement of financial assets available for sale	1 294	1 294	15 700	456
Income tax related to other items of comprehensive income	(246)	(246)	(912)	(87)
Other items of net comprehensive income	**1 048**	**1 048**	**14 788**	**369**
Comprehensive income for the period	**359 189**	**7 686**	**379 174**	**5 094**

Earnings attributable to the Company's shareholders	358 141	6 638	364 386	4 725
Weighted average number of ordinary shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	**0.81**	**0.02**	**0.83**	**0.01**
Diluted profit per share (in PLN per share)	**0.81**	**0.02**	**0.83**	**0.01**

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

Separate statement of changes in equity

	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based capital	Revaluation reserve (financial instruments)	Reserve capital	Retained earnings	Total equity
Balance as at 1 January 2011	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**10 941**	**892 198**	**2 780 708**	**10 043 874**
Comprehensive income						1 048		358 141	**359 189**
Distribution of the financial profit							170 151	(170 151)	**-**
Dividends								(194 235)	**(194 235)**
Other									**-**
Balance as at 31 December 2011	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**11 989**	**1 062 349**	**2 774 463**	**10 208 828**

	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based capital	Revaluation reserve (financial instruments)	Reserve capital	Retained earnings	Total equity
Balance as at 1 January 2010	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**(3 847)**	**754 841**	**2 721 427**	**9 832 448**
Comprehensive income						14 788		364 386	**379 174**
Distribution of the financial profit							137 357	(137 357)	**-**
Dividends								(167 748)	**(167 748)**
Other									**-**
Balance as at 31 December 2010	**441 443**	**146 575**	**588 018**	**4 627 673**	**1 144 336**	**10 941**	**892 198**	**2 780 704**	**10 043 874**

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

Separate cash flow statement

	12 months ended 31.12.2011	12 months ended 31.12.2010
Cash flows from operating activities		
Net profit for the reporting period	358 141	364 386
Adjustments:		
Income tax disclosed in the income statement	36 140	49 486
Depreciation/amortization	16 645	17 445
Costs of benefits due to share-based payments	-	-
(Gain) / loss on sale and liquidation of property, plant and equipment	(8 802)	(1 761)
Impairment loss on property, plant and equipment	6 631	718
(Gain)/loss on disposal of financial assets	(9 098)	6 363
Interest income	(190 945)	(116 556)
Revenue from dividends	(236 339)	(193 888)
Interest expense	2 489	1 744
Exchange (gains)/losses related to credit facilities and loans	-	-
	(383 279)	**(236 449)**
Income tax paid	(66 045)	(52 958)
Interest received	39 001	29 170
Interest paid	(2 140)	(1 384)
Changes in working capital		
Inventory	-	-
Trade and other receivables	(257 298)	74 490
Trade and other liabilities	(139 083)	(130 801)
Liabilities due to employee benefits	(6 327)	7 991
Settlement of income due to subsidies and connection fees	(2 258)	(2 242)
Change in provisions for certificates of origin	62 167	65 168
Change in liabilities due to the equivalent of the right to acquire shares free of charge	(49)	(61)
Change in provisions	10 349	1 191
	(332 499)	15 736
Net cash flows from operating activities	**(386 821)**	**118 501**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(15 790)	(32 442)
Receipts from disposal of property, plant and equipment and intangible assets	2 489	262
Receipts from disposal of financial assets	1 223 993	5 634
Acquisition of financial assets	(140 511)	(42 300)
Acquisition of subsidiaries, associates and a jointly-controlled entity	(380 461)	(7 610)
Dividends received	236 339	193 888
Other payments for/receipts from investing activities	329	200
Net cash flows from investing activities	**926 388**	**117 632**
Cash flows from financing activities		
Proceeds from sale of treasury shares		-
Dividends paid	(194 206)	(167 748)
Payment of finance lease liabilities	(3 870)	(3 688)
Net cash flows from financing activities	**(198 076)**	**(171 436)**
Net increase/(decrease) in cash	**341 491**	**(64 697)**
Opening balance of cash	366 119	301 422
Closing balance of cash	**707 610**	**366 119**

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

1. General information about ENEA S.A.

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

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

As at 31 December 2011 the shareholding structure of ENEA S. A. was the following: the State Treasury of the Republic of Poland – 51.68% of shares, Vattenfall AB – 18.67%, other shareholders – 29.65%.

As at 31 December 2011 the statutory share capital of ENEA 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 ENEA S.A. ("ENEA", "Company").

ENEA S.A. is the parent company in the ENEA S.A. Capital Group. As at 31 December 2011 the Group comprised also 20 subsidiaries, 3 indirect subsidiaries and 2 associates.

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

2. Statement of compliance

These condensed interim separate financial statements have been prepared in compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting, as endorsed by the European Union (IFRS-

EU), and approved by the Management Board of ENEA S.A.

The Management Board of the Company 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 2011. 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 principles consistent with those applied during the preparation of the most recent annual separate financial statements, except for changes in standards and interpretations endorsed by the European Union which apply to the reporting periods beginning after 1 January 2011.

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

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

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

4. New accounting standards and interpretations

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

5. Material estimates and assumptions

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

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

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

	Name and address of the Company	**Share of ENEA S.A. in the total number of votes 31.12.2011**	**Share of ENEA S.A. in the total number of votes 31.12.2010**
1.	ENERGOMIAR Sp. z o.o. *Poznań, ul Strzeszyńska 58*	100	100
2.	BHU S.A. *Poznań, ul. Strzeszyńska 58*	92.62	91.47
3.	ENEA Centrum S.A. *Poznań, ul. Św. Wojciecha 7/9*	100	100
4.	Hotel „EDISON" Sp. z o.o. *Baranowo k/Poznania*	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. *Lipno, Gronówko 30*	100	100
7.	ENERGO-TOUR Sp. z o.o. *Poznań, ul. Marcinkowskiego 27*	99.92	99.92
8.	ENEOS Sp. z o.o. *Poznań, ul.Strzeszyńska 58*	100	100
9.	ENTUR Sp. z o.o. *Szczecin, ul. Malczewskiego 5/7*	100	100
10.	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. *Inowrocław, ul. Wilkońskiego 2*	99.94	99.94
11.	Elektrownie Wodne Sp. z o.o. *Samociążek, 86-010 Koronowo*	99.996	100
12.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Oborniki, ul. Wybudowanie 56	91.02	87.99
13.	„IT SERWISs" Sp. z o.o. *Zielona Góra, ul. Zacisze 28*	100	100
14.	„Auto – Styl" Sp. z o.o. *Zielona Góra, ul. Zacisze 15*	100	100
15.	FINEA Sp. z o.o. in liquidation *Poznań, ul.Warszawska 43*	-	100
16.	ENEA Operator Sp. z o.o. *Poznań, ul. Strzeszyńska 58*	100	100
17.	Elektrownia „Kozienice" S.A. *Świerże Górne, gmina Kozienice, Kozienice 1*	100	100
18.	Miejska Energetyka Cieplna Sp. z o.o. *64-920 Piła, ul. Kaczorska 20*	65.03	64.064
19.	Kozienice II Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 1*	-	80.56
20.	Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. *Ostrów Wlkp., ul. Chłapowskiego 51*	49	49
21.	Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. *Śrem, ul. Staszica 6*	-	41.65
22.	Elektrociepłownia Białystok S.A. *Białystok, ul. Gen. Andersa 3*	99.94	30.36
23.	DOBITT Energia Sp. z o.o. Gorzesław 8, 56-420 Bierutów	100	-
24.	Annacond Enterprises Sp. z o.o. Warszawa, ul. Jana III Sobieskiego 1/4	61	-
25.	ELKO Trading Sp. z o.o. *Świerże Górne, gmina Kozienice, Kozienice 1*	-*	-*
26.	Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa *Samociążek, 86-010 Koronowo*	-	-**
27.	„Ecebe" Sp. z o.o. Augustów, ul. Wojciech 8	-***	-
28.	Energo-Invest-Broker S.A. Toruń, ul. Jęczmienna 21	-****	-

*100% of shares in ELKO Trading Sp. z o.o. is held by Elektrownia “Kozienice” S.A.
** 99% of total rights and obligations in Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa is vested in Elektrownie Wodne Sp. z o. o., and 1% in ENEA Centrum S.A.
***100% of shares in Ecebe is held by Elektrociepłownia Białystok S.A.
**** an associate of Elektrownia Kozienice S.A.

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

On 27 December 2010, the Extraordinary Meeting of BHU S.A. adopted Resolution to increase the share capital of the Company by PLN 2,072 thousand, up to PLN 16,375.1 thousand, by way of issuing 20,720 K series shares, by a private placement. The new shares in the Company’s share capital were acquired by ENEA S.A. for a contribution in kind.
The increased share capital of BHU S.A. was registered in the National Court Register on 21 January 2011.

On 30 December 2010 the Extraordinary Shareholders’ Meeting decided to increase the share capital of MEC Piła Sp. z o.o. by PLN 773 thousand up to PLN 28,689 thousand, by way of creating 773 new shares with the face value of PLN 1,000 each. The new shares in the Company’s share capital were acquired by ENEA S.A. for a contribution in kind.
The increased share capital of MEC Piła Sp. z o.o. was registered in the National Court Register on 24 February 2011.

On 27 January 2011 an auction was announced for the sale of shares in Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. The auction included 6,860 ordinary registered shares of Przedsiębiorstwo Energetyki Cieplnej w Śremie S.A. with the face value of PLN 1,000 each and the total value of PLN 6,860 thousand, accounting for 41.65% of its share capital. The total market value of the shares – corresponding to the starting price – is PLN 9,611,820,40 and has been based on measurement carried out as at 30 June 2010. Since none of the potential investors paid the deposit within the deadline, no buyer was selected in the tender and ENEA S.A. remained the holder of the shares. On 21 February 2011 ENEA S.A. received a letter from Centrozap S.A. (a holder of 51% of shares in PEC Śrem S.A.) declaring the will to buy the holding in question, but only after 16 May 2011 due to corporate procedures. At the same time, Centrozap S.A. accepted the starting price published in the tender announcement. The preliminary agreement on the sale of shares was concluded on 26 May 2011 under which the Parties are obliged to conclude the Final Agreement by 14 July 2011. On 13 July 2011 was concluded the final agreement on the sale of shares.

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

On 15 February 2011 the Extraordinary Shareholders' Meeting decided to increase the share capital of Hotel EDISON Sp. z o.o. by PLN 35 thousand up to PLN 21,271,5 thousand, by way of creating 70 new shares with the face value of PLN 500 each. All shares in the increased share capital of Hotel EDISON Sp. z o.o. will be acquired by the existing sole shareholder – ENEA S.A. and fully covered with a cash contribution. The increase in the share capital was registered in the National Court Register on 28 July 2011.

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

On 30 March 2011 the Group acquired 100% of rights and obligations in ZU-AN Sp. z o. o. sp. k. for the total amount of PLN 28,383 thousand. (Elektrownie Wodne Sp. z o.o. paid PLN 28,117 thousand and Energetyka Poznańska Biuro Usług Technicznych S.A. paid PLN 266 thousand). The name of the Acquiree was Elektrownie Wiatrowe – Energetyka Poznańska Biuro Usług Technicznych Spółka Akcyjna Spółka Komandytowa and it has been changed to: Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna Spółka Komandytowa. 99% of total rights and obligations is vested in Elektrownie Wodne Sp. z o. o. (limited partner), and 1% in ENEA Centrum S. A. (general partner).

On 11 May 2011 ENEA S. A. acquired 100% shares in DOBITT Energia Sp. z o. o. for PLN 3,350 thousand and at the same time the share capital was increased by PLN 9,075 thousand up to PLN 9,175 thousand. The increased share capital of the Company was registered in the National Court Register on 22 August 2011.

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

On 8 June 2011 the Extraordinary Shareholders' Meeting of FINEA Sp. z o.o. in liquidation approved distribution of liquidation amounts. On 13 June 2011 a motion to remove the entity was filed to the National Court Register. On 20 July 2011 FINEA Sp. z o.o. in liquidation was liquidated and removed from the National Court Register.

On 27 May and on 6 and 8 June 2011 ENEA S. A. acquired 304 employee shares in Przedsiębiorstwo Energetyki Cieplnej Sp. z o. o. with the registered office in Oborniki for the total amount of PLN 387.6 thousand. In December 2011 ENEA S. A. bought 10 employee shares, as a part of the first tranche planned for 2011.

On 29 December 2010 the Extraordinary Shareholders' Meeting of Energo-Invest-Broker S. A. adopted the following resolutions: Resolution 1 approving the acquisition of 55.625% of shares in EIB S.A. held by PGE Górnictwo i Energetyka Konwencjonalna S.A. for redemption, Resolution 2 decreasing the share capital of the Company due to redemption of treasury shares, Resolution 3 on redemption of treasury shares.
On 28 April 2011 District Court for Toruń, VII Business Division of the National Court Register issued a decision to register the decrease in the share capital from PLN 500 thousand to PLN 221.9 thousand due to redemption of 1,780 shares previously held by PGE Górnictwo i Energetyka Konwencjonalna S. A. After redemption, the number of shares in EIB S.A. fell to 1,420. As a result the share of Elektrownia "Kozienice" S.A. in the share capital of the Company changed from 12.5% to 28.17%.

On 26 July 2011, the Extraordinary Shareholders' Meeting of EP PUE ENERGOBUD Leszno Sp. z o.o. adopted a resolution to increase the share capital by PLN 1,151 thousand, i.e. from PLN 7,634 thousand to PLN 8,785 thousand, in exchange for a contribution in kind. The acquisition of shares in the increased share capital of EP PUE ENERGOBUD Leszno Sp. z o.o. by ENEA S.A. and the transfer of perpetual usufruct right to real property related to the contribution in kind took place on 3 August 2011. The increased share capital was registered in the National Court Register on 15 September 2011.

On 22 August 2011 ENEA S. A. acquired 21,265 shares in "Annacond Enterprises" Sp. z o. o. with the registered office in Warsaw, with the par value of PLN 500 per share and constituting 61% of the share capital of the company.

On 12 September 2011, the Extraordinary Shareholders' Meeting of ENEOS Sp. z o. o. adopted a Resolution to increase the share capital of the company by PLN 11,900 thousand, from PLN 20,189 thousand to PLN 32,089.5 thousand in return for a contribution in kind of an organized part of an entity under Article 551 of the Civil Code ("Street lights in Poznań").
The acquisition of shares in the increased share capital of ENEOS Sp. z o. o. by ENEA S.A. and the transfer of an organized part of an enterprise from ENEA S. A. to ENEOS Sp. z o.o. under Article 551 of the Civil Code took place on 13 September 2011. The increased share capital of ENEOS Sp. z o.o. was registered in the National Court Register on 13 October 2011.

On 20 September 2011 the Extraordinary Shareholders' Meeting of BHU SA adopted Resolution No. 1 to increase the share capital of the Company by PLN 165,6 thousand by issuing 1,656 L series shares with the face value of PLN 100.00 each, from PLN 16,375.1 thousand to PLN 16,540.7 thousand, in exchange for a contribution in kind in the form of perpetual usufruct of real property of PLN 165.6 thousand, with no right to acquire shares granted to the existing shareholders.
On 20 September 2011, BHU S. A. placed an offer to acquire L series shares with ENEA S.A.
On 4 October 2011, ENEA S. A. accepted the offer to acquire L series shares of BHU S. A.
The agreement on the transfer of perpetual usufruct right to land was concluded on 3 November 2011. The increased share capital was registered in the National Court Register on 16 September 2011.

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

As Energetyka Poznańska Biuro Usług Technicznych S.A. has changed it business profile and has started providing services to the clients of ENEA S. A., it has changed its name to ENEA Centrum S. A.

On 17 November 2011 the Extraordinary Shareholders' Meeting passed a resolution to merge Elektrownie Wodne Sp. z o. o. with Elektrownie Wiatrowe Enea Centrum S. A. Sp. k. and to increase the share capital of Elektrownie Wodne Sp. z o. o. by PLN 8.5 thousand. The increased share capital was registered in the National Court Register on 2 January 2012.

7. Segment reporting

Segment reporting for the period from 1 January to 31 December 2011:

	Turnover	Production	All other segments	Eliminations	Total
Net sales revenue*	5 515 784	-	61 849	-	5 577 633
Inter-segment sales	-	-	-	-	-
Total net sales revenue	**5 515 784**	**-**	**61 849**	**-**	**5 577 633**
Total expenses **	(5 363 750)	-	(48 211)	-	(5 411 961)
Segment profit/loss	**152 034**	**-**	**13 638**	**-**	**165 672**
Unassigned general and administrative expenses					(123 404)
Operating profit					**42 268**
Financial expenses					(6 436)
Financial revenue					122 110
Revenue from dividends					236 339
Income tax					(36 140)
Net profit					**358 141**

* - Net sales revenue in Turnover includes net revenue from sales of distribution services of PLN 1,665,599 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution

** - total expenses:
- include the costs of sales of distribution services of PLN 1,665,980 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 2011:

	Turnover	Production	All other segments	Eliminations	Total
Net sales revenue*	1 373 787	-	17 527	-	1 391 314
Inter-segment sales	-	-	-	-	-
Total net sales revenue	**1 373 787**	**-**	**17 527**	**-**	**1 391 314**
Total expenses **	(1 354 411)	-	(10 839)	-	(1 365 250)
Segment profit/loss	**19 376**	**-**	**6 688**	**-**	**26 064**
Unassigned general and administrative expenses					(36 934)
Operating profit					**(10 870)**
Financial expenses					(1 569)
Financial revenue					23 450
Revenue from dividends					-
Income tax					(4 373)
Net profit					**6 638**

* - Net sales revenue in Turnover includes net revenue from sales of distribution services of PLN 404,484 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution

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

** - total expenses:
- include the costs of sales of distribution services of PLN 404,764 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 January to 31 December 2010:

	Turnover	Production	All other segments	Eliminations	Total
Net sales revenue*	6 245 866	-	58 466	-	6 304 332
Inter-segment sales	-	1 838	-	(1838)	-
Total net sales revenue	**6 245 866**	**1838**	**58 466**	**(1838)**	**6 304 332**
Total expenses **	(6 035 952)	(1 857)	(51 786)	1 838	(6 087 757)
Segment profit/loss	**209 914**	**(19)**	**6 680**	**-**	**216 575**
Unassigned general and administrative expenses					(100 345)
Operating profit					**116 230**
Financial expenses					(5 986)
Financial revenue					109 740
Revenue from dividends					193 888
Income tax					(49 486)
Net profit					**364 386**

* - Net sales revenue in Turnover includes net revenue from sales of distribution services of PLN 1,886,266 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution

** - total expenses:
- include the costs of sales of distribution services of PLN 1,886,344 thousand, which were presented separately in the condensed interim consolidated financial statements of the ENEA S.A. Group under Distribution
- include also other operating revenue and expenses

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

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

	Turnover	Production	All other segments	Eliminations	Total
Net sales revenue*	1 574 763	-	16 023	-	1 590 786
Inter-segment sales	-	277	-	(277)	-
Total net sales revenue	**1 574 763**	**277**	**16 023**	**(277)**	**1 590 786**
Total expenses **	(1 554 713)	(433)	(14 750)	277	(1 569 619)
Segment profit/loss	**20 050**	**(156)**	**1 273**	**-**	**21 167**
Unassigned general and administrative expenses					(31 811)
Operating profit					**(10 644)**
Financial expenses					(1 573)
Financial revenue					20 744
Revenue from dividends					-
Income tax					(3 802)
Net profit					**4 725**

* - Net sales revenue in Turnover includes net revenue from sales of distribution services of PLN 453,090 thousand, which was presented separately in the condensed interim consolidated financial statements of the ENEA Group under Distribution

** - total expenses:
- include the costs of sales of distribution services of PLN 453,183 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 (cont'd)

Other segment reporting information as at 31 December 2011:

<u>Balance as at 31 December 2011</u>	Turnover	Production	All other segments	Total
Property, plant and equipment	6 223	-	114 946	121 169
Trade and other receivables	748 625	-	8 403	757 028
Total	**754 848**	**-**	**123 349**	**878 197**
ASSETS excluded from segmentation				10 284 352
- including property, plant and equipment				64 381
- including trade and other receivables				282 361
TOTAL ASSETS				**11 162 549**
Trade and other liabilities	500 079		4 493	504 572
Equity and liabilities excluded from segmentation				10 657 977
- including trade and other liabilities				65 987
TOTAL EQUITY AND LIABILITIES				**11 162 549**
Capital expenditure for fixed assets and intangible assets			26 728	26 728
Capital expenditure for fixed assets and intangible assets excluded from segmentation				3 258
Depreciation/amortization of fixed assets/intangible assets	703	-	14 320	15 023
Depreciation/amortization of fixed assets/intangible assets excluded from segmentation				1 622
Impairment loss on receivables as at 31.12.2011	81 193		911	82 104

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

Segment reporting (cont'd)

Other segment reporting information as at 31 December 2010:

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

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

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

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

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 2011, the Company acquired property, plant and equipment for the total amount of PLN 29,986 thousand (during the period of 12 months ended 31 December 2010 it was PLN 49,333 thousand).

During the 12-month period ended 31 December 2011, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 4,221 thousand (during the period of 12 months ended 31 December 2010 it was PLN 35,984 thousand).

During the 12-month period ended 31 December 2011 the Company reduced its property, plant and equipment by a contribution of assets with the total net book value of PLN 17,996 thousand to BHU S.A., Eneos Sp. z o.o. and ENERGOBUD Leszno Sp. z o.o.

During the 12-month period ended 31 December 2011, impairment loss on the carrying amount of property, plant and equipment increased by PLN 822 thousand (during the 12 months ended 31 December 2010 impairment loss on the carrying amount of property, plant and equipment decreased by PLN 15,228 thousand).

During the 3-month period ended 31 December 2011, impairment loss on the carrying amount of property, plant and equipment increased by PLN 1,720 thousand (during 3 months ended 31 December 2010 impairment loss on the carrying amount of property, plant and equipment did not change).

As at 31 December 2011 the total impairment of the carrying amount of property, plant and equipment amounted to PLN 1,592 thousand (as at 31 December 2010: PLN 770 thousand).

Impairment test (property, plant and equipment)

As at 31 December 2011 ENEA S.A. compared the book value of its equity with its market value (stock market cap). ENEA S.A. has found no grounds to recognize losses (provisions) on analyzed assets as at 31 December 2011.

9. Intangible assets

During the 12-month period ended 31 December 2011, the Company did not acquire intangible assets (during the period of 12 months ended 31 December 2010: PLN 0 thousand).

During the 12-month period ended 31 December 2011 intangible assets of PLN 687 thousand were transferred from fixed assets under construction (PLN 2,632 thousand during the period of 12 months ended 31 December 2010).

During the 12-month period ended 31 December 2011, the Company did not sell or liquidate intangible assets (during the period of 12 months ended 31 December 2010: PLN 0 thousand).

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

10. Investment property

	31.12.2011	31.12.2010
Opening balance	**-**	**-**
Acquisition		
Reclassification from/to property, plant and equipment	10 747	-
Disposal (gross value)	-	-
Liquidation (gross value)	-	-
Closing balance	**10 747**	**-**

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

	31.12.2011	31.12.2010
Opening balance	**7 874 545**	**7 844 884**
Reclassification to non-current assets held for sale	(15 575)	-
Acquisition of investments	392 822	37 144
Disposal of investments	(9 230)	-
Other changes	(4 523)	-
Impairment loss	12 350	(7 483)
Closing balance	**8 250 389**	**7 874 545**
Impairment loss		
Opening balance	**39 855**	**32 372**
Recognized	-	9 320
Derecognized	(7 725)	(1 837)
Assigned	(4 523)	-
Closing balance	**27 607**	**39 855**
Net value opening balance	**7 874 545**	**7 844 884**
Net value closing balance	**8 250 389**	**7 874 545**

In the 12-month period ended 31 December 2011 the Company acquired shares in its subsidiaries and associates: Hotel "EDISON" Sp. z o. o., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., Elektrociepłownia Białystok S.A., Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o., ENEOS Sp. z o.o. and BHU S.A. for the total amount of PLN 365,147 thousand and acquired 100% shares in DOBITT Energia Sp. z o.o. for the amount of PLN 12,425 thousand and 61% of shares in Annacond Enterprises Sp. z o.o. for PLN 15,250 thousand (in the 12-month period ended 31 December 2010 the Company acquired shares in subsidiaries for the total amount of PLN 37,144 thousand).

During the 12-month period ended 31 December 2011 the Company sold shares in an associate - Przedsiębiorstwo Energetyki Cieplnej w Śremie S. A. for PLN 9,230 thousand and FINEA Sp. z o. o. in liquidation was finally liquidated (in the 12-month period ended 31 December 2010 the Company did not sell any investments in subsidiaries or associates).

In 2011, the Company reclassified shares in Hotel "EDISON" Sp. z o.o. in the amount of PLN 12,876 thousand and in Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych "WIRBET" S.A. of PLN 2,699 thousand to non-current assets held for sale in line with IFRS 5.

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

12. Impairment loss on trade and other receivables

	31.12.2011	31.12.2010
Opening balance of impairment loss on receivables	**82 343**	**82 623**
Recognized	13 139	14 333
Derecognized	(6 819)	(14 608)
Assigned	(6 559)	(5)
Closing balance of impairment loss on receivables	**82 104**	**82 343**

During the 12-month period ended 31 December 2011 the impairment loss on the carrying amount of trade and other receivables decreased by PLN 239 thousand (during the period of 12 months ended 31 December 2010 the impairment loss decreased by PLN 280 thousand).

During the 3-month period ended 31 December 2011 the impairment loss on the carrying amount of trade and other receivables increased by PLN 1,212 thousand (during the period of 3 months ended 31 December 2010 the impairment loss decreased by PLN 413 thousand).

13. Cash and cash equivalents

	31.12.2011	31.12.2010
Cash in hand and at bank	**707 076**	**365 762**
- cash in hand	192	138
- cash at bank	706 884	365 624
Other cash	**534**	**357**
-cash in transit	534	357
Total cash and cash equivalents	**707 610**	**366 119**
Cash disclosed in the cash flows statement	**707 610**	**366 119**

As at 31 December 2011 the restricted cash amounted to PLN 9,262 thousand and comprised cash at bank (cash blocked due to a deposit for receivables and a transaction deposit).
As at 31 December 2010 the restricted cash amounted to PLN 10,341 thousand.

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

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 at 31 December 2011 the funds amounted to PLN 712,527 thousand (treasury bills and bonds of PLN 282,527 thousand) and deposits (in banks specified by the Company – PLN 430,000 thousand).
The investment portfolio is treated as financial assets measured at fair value through profit or loss.
The strategy is to maximize profit at a minimum risk.

In December 2011 ENEA S. A. concluded one forward transaction with the bank, the purpose of which was to hedge FX risk (EUR/PLN) related to the contract on the purchase of assets. As at 31 December 2011 the value of the financial asset (forward) was PLN 143 thousand.

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

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

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

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

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

The Management Board of ENEA S.A. assigned 33,239,235 shares to eligible individuals. The lockup period for the shares acquired by eligible individuals free of charge is two years starting from the date of disposal of the first shares by the State Treasury on general terms. On 15 February 2012 ended the two-year period when the sale of shares obtained by employees was not allowed. The Management Board of ENEA S.A. took appropriate steps to enable trading in specified shares in the Warsaw Stock Exchange.

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

According to the Management Board, IFRS do not lay down detailed principles for accounting for a plan displaying the features specified in the Act on Commercialization and Privatization. In particular, they do not allow for unambiguous interpretation of a situation where the total number of shares due to staff employed at the moment of commercialization, i.e. before the Grant Date, was determined but the number of shares to be granted to particular employees was not specified. In such a case an employee working in subsequent periods, by the Grant Date, will 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 at 31 December 2011 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 at 31 December 2007). Exchange of the value of the equivalent for subscription rights worth PLN 224,042 thousand was disclosed in the Company's equity under "Share-based capital".

As at 31 December 2011 nearly the whole equivalent was paid to the Eligible Employees of Elektownia "Kozienice" S.A. As at 31 December 2011 the remaining liabilities due to the equivalent amounted to PLN 508 thousand (PLN 557 thousand as at 31 December 2010).

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

16. Deferred income tax

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

	31.12.2011	31.12.2010
Opening balance	**(40 137)**	**(27 366)**
Amount debited/(credited) to profit	(16 602)	(13 683)
Change recognized in other items of comprehensive income	246	912
Closing balance	**(56 493)**	**(40 137)**

During the 12-month period ended 31 December 2011, the Company's profit before tax was credited with PLN 16,602 thousand as a result of an increase in the deferred tax asset (during the period of 12 months ended 31 December 2010 the Company's profit before tax was credited with PLN 13,683 thousand due to an increase in the asset).

During the 3-month period ended 31 December 2011 the Company's profit before tax was debited with PLN 1,765 thousand as a result of a decrease in the deferred tax asset (during the period of 3 months ended 31 December 2010 the Company's profit before tax was credited with PLN 5,579 thousand due to an increase in the value of the asset).

17. Certificates of origin

	31.12.2011	31.12.2010
Certificates of origin	(53 812)	(85 950)
Advance payments for certificates of origin	(2 952)	(2 610)
Provision for the costs of redemption of certificates of origin	249 710	219 339
Provision for certificates of origin	**192 946**	**130 779**

18. Provisions for liabilities and other charges

Provision for projected losses due to compensation proceedings and penalties

	31.12.2011	31.12.2010
Opening balance	**43 529**	**42 338**
Increase in provisions	18 034	19 450
Applied provisions	(1 678)	-
Decrease in provisions	(6 007)	(18 259)
Closing balance	**53 878**	**43 529**

Provisions for liabilities are determined in reasonable, reliably estimated amounts. Individual provisions are recognized for projected losses related to court action brought against the Company. The amount recognized as a provision is the best estimate of the expenditure required to settle a claim. The cost of provisions is recognized under other operating expenses. A description of material claims and the related contingent liabilities has been presented in note 23.2.

During the 12-month period ended 31 December 2011 the provision for projected losses due to compensation proceedings and penalties increased by PLN 10,349 thousand (during the period of 12 months ended

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

31 December 2010 the provision for projected losses due to compensation proceedings and penalties increased by PLN 1,191 thousand).

During the 3-month period ended 31 December 2011 the provision for projected losses due to compensation proceedings and penalties increased by PLN 7,943 thousand (during the period of 3 months ended 31 December 2010 the provision for projected losses due to compensation proceedings and penalties increased by PLN 2,262 thousand).

19. Dividend

On 29 June 2011 the General Shareholders' Meeting of ENEA S.A. adopted Resolution 7 concerning net profit distribution for the financial period from 1 January 2010 to 31 December 2010 whereby the dividend for the shareholders amounted to PLN 194,235 thousand (PLN 0.44 per share). The dividend had been paid by 30 September 2011.

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

20. Related party transactions

The Company concludes transactions with the following related parties:

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

	01.01.2011 - 31.12.2011	**01.01.2010.-.31.12.2010**
Purchases, including:	**2 110 083**	**3 491 927**
investment purchases	11 580	12 921
materials	862	836
services	1 766 750	1 803 098
other (including energy)	330 891	1 675 072
Sales, including:	**31 651**	**402 142**
energy	18 621	332 399
materials and goods	-	-
services	4 142	2 162
other	8 888	10 193

	31.12.2011	**31.12.2010**
Receivables	9 510	46 196
Liabilities	309 546	463 655

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

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

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

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

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2011 – 31.12.2011	01.01.2010 - 31.12.2010	01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010
Remuneration under employment contracts	473	1 298	-	-
Remuneration under managerial and consultancy agreements	525	-	-	-
Remuneration relating to appointment of members of management or supervisory bodies	1 888	-	415	195
Remuneration due to the position held in supervisory boards of subsidiaries	195	415	-	-
Remuneration due to other employee benefits, including: (electricity allowance)	131	137	-	-
TOTAL	**3 212**	**1 850**	**415**	**195**

Remunerations of Members of the Management Board (until August 2011) and Supervisory Board are determined in line with 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. Since August 2011 Members of the Management Board have been hired based on managerial contracts and consultancy agreements.

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

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

No.	Body	Balance as at 01.01.2011	Granted on 01.01.2011	Maturing on 31.12.2011	Balance as at 31.12.2011
1.	Management Board	-	-	-	**-**
2.	Supervisory Board	29	5	(13)*	**21**
	TOTAL	**29**	**5**	**(13)**	**21**

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

* including PLN 6 thousand – loan amount not disclosed due to expiration of the term of office resulting from death of a Member of the Supervisory Board.

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

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

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

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

The transactions concern mainly:

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

Such transactions are concluded under arm's length terms and their conditions do not differ from those applied in transactions with other entities. As the Company does not keep record of the aggregate value of all transactions concluded with all state institutions and entities controlled by the State Treasury, the turnover and balances of transactions with related parties disclosed in these condensed interim separate financial statements do not include data related to transactions with entities controlled by the State Treasury.

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

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

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

	31.12.2011	31.12.2010
Acquisition of property, plant and equipment	4 845	14 172
Acquisition of intangible assets	254	160
	5 099	**14 332**

22. 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 and higher temperature and longer days in summer. Seasonal sales of electricity apply to a more considerable degree to small clients (44.74% of the sales value), rather than to the industrial sector.

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

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

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

Guarantees and sureties as at 31 December 2011

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Term	Relation between the Company and the entity which incurred the liability
1.	EP Zakład Transportu Sp. z o.o.	PLN 216 thousand (EUR 49 thousand)	31-08-2017	subsidiary
2.	ELKO Trading Sp. z o.o.	PLN 50,000 thousand	31-07-2012	indirect subsidiary

Guarantees and sureties as at 31 December 2010

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

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

23.2 Pending proceedings before courts of general jurisdiction

Actions brought by the Company

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

As at 31 December 2011, the total of 7,677 cases brought by the Company were pending before common courts of law for the total amount of PLN 17,530 thousand (5,767 cases for the total amount of PLN 15,748 thousand as at 31 December 2010). None of the cases can significantly affect the Company's financial profit/loss.

Actions brought against the Company

Actions against the Company are brought both by natural and legal persons. They mainly refer to such issues as compensation for interrupted delivery of electricity, identification of illegal electricity consumption and compensation for the Company's use of real property where electrical devices are located. The Company considers actions concerning non-contractual use of real property not owned by the Company as particularly important (note 23.5).

As at 31 December 2010, the total of 141cases against the Company were pending before common courts of law for the total amount of PLN 36,949 thousand (157 cases for the total amount of PLN 37,691 thousand as at 31 December 2010). Provisions related to the court cases have been presented in note 18.

23.3 Arbitration Proceedings

As at 31 December 2011 there were no pending proceedings before competent arbitration bodies.

23.4 Proceedings before Public Administration Bodies

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

12 September 2008 and upheld the PLN 10 thousand fine imposed on the Company. Having obtained the grounds for the decision, on 20 April 2011 the Proxy of ENEA S.A. appealed against the decision to the Court of Appeals in Warsaw, VI Civil Law Division. The date of the hearing was set at 8 February 2012.

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 by the President of the Energy Regulatory Office and remanded the case for reconsideration and settling the costs of the appeal proceedings. On 27 September 2011 the Regional Court of Competition and Consumer Protection in Warsaw dismissed the appeal of ENEA against the decision of the President of the Office of Competition and Consumer Protection on imposing a fine on ENEA. An appeal against the decision of 27 September 2011 was filed on 18 November 2011.

On 28 December 2009 the President of the Energy Regulatory Office issued a decision on ENEA's failure to comply with the obligation to purchase electricity produced in the CHP system in the first half of 2007, imposing a fine of PLN 2,150 thousand on the Company. On 19 January 2010, ENEA filed an appeal against the decision of the President of the Energy Regulatory Office to the Regional Court in Warsaw - the Court of Competition and Consumer Protection. As at 31 December 2011, ENEA recognized a provision in the total amount of the aforementioned fine.

23.5 Risk related to the legal status of property used by the Company

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

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

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

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

The Company does not recognize a provision for claims which have not been filed yet by owners of land used non-contractually. The value of 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.

23.6 Risk Related to Participation in Costs Incurred due to the Use of Woodland Managed by the National Forests for the Needs of Electricity Lines

The Act of 17 December 2010 amending the act on forests and the act on environmental protection (Journal of Laws of 2010, No. 34, item 2572 as amended), which came into force in March 2011 laid legal grounds for establishing transmission easement for consideration on real property owned by the State Treasury and managed by National Forests by forest district offices for the benefit of energy companies. In accordance with the Act, the consideration depends on the amount of taxes and charges incurred by the National Forests with relation to the part of the real property the use of which is limited due to the easement.

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

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 18.

24. Post balance sheet events

On 9 February 2011 the Company published an invitation to negotiations concerning acquisition of a block of 4,400 shares with the face value of PLN 500 each - owned by ENEA S. A. and accounting for 100% of the share capital of Auto-Styl Sp. z o.o. with its registered office in Zielona Góra. The deadline for the written responses to be provided by Potential Investors is 14 March 2012, 12 p.m. Warsaw time.