

TAURON Polska Energia S.A.

Interim condensed financial statements

**prepared according to the International Financial Reporting Standards
for the 9-month period ended 30 September 2010**

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2010

	Note	3-month period ended 30 September 2010 <i>(unaudited)</i>	9-month period ended 30 September 2010 <i>(unaudited)</i>	3-month period ended 30 September 2009 <i>(unaudited)</i>	9-month period ended 30 September 2009 <i>(unaudited)</i>
Continuing operations					
Sale of goods for resale, finished goods and materials		1 667 102	5 068 957	1 575 934	5 161 773
Rendering of services		2 194	7 067	1 446	4 669
Other income		-	13	5	12
Sales revenue		1 669 296	5 076 037	1 577 385	5 166 454
Cost of sales		(1 635 432)	(4 970 961)	(1 534 364)	(5 027 309)
Gross profit		33 864	105 076	43 021	139 145
Other operating income		494	618	9	18
Selling and distribution expenses		(2 477)	(7 607)	(2 292)	(3 531)
Administrative expenses		(20 204)	(73 861)	(21 814)	(45 024)
Other operating expenses		(294)	(638)	(58)	(281)
Operating profit		11 383	23 588	18 866	90 327
Finance income		4 946	189 778	91 931	133 639
Finance costs		(2 193)	(2 759)	(1 299)	(4 658)
Profit before tax		14 136	210 607	109 498	219 308
Income tax expense	9	(2 895)	(10 296)	(18 521)	(32 740)
Net profit from continuing operations		11 241	200 311	90 977	186 568
Net profit for the period		11 241	200 311	90 977	186 568
Other comprehensive income:		-	-	-	-
Total comprehensive income for the period		11 241	200 311	90 977	186 568
Earnings per share (in PLN)					
	16				
- basic, for profit for the period		0.01	0.13	0.06	0.12
- basic, for profit from continuing operations for the period		0.01	0.13	0.06	0.12
- diluted, for profit for the period		0.01	0.13	0.06	0.12
- diluted, for profit from continuing operations for the period		0.01	0.13	0.06	0.12

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

	Note	30 September 2010 (unaudited)	31 December 2009 (unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment		5 236	5 574
Intangible assets		13 498	3 939
Shares in unlisted and listed companies	12	14 569 884	14 170 251
Other long-term non-financial assets		622	417
Deferred tax asset	9	8 147	3 355
		14 597 387	14 183 536
Current assets			
Inventories	13	667	109
Corporate income tax receivables		-	9 097
Trade and other receivables	14, 20	513 409	340 560
Other current non-financial assets		2 131	8 283
Cash and cash equivalents	10	417 828	213 433
		934 035	571 482
Non-current assets classified as held for sale			
		-	-
TOTAL ASSETS		15 531 422	14 755 018

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010 – continued

	Note	30 September 2010 (unaudited)	31 December 2009 (unaudited)
EQUITY AND LIABILITIES			
Equity			
Issued capital	15	14 304 949	13 986 284
Reserve capital		240 209	64 050
Retained earnings / Accumulated losses		285 481	176 159
Total equity		14 830 639	14 226 493
Non-current liabilities			
Finance lease and hire purchase commitments	20	303	1 013
Long-term provisions and employee benefits		2 065	1 320
		2 368	2 333
Current liabilities			
Trade and other payables		384 650	517 157
Current portion of interest-bearing loans and borrowings	18, 20	255 909	-
Current portion of finance lease and hire purchase commitments	20	956	839
Other current liabilities		26 010	4 010
Accruals and government grants		3 061	4 019
Corporate income tax payables		1 653	-
Short-term provisions and employee benefits	17	26 176	167
		698 415	526 192
Total liabilities		700 783	528 525
TOTAL EQUITY AND LIABILITIES		15 531 422	14 755 018

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2010

	Note	Issued capital	Reserve capital	Retained earnings / Accumulated losses	Total equity
As at 1 January 2010		13 986 284	64 050	176 159	14 226 493
Profit for the period		-	-	200 311	200 311
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	200 311	200 311
Appropriation of prior year profits	11	-	176 159	(176 159)	-
Issue of shares	19	318 665	-	-	318 665
Payment from profit		-	-	32	32
Dividends		-	-	-	-
Accounting for merger with subsidiaries		-	-	85 138	85 138
As at 30 September 2010 <i>(unaudited)</i>		14 304 949	240 209	285 481	14 830 639

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2009

	Note	Issued capital	Reserve capital	Retained earnings / Accumulated losses	Total equity
As at 1 January 2009		13 698 646	59 601	55 616	13 813 863
Profit for the period		-	-	186 568	186 568
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	186 568	186 568
Appropriation of prior year profits	11	-	4 449	(4 449)	-
Issue of shares		287 883	-	-	287 883
Payment from profit		-	-	(8 376)	(8 376)
Dividends	11	-	-	(51 167)	(51 167)
Redemption of treasury shares		(245)	-	-	(245)
As at 30 September 2009 <i>(unaudited)</i>		13 986 284	64 050	178 192	14 228 526

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2010

	Note	9-month period ended 30 September 2010 <i>(unaudited)</i>	9-month period ended 30 September 2009 <i>(unaudited)</i>
Cash flows from operating activities			
Profit / (loss) before taxation		210 607	219 308
Adjustments for:			
Depreciation and amortization		2 317	1 679
(Gain)/loss on foreign exchange differences		24	-
Interest and dividends, net		(181 804)	(106 314)
(Gain) / loss on investing activities		-	67
(Increase) / decrease in receivables		(158 494)	(155 388)
(Increase) / decrease in inventories		(558)	(7 930)
Increase / (decrease) in payables excluding loans and borrowings		(109 532)	211 427
Change in other non-current and current assets		(733)	(4 538)
Change in deferred income, government grants and accruals		(959)	162
Change in provisions		26 754	369
Income tax paid		(4 337)	(34 557)
Other		33	-
Net cash from (used in) operating activities		(216 682)	124 285
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		-	2
Purchase of property, plant and equipment and intangible assets		(5 223)	(5 712)
Proceeds from sale of other financial assets		-	12 508
Purchase of other financial assets		-	(14 328)
Dividends received		181 948	37 307
Interest received		-	126
Other		3 546	-
Net cash from investing activities		180 271	29 903
Cash flows from financing activities			
Acquisition of treasury shares		(245)	-
Payment of finance lease liabilities		(594)	(371)
Redemption of debt securities		-	(125 000)
Dividends paid		-	(51 167)
Interest paid		(144)	(3 981)
Other disbursements to owners		-	(8 376)
Other		(400)	(410)
Net cash used in financing activities		(1 383)	(189 305)
Net increase / (decrease) in cash and cash equivalents		(37 794)	(35 117)
Net foreign exchange difference		(24)	-
Cash and cash equivalents at the beginning of the period		213 402	68 130
Cash and cash equivalents at the end of the period, of which:	10	175 608	33 013
restricted cash		42 752	13 631

Explanatory notes are an integral part of these interim condensed consolidated financial statements.
This is a translation of interim condensed financial statements originally issued in Polish.

ADDITIONAL EXPLANATORY NOTES

1. General information

These interim condensed financial statements have been prepared by TAURON Polska Energia Spółka Akcyjna ("the Company") with its registered office in Katowice at ul. Lwowska 23, whose shares are in public trading.

The interim condensed financial statements of the Company cover the 9-month period ended 30 September 2010 and include comparative data for the 9-month period ended 30 September 2009 and as at 31 December 2009. The data for the periods ended 30 September 2010 and the comparative data for the periods ended 30 September 2009 and as at 31 December 2009, as included in these interim condensed financial statements, has not been audited or reviewed by an independent auditor.

The Company was set up based on a Notarial Deed dated 6 December 2006 under the name Energetyka Południe S.A. and was registered on 8 January 2007 by the District Court Katowice-Wschód Economic Department of the National Court Register under Entry No. KRS 0000271562. The change of the Company's name into TAURON Polska Energia S.A. was registered by the District Court on 16 November 2007.

The Company has been granted a statistical number REGON 240524697 and tax identification number NIP 9542583988.

TAURON Polska Energia S.A. has an unlimited period of operation.

The principal business activities of TAURON Polska Energia S.A. include:

- Activities of head offices and holdings, excluding financial holdings → PKD 70.10 Z,
- Trading in electricity → PKD 35.14 Z.

TAURON Polska Energia S.A. is the parent of the TAURON Polska Energia S.A. Capital Group.

2. Basis for the preparation of interim condensed financial statements

Based on the resolution of the Company's Extraordinary General Shareholders' Meeting held on 7 June 2010, the Company prepares its financial statements in accordance with International Financial Reporting Standards starting from the financial statements for the periods beginning on 1 January 2010.

These interim condensed financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with International Accounting Standard 34 ("IAS 34") and the IFRSs endorsed by the EU. At the date of authorization of these financial statements, considering the pending process of IFRS endorsement in the EU and the nature of the Company's activities, within the scope of the accounting principles applied by the Company there is no difference between the IFRSs that came into effect and the IFRSs endorsed by the EU.

IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed financial statements are presented in Polish zloty ("PLN") and all amounts are stated in PLN thousands unless otherwise indicated.

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of authorization of these financial statements, the management is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Company.

The interim condensed financial statements do not include all information and disclosures that are required in annual financial statements and should be read in conjunction with the Company's financial statements prepared in accordance with the Accounting Act for the year ended 31 December 2009.

These interim condensed financial statements for the 9-month period ended 30 September 2010 were authorized for issue on 8 November 2010.

The Company also prepared interim condensed consolidated financial statements for the 9-month period ended 30 September 2010, which were authorized for issue by the Management on 8th November 2010.

These interim condensed financial statements are part of a consolidated report which also includes the interim condensed consolidated financial statements for the 9-month period ended 30 September 2010.

3. Significant accounting policies summary

The accounting policies applied while preparing the interim condensed financial statements are consistent with those applied in preparation of the annual consolidated financial statements of the TAURON Polska Energia S.A. Group for the year ended 31 December 2009.

The standards and interpretations applied are applicable to annual periods beginning on or after 1 January 2010.

The financial statements prepared in accordance with the Accounting Act for the year ended 31 December 2009, which were authorized for issue on 9 February 2010, were the last published annual financial statements of the Company.

The interim condensed financial statements for the 6-month period ended 30 June 2010 prepared in accordance with International Financial Reporting Standards ("IFRS"), which were authorized for issue on 24 August 2010, were the last published interim financial statements of the Company.

Business mergers

In accounting for the merger with the subsidiaries, the Company makes use of its consolidated financial statements as the source of the value of assets and liabilities in the acquired subsidiaries. The difference resulting from the net assets acquired and issued in consequence of the merger is taken to retained earnings. No restatement is made with respect to comparative data.

Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures are stated at the historical cost. The Company has made use of an exemption from the obligation to apply certain IFRS requirements relating to the measurement of investments in subsidiaries, as discussed in detail in Note 5 hereto, and measured its investments in the subsidiaries at the date of transition to IFRSs at deemed cost, which is their carrying amount determined at that date in accordance with the Accounting Act.

4. Changes in estimates

In the period covered by these interim condensed financial statements there were no significant changes to the values or methodology of making estimates that would affect the current or future periods, other than those presented in the following sections of these interim condensed financial statements.

5. First-time adoption of IFRSs

The International Accounting Standards Board issued International Financial Reporting Standard 1 ("IFRS 1") *First-time Adoption of International Financial Reporting Standards*, which is applicable to financial statements prepared for the periods beginning on or after 1 January 2004. IFRS 1 applies to entities which are preparing their IFRS financial statements for the first time as well as entities which have been applying IFRS but included in their financial statements a statement of non-compliance with specific standards. IFRS 1 requires that the first IFRS financial statements be the first annual financial statements in which an entity adopts all IFRSs and includes a statement of full compliance with all IFRSs.

These financial statements are interim condensed financial statements prepared in accordance with International Accounting Standard 34 within the year for which the Company will first prepare its annual financial statements in accordance with IFRS.

This is a translation of interim condensed financial statements originally issued in Polish.

For the purposes of these financial statements, the date of transition to IFRSs is 1 January 2009. The last financial statements of the Company prepared in accordance with Polish Accounting Standards as defined in the Accounting Act that were available at the date of authorization of these financial statements were the financial statements prepared for the year ended 31 December 2009.

In accordance with IFRS 1, these interim condensed financial statements have been prepared by applying all standards effective as at 30 September 2010 as if they were effective as at 1 January 2009, with a provision that the Company used an exemption from the obligation to apply certain requirements of the remaining IFRSs, as referred to in IFRS 1, relating to the measurement of investments in subsidiaries (IFRS 1.12, Appendix D). According to the provisions of paragraph 15 b (ii) of Appendix D to IFRS 1, in the opening statement of financial position as at the date of transition to IFRSs the Company measured its investments in the subsidiaries at deemed cost, which is their carrying amount determined at that date in accordance with the previously applied accounting principles as specified in the Accounting Act.

Presented below is the reconciliation of equity reported under the Accounting Act with the equity reported under IFRS as at the date of transition to IFRSs and as at 31 December 2009, the reconciliation of comprehensive income reported under the Accounting Act with comprehensive income reported under IFRS for the year ended 31 December 2009 and the reconciliation of assets reported under the Accounting Act with the assets reported under IFRS as at 31 December 2009.

The impact of IFRS restatements on the equity as at the date of transition and as at 31 December 2009, on the assets as at 31 December 2009 and on the net profit for the year 2009 has been presented with reference to the authorized financial statements of the Company for the year ended 31 December 2009.

The types of restatements that have had to be made by the Company to achieve full conformity with IFRS and their impact on comprehensive income, assets and equity are presented below:

	Equity as at 1 January 2009	Equity as at 31 December 2009	Total comprehensive income for the year ended 31 December 2009	Assets as at 31 December 2009
Figures in the financial statements under the Accounting Act	13 813 863	14 226 493	184 535	14 755 081
Presentation of Social Fund assets and liabilities on a net basis	-	-	-	(63)
Figures in the financial statements under IFRS (unaudited)	13 813 863	14 226 493	184 535	14 755 018

Presented below is the reconciliation of cash flows from operating, investing and financing activities and movement in cash and cash equivalents under the Accounting Act with the cash flows from operating, investing and financing activities and movement in cash and cash equivalents under IFRS as at 31 December 2009 and for the year then ended.

The impact of IFRS restatements on cash flows from operating, investing and financing activities and movement in cash and cash equivalents for the year 2009 has been presented with reference to the authorized financial statements of TAURON Polska Energia S.A.

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(in PLN thousands)

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Net increase/ (decrease) in cash and cash equivalents
Figures in the financial statements under the Accounting Act	218 942	116 280	(189 890)	145 332
Presentation of Social Fund assets and liabilities on a net basis	(60)	-	-	(60)
Figures in the financial statements under IFRS (unaudited)	218 882	116 280	(189 890)	145 272

In accordance with the Polish law, the Company administers the Social Fund on behalf of its employees. Transfers made to the Social Fund are placed in separate bank accounts of the entity.

In the financial statements prepared in accordance with PAS the assets of the Social Fund have been recognized as cash and cash equivalents, receivables or prepayments and deferred costs.

In the financial information prepared in accordance with IFRS no Social Fund assets have been recognized due to the lack of expected future economic benefits that could result in an inflow of cash and cash equivalents into the Company's bank account.

6. Shares in related entities

In the first half of 2010, there were certain restructuring changes in the TAURON Polska Energia S.A. Group. On 10th June 2010, the parent, TAURON Polska Energia S.A., was combined with its subsidiaries, ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o. The process has been described in detail in Note 19 hereto.

As at 30 September 2010, TAURON Polska Energia S.A. held shares, either directly or indirectly, in the following significant subsidiaries:

No.	Name of the entity	Address	Principal business activities	% held by TAURON in the entity's share capital	Holder of shares as at 30 September 2010	% held by TAURON in the entity's governing body	Holder of shares as at 30 September 2010
1	Południowy Koncern Energetyczny S.A.	40-389 Katowice; ul. Lwowska 23	Generation, transmission and distribution of electricity and heat	85.00%	TAURON Polska Energia S.A. – 85.00%	85.00%	TAURON Polska Energia S.A. – 85.00%
2	ENION S.A.	30-390 Kraków; ul. Zawła 65 L	Distribution of electricity	85.00%	TAURON Polska Energia S.A. – 85.00%	85.00%	TAURON Polska Energia S.A. – 85.00%
3	EnergiaPro S.A.	53-314 Wrocław; Pl. Powstańców Śląskich 20	Transmission and distribution of electricity	85.00%	TAURON Polska Energia S.A. – 85.00%	85.00%	TAURON Polska Energia S.A. – 85.00%
4	Elektrownia Stalowa Wola S.A.	37-450 Stalowa Wola; ul. Energetyków 13	Generation and distribution of electricity and heat	85.00%	TAURON Polska Energia S.A. – 85.00%	85.00%	TAURON Polska Energia S.A. – 85.00%
5	ENION Energia Sp. z o.o.	30-417 Kraków; ul. Łagiewnicka 60	Supply of electricity	100%	TAURON Polska Energia S.A. – 100.00%	100%	TAURON Polska Energia S.A. – 100.00%
6	EnergiaPro Gigawat Sp. z o.o.	53-314 Wrocław; Pl. Powstańców Śląskich 16	Supply of electricity	100%	TAURON Polska Energia S.A. – 100.00%	100%	TAURON Polska Energia S.A. – 100.00%
7	TAURON Ekoenergia Sp. z o.o.	58-500 Jelenia Góra; ul. Obrońców Pokoju 2B	Generation of electricity	100%	TAURON Polska Energia S.A. – 100.00%	100%	TAURON Polska Energia S.A. – 100.00%
8	Elektrociepłownia Tychy S.A.	43-100 Tychy; ul. Przemysłowa 47	Generation of electricity, production and distribution of heat	95.47%	TAURON Polska Energia S.A. – 95.47%	95.47%	TAURON Polska Energia S.A. – 95.47%

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(in PLN thousands)

No.	Name of the entity	Address	Principal business activities	% held by TAURON in the entity's share capital	Holder of shares as at 30 September 2010	% held by TAURON in the entity's governing body	Holder of shares as at 30 September 2010
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	32-063 Krzeszowice 3; os. Czatkowice 248	Quarrying, crushing and breaking of limestone, quarrying of stone for construction industry	85.00%	PKE S.A. – 100.00%	85.00%	PKE S.A. – 100.00%
10	Południowy Koncern Węglowy S.A.	43-600 Jaworzno; ul. Grunwaldzka 37	Hard coal mining	44.61%	PKE S.A. – 52.48%	57.81%	PKE S.A. – 68.01%
11	Polska Energia Pierwsza Kompania Handlowa Sp. z o.o.	40-389 Katowice; ul. Lwowska 23	Trading in electricity	69.50%	PKE S.A. – 70.00%; TAURON Polska Energia S.A. – 10.00%	79.72%	PKE S.A. – 61.11%; TAURON Polska Energia S.A. – 27.78%
12	Przedsiębiorstwo Energetyki Ciepłej Katowice S.A.	40-126 Katowice; ul. Grażyńskiego 49	Heat production and distribution	95.66%	TAURON Polska Energia S.A. – 95.66%	95.66%	TAURON Polska Energia S.A. – 95.66%
13	Elektrociepłownia EC Nowa Sp. z o.o.	41-308 Dąbrowa Górnicza; Al. J. Piłsudskiego 92	Generation of electricity, production of heat and technical gases	84.00%	TAURON Polska Energia S.A. – 84.00%;	84.00%	TAURON Polska Energia S.A. – 84.00%;
14	Przedsiębiorstwo Energetyki Ciepłej w Dąbrowie Górniczej S.A.	41-300 Dąbrowa Górnicza; Al. J. Piłsudskiego 2	Heat production and distribution	85.00%	TAURON Polska Energia S.A. – 85.00%	85.00%	TAURON Polska Energia S.A. – 85.00%
15	TAURON Czech Energy s.r.o.	750 00 Ostrava, Na Rovince 879/C, Czech Republic	Trading in electricity	100%	TAURON Polska Energia S.A. – 100.00%	100%	TAURON Polska Energia S.A. – 100.00%

This is a translation of interim condensed financial statements originally issued in Polish.

7. Seasonality of operations

The Company's operations in the area of trading in electricity are not seasonal in nature, hence, the Company's results in this area show no significant fluctuations during the year. Due to holding activities conducted by the Company, its finance income may show significant fluctuations relating to revenue from dividends, which is recognized at the date of the resolution on the distribution of dividend, unless the resolution indicates a different date for establishing the right to the dividend.

In the 9-month period ended 30 September 2010 the Company reached revenue relating to the dividend at PLN 181,948 thousand which was recognized in whole in the second quarter of 2010. In the 9-month period ended 30 September 2009 the Company reached revenue relating to the dividend at PLN 127,308 thousand of which 37,308 was recognized in the second quarter of 2009, while PLN 90,000 thousand was recognized in the third quarter of 2009.

8. Segment information

The Company's operating activity is presented in the segment of "Supply of Electricity and Other Energy Market Products". Unallocated items include investments in other entities, financing activity including dividends and income tax.

TAURON Polska Energia S.A.
Interim condensed financial statements for the 9-month period ended 30 September 2010
(in PLN thousands)

9-month period ended 30 September 2010 or as at 30 September 2010 <i>(unaudited)</i>	Sales of electricity and other energy market products	Unallocated items	Total
Revenue			
Sales to external customers	295 821	-	295 821
Sales within the Group	4 780 216	-	4 780 216
Segment revenue	5 076 037	-	5 076 037
Result			
Net profit/(loss) for the period	23 588	176 723	200 311
Income tax expense	-	(10 296)	(10 296)
Profit/(loss) before income tax	23 588	187 019	210 607
Net finance income (costs)	-	187 019	187 019
Profit/(loss) from continuing operations before tax and net finance income (costs)	23 588	-	23 588
Unallocated expenses	-	-	-
Profit/(loss) of the segment	23 588	-	23 588
Assets and liabilities			
Segment assets	939 696	-	939 696
Unallocated assets	-	14 591 726	14 591 726
Total assets	939 696	14 591 726	15 531 422
Segment liabilities	441 073	-	441 073
Unallocated liabilities	-	259 710	259 710
Total liabilities	441 073	259 710	700 783
Other segment information			
Capital expenditure *	4 830	-	4 830
Depreciation/amortization	(2 317)	-	(2 317)
Impairment of non-financial assets	-	-	-

* Capital expenditure includes expenditures for property, plant and equipment and intangible assets, excluding acquisition of energy certificates.

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(in PLN thousands)

9-month period ended 30 September 2009 or as at 31 December 2009 (unaudited)	Sales of electricity and other energy market products	Unallocated items	Total
Revenue			
Sales to external customers	123 597	-	123 597
Sales within the Group	5 042 857	-	5 042 857
Segment revenue	5 166 454	-	5 166 454
Result			
Net profit/(loss) for the period	90 327	96 241	186 568
Income tax expense	-	(32 740)	(32 740)
Profit/(loss) before income tax	90 327	128 981	219 308
Net finance income (costs)	-	128 981	128 981
Profit/(loss) from continuing operations before tax and net finance income (costs)	90 327	-	90 327
Unallocated expenses	-	-	-
Profit/(loss) of the segment	90 327	-	90 327
Assets and liabilities			
Segment assets	572 315	-	572 315
Unallocated assets	-	14 182 703	14 182 703
Total assets	572 315	14 182 703	14 755 018
Segment liabilities	525 782	-	525 782
Unallocated liabilities	-	2 743	2 743
Total liabilities	525 782	2 743	528 525
Other segment information			
Capital expenditure *	4 188	-	4 188
Depreciation/amortization	(1 679)	-	(1 679)
Impairment of non-financial assets	(66)	-	(66)

* Capital expenditure includes expenditures for property, plant and equipment and intangible assets, excluding acquisition of energy certificates.

TAURON Polska Energia S.A.
Interim condensed financial statements for the 9-month period ended 30 September 2010
(in PLN thousands)

3-month period ended 30 September 2010 <i>(unaudited)</i>	Sales of electricity and other energy market products	Unallocated items	Total
Revenue			
Sales to external customers	77 487	-	77 487
Sales within the Group	1 591 809	-	1 591 809
Segment revenue	1 669 296	-	1 669 296
Result			
Net profit/(loss) for the period	11 383	(142)	11 241
Income tax expense	-	(2 895)	(2 895)
Profit/(loss) before income tax	11 383	2 753	14 136
Net finance income (costs)	-	2 753	2 753
Profit/(loss) from continuing operations before tax and net finance income (costs)	11 383	-	11 383
Unallocated expenses	-	-	-
Profit/(loss) of the segment	11 383	-	11 383
3-month period ended 30 September 2009 <i>(unaudited)</i>			
	Sales of electricity and other energy market products	Unallocated items	Total
Revenue			
Sales to external customers	56 929	-	56 929
Sales within the Group	1 520 456	-	1 520 456
Segment revenue	1 577 385	-	1 577 385
Result			
Net profit/(loss) for the period	18 866	72 111	90 977
Income tax expense	-	(18 521)	(18 521)
Profit/(loss) before income tax	18 866	90 632	109 498
Net finance income (costs)	-	90 632	90 632
Profit/(loss) from continuing operations before tax and net finance income (costs)	18 866	-	18 866
Unallocated expenses	-	-	-
Profit/(loss) of the segment	18 866	-	18 866

This is a translation of interim condensed financial statements originally issued in Polish.

9. Income tax

9.1. Tax expense in the statement of comprehensive income

Major components of income tax expenses in the statement of comprehensive income are as follows:

	For the 9-month period ended 30 September 2010 <i>(unaudited)</i>	For the 9-month period ended 30 September 2009 <i>(unaudited)</i>
Current income tax	(15 088)	(39 958)
Current income tax expense	(15 088)	(39 958)
Deferred tax	4 792	7 218
Income tax expense in the statement of comprehensive income	(10 296)	(32 740)

9.2. Deferred income tax

Deferred income tax relates to the following:

	As at 30 September 2010 <i>(unaudited)</i>	As at 31 December 2009 <i>(unaudited)</i>
<i>Deferred tax liability</i>		
- difference between tax base and carrying amount of fixed and intangible assets	615	332
- difference between tax base and carrying amount of financial assets	64	5
-other	18	-
Deferred tax liability	697	337

	As at 30 September 2010 <i>(unaudited)</i>	As at 31 December 2009 <i>(unaudited)</i>
<i>Deferred tax assets</i>		
- provisions	5 969	1 024
- tax losses	2 443	2 443
- difference between tax base and carrying amount of fixed and intangible assets	18	3
- other accrued expenses	-	146
- other	414	76
Deferred tax assets	8 844	3 692

After the offsetting of the balances, deferred tax is presented as a deferred tax asset in the statement of financial position

	8 147	3 355
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10. Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprised the following:

	As at 30 September 2010 (unaudited)	As at 31 December 2009 (unaudited)
Cash at bank and in hand	50 433	13 111
Short-term deposits (up to 3 months)	367 395	200 322
Other	-	-
Total cash and cash equivalents presented in the statement of financial position, of which:	417 828	213 433
- restricted cash	42 752	17 626
Cash pool	(242 214)	-
Foreign exchange and other differences	(6)	(31)
Total cash and cash equivalents presented in the statement of cash flows	175 608	213 402

The balances of loans granted and taken out under cash pool transactions, due to the fact that they are mainly used to manage the current financial liquidity of the Group, do not represent cash flows from investing or financing activity; instead they represent an adjustment to the balance of cash and cash equivalents.

Information on balances resulting from the cash pool agreement has been presented in Note 18 hereto.

11. Dividends paid and proposed

On 4 March 2010, the Ordinary General Shareholders' Meeting resolved to allocate the Company's net profit for 2009 at the amount of PLN 184,535 thousand for a payment from profit made in accordance with separate regulations (PLN 8,376 thousand) and to the Company's reserve capital (PLN 176,159 thousand).

On 17 June 2009, the Ordinary General Shareholders' Meeting resolved to allocate the Company's net profit for 2008 at the amount of PLN 55,616 thousand for dividend distribution (PLN 51,167 thousand) and to the reserve capital (PLN 4,449 thousand).

12. Shares in unlisted and listed companies

The tables below present movements in long-term investments in the period from 1 January 2010 to 30 September 2010 and in the comparative period from 1 January 2009 to 30 September 2009.

Movements in long-term investments in the period from 1 January to 30 September 2010
(unaudited)

No.	Company	Opening balance	Increases	Decreases	Closing balance
1	Południowy Koncern Energetyczny S.A.	6 697 999	-	-	6 697 999
2	ENION S.A.	2 948 630	-	-	2 948 630
3	EnergiaPro S.A.	2 206 153	-	-	2 206 153
4	Elektrownia Stalowa Wola S.A.	475 106	-	-	475 106
5	Elektrociepłownia Tychy S.A.	40 862	-	-	40 862
6	Przedsiębiorstwo Energetyki Ciepłej Katowice S.A.	345 285	-	-	345 285
7	Energomix Servis Sp. z o.o.	586 092	-	(586 092)	-
8	EnergiaPro Gigawat Sp. z o.o.	-	345 015	-	345 015
9	TAURON Ekoenergia Sp. z o.o.	-	419 315	-	419 315
10	Energetyka Ciepła w Kamiennej Górze Sp. z o.o.	-	6 959	-	6 959
11	Elektrociepłownia EC Nowa Sp. z o.o.	125 327	92 086	-	217 413
12	ENION Zarządzanie Aktywami Sp. z o.o.	578 017	-	(578 017)	-
13	ENION Energia Sp. z o.o.	-	692 550	-	692 550
14	Polska Energia Pierwsza Kompania Handlowa Sp. z o.o.	-	6 886	-	6 886
15	Zespół Elektrowni Wodnych Rożnów Sp. z o.o.	-	931	-	931
16	Przedsiębiorstwo Energetyki Ciepłej w Dąbrowie Górniczej S.A.	162 557	-	-	162 557
17	TAURON Czech Energy s.r.o.	4 223	-	-	4 223
		14 170 251	1 563 742	(1 164 109)	14 569 884

Movements in the balance of the Company's long-term investments in the period from 1 January to 30 September 2010 result from the merger of the parent, TAURON Polska Energia S.A., with the subsidiaries Energomix Servis Sp. z o.o. and ENION Zarządzanie Aktywami Sp. z o.o., as described in detail in Note 19.

The above-mentioned merger resulted in the decrease of long-term investments due to the derecognition of investments in the acquired companies, Energomix Servis Sp. z o.o. and ENION Zarządzanie Aktywami Sp. z o.o., with a value of PLN 1,164,109 thousand.

Movements in long-term investments in the period from 1 January to 30 September 2009
(unaudited)

No.	Company	Opening balance	Increases	Decreases	Closing balance
1	Południowy Koncern Energetyczny S.A.	6 697 999	-	-	6 697 999
2	ENION S.A.	3 526 647	-	(578 017)	2 948 630
3	EnergiaPro S.A.	2 206 153	-	-	2 206 153
4	Elektrownia Stalowa Wola S.A.	475 106	-	-	475 106
5	Elektrociepłownia Tychy S.A.	40 862	-	-	40 862
6	Przedsiębiorstwo Energetyki Ciepłej Katowice S.A.	345 285	-	-	345 285
7	Energomix Servis Sp. z o.o.	586 092	-	-	586 092
8	ENION Zarządzanie Aktywami Sp. z o.o.	-	578 017	-	578 017
9	Elektrociepłownia EC Nowa Sp. z o.o.	-	125 327	-	125 327
10	Przedsiębiorstwo Energetyki Ciepłej w Dąbrowie Górniczej S.A.	-	162 557	-	162 557
11	TAURON Czech Energy s.r.o.	-	4 223	-	4 223
		13 878 144	870 124	(578 017)	14 170 251

The movement in the balance of the Company's long-term investments in the period from 1 January to 30 September 2009 resulted from the following events:

- separation of ENION Zarządzanie Aktywami Sp. z o.o. from the assets of ENION S.A. (PLN 578,017 thousand),
- acquisition by TAURON Polska Energia S.A., in exchange for issued shares of PLN 287,883 thousand, shares in the subsidiaries: Elektrociepłownia EC Nowa Sp. z o.o. and Przedsiębiorstwo Energetyki Ciepłej w Dąbrowie Górniczej S.A. from the State Treasury,
- incorporation of TAURON Czech Energy s.r.o. with its registered office in Ostrawa, Czech Republic (PLN 4,223 thousand).

This is a translation of interim condensed financial statements originally issued in Polish.

Information on the increased issued capital and the State Treasury's in-kind contribution of remaining shareholdings of Południowy Koncern Energetyczny S.A., Elektrownia Stalowa Wola S.A., ENION S.A. and EnergiaPro S.A. has been presented in Note 26 hereto.

13. Inventories

	As at 30 September 2010 (unaudited)	As at 31 December 2009 (unaudited)
Historical cost		
Property rights arising from energy certificates	667	-
Emission allowances	-	109
Total	667	109
Write-downs to net realisable value		
	-	-
Net realisable value		
Property rights arising from energy certificates	667	-
Emission allowances	-	109
Total	667	109

14. Trade receivables

Trade receivables are non-interest bearing and are usually receivable within 30 days. Supplies are only made to customers who have undergone an appropriate credit verification procedure. As a result, the Management believe there is no additional credit risk that would exceed the doubtful debts allowance recognized for the Company's trade receivables.

The values of trade receivables together with aging and allowances/write-downs are presented in the tables below.

Trade receivables as at 30 September 2010 (unaudited)

	Not past due	Past due <30 days	Total
Value of item before allowance/write-down	498 018	188	498 206
Allowance/write-down	-	-	-
Value of item net of allowance (carrying amount)	498 018	188	498 206

Trade receivables as at 31 December 2009 (unaudited)

	Not past due	Past due <30 days	Total
Value of item before allowance/write-down	322 050	575	322 625
Allowance/write-down	-	-	-
Value of item net of allowance (carrying amount)	322 050	575	322 625

Related party transactions and balances have been presented in Note 24 hereto.

15. Issued capital

Issued capital as at 30 September 2010

Class/ issue	Type of shares	Type of preference	Number of shares	Nominal value of one share (in PLN)	Value of class/issue at nominal value	Method of payment
AA	bearer shares	-	1 589 438 762	9	14 304 949	cash/in-kind contribution
Total			1 589 438 762		14 304 949	

The shareholding structure as at 30 September 2010

Shareholder	Value of shares	% of issued capital	% of total vote
State Treasury (notification of 9 August 2010)	5 174 254	36,17%	36,17%
KGHM Polska Miedź S.A. (notification of 2 July 2010)	736 403	5,15%	5,15%
Other shareholders	8 394 292	58,68%	58,68%
Total	14 304 949	100,00%	100,00%

On 30 June 2010, the State Treasury carried out a public offering of the shares of TAURON Polska Energia S.A., as a result of which individual and institutional investors acquired 51.6% of the Company's shares. Employee shares, which represented about 13% of the Company's capital, were also introduced into trading on the stock exchange market. In addition, as a result of a reverse stock split the nominal value of one share increased from PLN 1 to PLN 9.

The number of shares was reduced 9 times, from 14,304,948,858 (shares classes from A to K, including the existing shares from class A to class I and merger shares classes J and K issued by TAURON Polska Energia S.A. as a result of the Company's merger with its subsidiaries, ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o.) to 1,589,438,762 shares class AA. The amount of the issued capital did not change as a result of the reverse split and it is equal to PLN 14,304,949 thousand.

After the balance sheet date the Company's issued capital was increased, which has been described in detail in Note 26 hereto.

16. Earnings per share

In June 2010, the process of the reverse stock split came to an end. The number of shares was reduced 9 times, from 14,304,948,858 to 1,589,438,762. For comparability purposes, earnings per share for the 9-month period ended 30 September 2009 as presented in the statement of comprehensive income in these interim condensed financial statements has been calculated for the period on the assumption that the nominal value of one share has always been equal to PLN 9 and the weighted average number of shares has been nine times smaller.

Earnings per share before the reverse split for the period ended 30 September 2009 amounted to PLN 0.014.

17. Provisions

Due to the supply of electricity to final users, the Company is required to submit for redemption a certain amount of certificates of electricity generated using renewable sources, gas-fired plants and cogeneration. As at 30 September 2010, the Company recognized a short-term provision for the obligation to submit energy certificates for redemption, amounting to PLN 25,951 thousand. As at 31 December 2009 a provision for the obligation to submit energy certificates for redemption was not recognized.

18. Interest-bearing loans and borrowings, including issued debentures

As at 30 September 2010, TAURON Polska Energia S.A. had no liabilities arising from loans taken out or issued debentures, except for loans taken out from related entities under the "Agreement for Provision of Cash Pool Services", as described in detail in Note 21.

The balances of receivables and payables arising from cash pool transactions are presented in the tables below.

	As at 30 September 2010 (<i>unaudited</i>)	As at 31 December 2009 (<i>unaudited</i>)
Loans granted under cash pool agreement	13 601	-
Interest receivable on loans granted under cash pool agreement	94	-
Total	13 695	-

	As at 30 September 2010 (<i>unaudited</i>)	As at 31 December 2009 (<i>unaudited</i>)
Loans received under cash pool agreement	255 182	-
Interest payable on loans received under cash pool agreement	727	-
Total	255 909	-
Balance of cash pool	242 214	-

The surplus of cash generated by the Company under the cash pool agreement is placed in bank accounts.

Under the cash pool agreement the Company may use external funding amounting to PLN 100,000 thousand by 28th May 2011.

Assets pledged as security

Vehicles used under lease agreements and restricted cash are most frequently used by TAURON Polska Energia S.A. as security for its liabilities.

The carrying amounts of assets pledged as security for liabilities at particular balance sheet dates are presented in the table below.

Carrying amount of assets pledged as security for liabilities

	As at 30 September 2010 (<i>unaudited</i>)	As at 31 December 2009 (<i>unaudited</i>)
Motor vehicles	1 704	2 088
Trade receivables	-	17 751
Cash	-	7 000
Total assets pledged as security for liabilities	1 704	26 839

19. Business mergers

On 10th June 2010, the parent, TAURON Polska Energia S.A., merged with its subsidiaries, ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o. As a result of these business mergers, the shareholders of the acquired companies, ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o., received newly issued shares of the Company:

- 193,850,314 shares class K, with a nominal value of PLN 1 each, were granted to the shareholders of ENION Zarządzanie Aktywami Sp. z o.o.,

- 124,814,986 shares class L, with a nominal value of PLN 1 each, were granted to the shareholders of Energomix Servis Sp. z o.o.

The parities of exchange were determined on the basis of the market value of the entities being combined, calculated on the basis of a valuation performed by an independent expert as at 1 December 2009. The parities of exchange were determined as follows: the shareholders of ENION Zarządzanie Aktywami Sp. z o.o. received 427 shares of TAURON Polska Energia S.A. (426.01 shares before rounding) in exchange for 1 share of ENION Zarządzanie Aktywami Sp. z o.o., while the shareholders of Energomix Servis Sp. z o.o. received 799 shares of TAURON Polska Energia S.A. (798.86 shares before rounding) in exchange for 1 share of Energomix Servis Sp. z o.o.

In addition, the non-controlling shareholders of ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o. were required to make their contributions in cash (in accordance with art. 492 par. 3 of the Code of Commercial Companies), i.e. to make an additional payment of PLN 1.15 for each share of ENION Zarządzanie Aktywami Sp. z o.o. exchanged for the Company's shares, and PLN 0.16 for each share of Energomix Servis Sp. z o.o. exchanged for the Company's shares.

Following the registration of merger shares, the Company's issued capital was increased by PLN 318,665 thousand, up to PLN 14,304,949 thousand.

The Company's merger with its subsidiaries, ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o., resulted in the recognition, in these interim condensed financial statements, of the assets of the acquired companies with a total value of PLN 1,567,366 thousand. At the same time, investments previously held in these companies, with a total value of PLN 1,164,109 thousand, were derecognized. In exchange for the acquired non-controlling interests in the acquired companies, the Company issued shares with a total nominal value of PLN 318,665 thousand. The difference between the net assets acquired, the value of derecognized shares in ENION Zarządzanie Aktywami Sp. z o.o. and Energomix Servis Sp. z o.o., and the nominal value of the issued shares amounting to PLN 318,665 thousand, after taking into account the additional payments of PLN 547 thousand due from the previous shareholders, was taken to retained earnings.

20. Financial instruments

The fair values of the financial instruments held by the Company as at 30 September 2010 and 31 December 2009 did not significantly differ from their values presented in the financial statements for the particular periods, due to the following reasons:

- the potential discounting effect relating to short-term instruments is not significant;
- the instruments relate to arm's length transactions.

The carrying amounts and fair values of the particular classes and categories of financial instruments as at 30 September 2010 and 31 December 2009 are presented in the tables below.

TAURON POLSKA ENERGIA S.A
Interim condensed financial statements for the 9-month period ended 30 September 2010
(in PLN thousands)

Categories and classes of financial assets	Carrying amount	
	As at 30 September 2010 <i>(unaudited)</i>	As at 31 December 2009 <i>(unaudited)</i>
1 Assets at fair value through profit or loss	-	-
2 Financial assets available for sale	7 890	-
3 Financial assets held to maturity	-	-
4 Loans and receivables	513 409	340 560
Trade receivables	498 206	322 625
Loans granted	13 695	-
Other	1 508	17 935
5 Financial assets excluded from the scope of IAS 39	14 561 994	14 170 251
7 Cash and cash equivalents	417 828	213 433

Categories and classes of financial liabilities	Carrying amount	
	As at 30 September 2010 <i>(unaudited)</i>	As at 31 December 2009 <i>(unaudited)</i>
1 Financial liabilities at fair value through profit or loss	-	-
2 Financial liabilities measured at amortized cost	640 559	517 157
Arm's length loans	255 909	-
Trade payables	381 348	512 139
Other financial liabilities	888	2 487
Commitments resulting from purchases of fixed and intangible assets	938	1 141
Salaries and wages	1 476	1 390
Insurance contracts	-	-
3 Liabilities under guarantees, factoring and excluded from the scope of IAS 39	1 259	1 852
Obligations under finance leases and hire purchase contracts	1 259	1 852

The change in the value of cash and cash equivalents, loans granted and arm's length loans in the 9-month period ended 30 September 2010 resulted from cash pool transactions, which have been described in detail in Note 18 and 21.

21. Capital and financial risk management

Capital and financial risk management is performed at the level of the TAURON Polska Energia S.A. Group and has been described in detail in Notes 24 and 25 to the Interim Condensed Consolidated Financial Statements for the 9-month period ended 30 September 2010.

Agreement for the provision of Cash Pool services

On 28 May 2010, the parent, TAURON Polska Energia S.A., and its subsidiaries: TAURON Ekoenergia Sp. z o.o., Elektrociepłownia EC Nowa Sp. z o.o., Elektrownia Stalowa Wola S.A., EnergiaPro Gigawat Sp. z o.o., EnergiaPro S.A., ENION Energia Sp. z o.o., Przedsiębiorstwo Energetyki Ciepłej w Dąbrowie Górniczej S.A. and Elektrociepłownia Tychy S.A. signed an agreement with Bank Polska Kasa Opieki S.A. for the provision of cash pool services. As a result of

the appendix to the agreement signed on 24 August 2010 Przedsiębiorstwo Energetyki Ciepłej Katowice S.A. became a party to the agreement. The purpose of the agreement is to ensure the most effective management of cash held by the companies, efficient funding of day-to-day working capital requirements of the Group companies, an improvement of financial liquidity and optimization of finance income and finance costs of the individual Group companies participating in the agreement as well as of the entire TAURON Polska Energia S.A. Group. TAURON Polska Energia S.A. plays the role of the pool leader. The first cash pool transactions were made in June 2010.

Interest terms have been determined at an arm's length.

The balances of receivables and payables arising from loans granted and received under the cash pool agreement as well as the related interest receivable or payable have been presented in Note 18 hereto.

22. Contingent liabilities

As at 30 September 2010, the Company's contingent liabilities amounted to PLN 5,981 thousand and included the following:

- A guarantee of EUR 1,000 thousand (PLN 3,987 thousand), issued in connection with the EFET framework agreement for the sale of electricity to TAURON Czech Energy s.r.o., for the benefit of CEZ a.s. The guarantee is valid for the period from 1 April 2010 to 31 December 2010;
- A bank guarantee for OTE amounting to EUR 500 thousand (PLN 1,994 thousand), issued to TAURON Czech Energy s.r.o. for the benefit of UniCredit Bank Czech Republik a.s. The guarantee is valid for the period from 9 June 2010 to 8th June 2011.

23. Capital commitments

As at 30 September 2010 and 31 December 2009 the Company had no capital commitments.

24. Related party disclosures

24.1. Transactions with related companies and State Treasury companies

The Company enters into transactions with related companies as presented in Note 6. In addition, due to the fact that the Company's main shareholder is the State Treasury of the Republic of Poland, State Treasury companies are treated as related parties. Transactions with State Treasury companies mainly relate to the operating activity of the Company and are made on an arm's length basis.

The total value of transactions with the aforementioned entities and the balances of receivables and payables are presented in the tables below.

Revenues and costs

	9-month period ended 30 September 2010 <i>(unaudited)</i>	9-month period ended 30 September 2009 <i>(unaudited)</i>
Revenue from related companies	4 780 814	5 043 572
Dividends from related companies	181 126	127 308
Revenue from State Treasury companies	219 457	72 480
Costs incurred on transactions with related companies	(2 780 644)	(3 010 627)
Costs incurred on transactions with State Treasury companies	(57 744)	(35 355)

Receivables and payables

	As at 30 September 2010 (unaudited)	As at 31 December 2009 (unaudited)
Receivables from related companies	462 950	294 658
Receivables from State Treasury companies	45 021	14 335
Payables to related companies	493 493	267 261
Payables to State Treasury companies	8 564	4 675

Among the State Treasury companies, the following were the largest counterparties of TAURON Polska Energia S.A. during the 9-month period ended 30 September 2010 and the 9-month period ended 30 September 2009: PSE Operator S.A. and Kompania Węglowa S.A.

24.2. Compensation of key executives

Until 28 June 2010, the compensation of the Management Board and the Supervisory Board members was subject to the provisions of the Act of 3 March 2000 on Remunerating Individuals Being in Charge of Certain Legal Entities (companies with a majority shareholding of the State Treasury).

The amount of compensation and other benefits of the Management Board, Supervisory Board and other key executives of the Company for the 9-month period ended 30 September 2010 is presented in the table below.

	9-month period ended 30 September 2010 (unaudited)	Year ended 31 December 2009 (unaudited)
Board of Directors	4 354	1 622
Short-term employee benefits (salaries and surcharges)	4 051	1 261
Jubilee bonuses	73	40
Other	230	321
Supervisory Board	220	279
Short-term employee benefits (salaries and surcharges)	220	279
Total	4 574	1 901
Other members of key management personnel	4 125	4 205
Short-term employee benefits (salaries and surcharges)	3 873	3 818
Jubilee bonuses	43	115
Other	209	272

No loans were granted from the Social Fund to members of the parent's Management Board, Supervisory Board members or other key executives.

25. Details of other significant changes in the reporting period

25.1. Administrative expenses

The increase in the administrative expenses in the 9-month period ended 30 September 2010 compared with the 9-month period ended 30 September 2009 results from the costs of introducing the Company's shares into public trading, amounting to PLN 17,044 thousand, and the costs of the Company's merger with its subsidiaries, Energomix Servis Sp. z o.o. and ENION Zarządzanie Aktywami Sp. z o.o., amounting to PLN 1,348 thousand.

25.2. Finance income

The increase of finance income in the 9-month period ended 30 September 2010 compared with the 9-month period ended 30 September 2009 is connected with dividend revenue of PLN 181,948 thousand.

26. Events after the balance sheet date

Increased issued capital

On 9 September 2010 the Company and the State Treasury entered into an agreement for taking up the Company's class BB shares by the State Treasury on the basis of a private placement. Based on the agreement the State Treasury has taken up 163,110,632 ordinary registered class BB shares of the Company, with a nominal value of PLN 9 each and the total nominal value of PLN 1,467,996 thousand, in connection with the increase in share capital in line with resolution of the Extraordinary General Meeting of 26 April 2010.

In connection with the above mentioned agreement on 21 October 2010 the State Treasury paid for the increased issued capital of the Company by the in-kind contribution of the following shareholdings:

- 22,528,790 shares held by the State Treasury in Południowy Koncern Energetyczny S.A. with its registered office in Katowice, which represents all shares held by the State Treasury and 14.45% of all registered shares of Południowy Koncern Energetyczny S.A., with a fair value of PLN 863,754 thousand,
- 3,387,636 shares held by the State Treasury in Elektrownia Stalowa Wola S.A. with its registered office in Stalowa Wola, which represents all shares held by the State Treasury and 14.69% of all registered shares of Stalowa Wola S.A., with a fair value of PLN 80,524 thousand,
- 3,706,725,306 shares held by the State Treasury in ENION S.A. with its registered office in Kraków, which represents all shares held by the State Treasury and 14.65% of all registered shares of ENION S.A., with a fair value of PLN 407,740 thousand,
- 1,131,797,798 shares held by the State Treasury in EnergiaPro S.A. with its registered office in Wrocław, which represents all shares held by the State Treasury and 13.75% of all registered shares of EnergiaPro S.A., with a fair value of PLN 350,857 thousand.

On 2nd November 2010 the District Court, Katowice-Wschód VIII Economic Department of the National Court Register registered increased issued capital of the Company, up to PLN 15,772,945 thousand. Following the registration of shares the number of shares was increased to 1,752,549,394.

These interim condensed financial statements of TAURON Polska Energia S.A. prepared for the 9-month period ended 30 September 2010 in accordance with International Financial Reporting Standard 34 consist of 29 consecutive pages.

Katowice, 8 November 2010

Dariusz Lubera - President

Krzysztof Zawadzki - Vice-president