



**ELEKTROCIEPŁOWNIA "BĘDZIN" S.A.
CAPITAL GROUP**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE PERIOD FROM
1 JANUARY 2017 TO 30 SEPTEMBER 2017
COMPLIANT WITH THE IAS 34 "INTERIM FINANCIAL
REPORTING"**

Contents

1. General information	3
2. Condensed consolidated statement of financial situation	4
3. Condensed consolidated statements of profit and loss account and other comprehensive income	6
4. Condensed consolidated statement of changes in equity	7
5. Condensed consolidated cash flow statements	8
6. Data of the Parent Entity and of the Capital Group	9
7. Basis of the condensed consolidated interim financial statements	11
7.1 Statement of compliance.....	11
7.2 Basis for valuation.....	11
7.3 Functional and presentational currency.....	11
7.4 Judgements and estimates.....	11
7.5 Changes in International Financial Reporting Standards.....	11
8. Description of key accounting principles	12
9. Fair value measurement	12
10. Financial risk management	13
11. Business segment reporting	13
12. Tangible assets	16
13. Intangible assets	17
14. Impairment charges on leasing receivables	18
15. Impairment charges on loans granted	18
16. Equity	18
17. Profit per share	19
18. Employee benefits	20
19. Provisions	21
20. Fair value of financial instruments	21
21. Contractual liabilities entered into for the acquisition of property, plant and equipment and intangible assets	22
22. Explanation of seasonality or cyclicity of the Capital Group's activities	22
23. Conditional liabilities and proceedings pending before court	22
24. Security on property	23
25. Transactions with connected entities	23
26. Transactions after the balance sheet date	24
27. Manpower	24
28. Approval of consolidated financial statements	24

1. General information

These financial statements for the period from 1 January to 30 September 2017 months have been produced pursuant to the International Financial Reporting Standards IAS 34 "Interim Financial Reporting", approved by the European Union.

The statements present in a reliable and transparent manner the asset and financial standing of Elektrociepłownia „Będzin” S.A. Capital Group, have been approved for issue by the Management Board of Elektrociepłownia "Będzin" S.A. (parent company) and incorporate the following:

- condensed consolidated interim statement of financial position produced as at 30 September 2017,
- condensed consolidated interim Profit and Loss Account and other comprehensive income for the period from 1 January to 30 September 2017,
- condensed consolidated interim statement of changes in equity for the period from 1 January to 30 September 2017, condensed consolidated interim Cash flow statement for the period from 1 January to 30 September 2017,
- Additional information to the condensed consolidated interim financial statements.

Management Board of Elektrociepłownia "Będzin" S.A.

Krzysztof Kwiatkowski
President of the Management Board

Signature of the individual in charge of accountancy and representing the book keeping entity

Bożena Poznańska

Poznań, 29 November 2017

2. Condensed consolidated statement of financial position

	<i>Note</i>	30.09.2017 unexamined	31.12.2016
Assets			
Fixed assets			
Tangible fixed assets	12	253 105	240 454
Intangible assets	13	4 392	4 984
Goodwill		1 937	1 937
Investments measured by equity method		-	659
Receivables under lease agreements		249 519	260 215
Granted loans		12 145	12 858
Other long-term investments		-	-
Trade debtors and other debtors		2 350	2 209
Deferred tax assets		1 037	1 109
Total fixed assets		524 485	524 425
Current assets			
Inventories		12 532	27 027
Receivables under lease agreements		99 517	90 444
Granted loans		20 609	22 922
Trade debtors and other debtors		21 217	39 492
Income tax receivables		39 516	22 216
Cash and cash equivalents		32	60
Accruals		845	-
Total current assets		194 268	202 161
Total assets		718 753	726 586

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

	Note	30.09.2017 unexamined	31.12.2016
Liabilities			
Equity			
	16		
Share capital		37 728	37 728
Supplementary capital		48 288	45 352
Reserve capital		44 843	26 938
Defined benefits plan revaluation reserve		152	266
Retained profits		34 325	45 455
Total equity		165 336	155 739
Long-term liabilities			
Liabilities under loans, borrowings and other debt instruments		315 247	334 765
Liabilities under employee benefits	18	7 680	8 424
Trade creditors and other creditors		6 292	17 038
Provisions	19	7 412	7 412
Deferred income tax provisions		6 845	6 674
Total long-term liabilities		343 476	374 313
Short-term liabilities			
Liabilities under loans, borrowings and other debt instruments		170 972	150 462
Trade creditors and other creditors		26 481	21 890
Liabilities under employee benefits	18	2 960	4 165
Deferred income tax liabilities		296	5 213
Provisions	19	9 232	14 804
Total short-term liabilities		209 941	196 534
Total liabilities		553 417	570 847
Total liabilities		718 753	726 586

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

3. Condensed consolidated statement of profit and loss and other comprehensive income

	01.07.2017- 30.09.2017 <i>unexamined</i>	01.07.2016- 30.09.2016 <i>unexamined</i>	01.01.2017 - 30.09.2017 <i>unexamined</i>	01.01.2016 - 30.09.2016 <i>unexamined</i>
Revenues	38 409	35 966	140 942	132 838
Other operating revenues	1 038	189	2 184	2 050
Change	-	118	-	-
Amortization and depreciation	(4 815)	(4 067)	(14 425)	(12 309)
Consumption of materials and energy	(19 936)	(14 900)	(58 198)	(50 563)
External services	(9 320)	(4 589)	(16 235)	(11 033)
Taxes and charges	(1 475)	(1 122)	(4 351)	(4 237)
Payroll and employee benefits	(6 543)	(5 918)	(18 409)	(18 136)
Other costs by type	(46)	(1 031)	(341)	(1 372)
Value of goods and materials sold	(1 164)	(1 939)	(1 761)	(2 562)
Other operating expenses	(523)	(2 924)	(1 752)	(4 138)
	-	-	-	-
Profit on operating activities	(4 375)	(217)	27 654	30 538
Financial revenues	343	3 182	1 005	3 697
Financial expenses	(5 013)	(5 407)	(16 053)	(15 910)
Net financial revenues/ (expenses)	(4 670)	(2 225)	(15 048)	(12 213)
	-	-	-	-
Share in net profit of entities measured by equity method	92	65	186	65
Gross profit	(8 953)	(2 377)	12 792	18 390
	-	-	-	-
Income tax	1 407	541	(3 081)	(3 586)
Net profit	(7 546)	(1 836)	9 711	14 804
Other total income				
Other total income not taken to financial result in future reporting periods				
Revaluation of net liability under defined benefits plan		(65)	(141)	
Income tax on items not taken to financial result		12	27	
	-	(53)	(114)	-
Other comprehensive income for reporting period	-	(53)	(114)	-
	-	-	-	-
Profits or losses and other comprehensive income for reporting period	(7 546)	(1 889)	9 597	14 804
Net profit per share				
Main (in PLN)	(2,42)	(0,58)	3,1	4,7
Diluted (in PLN)	(2,42)	(0,58)	3,1	4,7

The net profit disclosed in full is attributable to the shareholders of the parent company.

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

Elektrociepłownia "Będzin" S.A. Capital Group

*Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)*

4. Condensed consolidated statement of changes in equity

	Share capital	Supplementary capital	Reserve capital	Defined benefits plan revaluation reserve	Retained profit	Total equity
Equity as at 01.01.2017	37 728	45 352	26 938	266	45 455	155 739
Net profit distribution	-	2 936	17 905	-	(20 841)	-
Profits or losses for reporting period						
Net profit for reporting period	-	-	-	-	9 711	9 711
Other comprehensive income for reporting period						
Revaluation of net liability under defined benefit plan (adjusted by tax)	-	-	-	(114)	-	(114)
Profits or losses and other comprehensive income for reporting period	-	-	-	(114)	9 711	9 597
Equity as at 30.09.2017 unexamined	37 728	48 288	44 843	152	34 325	165 336

	Share capital	Supplementary capital	Reserve capital	Defined benefits plan revaluation reserve	Retained profit	Total equity
Equity as at 01.01.2016	37 728	42 636	15 261	83	40 389	136 097
Adjustment BO	-	-	-	-	(123)	(123)
Kapitał własny na 01.01.2016 po korekcie	37 728	42 636	15 261	83	40 266	135 974
Net profit distribution	-	-	11 825	-	(11 825)	-
Profits for reporting period						
Net profit for reporting period	-	-	-	-	14 804	14 804
Other comprehensive income for reporting period						
Revaluation of net liability under defined benefit plan (adjusted by tax)	-	-	-	53	-	53
Profit or losses or other comprehensive income for reporting period	-	-	-	53	14 804	14 857
Equity as at 30.09.2016 unexamined	37 728	42 636	27 086	136	43 245	150 831

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

5. Condensed consolidated cash flow statement

	Note	01.01.2017 - 30.09.2017 unexpected	01.01.2016 - 30.09.2016 unexpected
Cash flows from operating activity			
Gross profit		12 812	18 390
<i>Adjustments</i>			
Depreciation of tangible fixed assets		13 764	11 717
Amortisation of intangible assets		658	593
Profit on investment activity		(10)	(2 779)
Share in profit of entities measured with equity method		(186)	(65)
Change in receivables under lease agreements		(6 980)	4 607
Change in granted loans		1 239	28 164
Change in inventories		14 494	8 716
Change in trade debtors and other debtors		18 237	19 590
Change in trade creditors and other creditors		1 584	2 659
Change in provisions for employee benefits		(7 562)	(5 272)
Change in accruals		28	(71)
Change in subsidy		-	(100)
Cash flows from operating activity		48 078	86 149
Net financial revenues/(costs)		15 562	14 064
Interest received		(231)	(107)
Interest paid		2 366	
Income tax paid		(6 784)	(1 180)
Net cash flows from operating activity		58 991	98 926
Cash flows from investment activity			
Purchase of tangible fixed assets		(13 950)	(16 153)
Purchase of intangible assets		(239)	(108)
Purchase of shares and interests		(505)	(1 717)
Takeover of the subsidiary, less the acquired cash equivalent		-	-
Disposal of tangible fixed assets		223	106
Disposal of shares and interests		-	9 650
Received dividends		-	-
Received interest		231	107
Disposal of other investments pozostałych inwestycji		-	-
Other inflows/outflows		(7)	-
Net cash flows from investment activity		(14 247)	(8 115)
Cash flows from financial activity			
Net inflow from issue of shares		500	-
Raised loans, credits and other debt instruments		153 360	230 075
Expenditure on repayment of loans, borrowings and other debt instruments		(161 854)	(282 237)
Payments under financial lease agreements		(2 023)	(65)
Interest paid		(17 427)	(13 108)
Dividends paid out		-	-
Other inflows (outflows)		-	-
Net cash flows from financial activity		(27 444)	(65 335)
Net cash flows from financial activity		17 300	25 476
Opening balance of cash and cash equivalents		22 216	10 196
Closing balance of cash and cash equivalents		39 516	35 672
including restricted cash		5 034	3 926

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Data of the parent entity and of the Capital Group

Elektrociepłownia "Będzin" S.A. (the parent company) is a joint stock company registered in Poland with the registered office in Poznań, at ul. Bolesława Krzywoustego 7.

Elektrociepłownia "Będzin" S.A. is the parent of company of Elektrociepłownia "Będzin" S.A. Capital Group

The condensed consolidated interim financial statements for the period from 1 January to 30 September 2017 incorporate the financial statements of the parent company and its subsidiaries (referred to jointly as the "Capital Group").

The share capital of the parent entity totals PLN 15,746.00 and is divided into 3,149,200 shares series A with the nominal value of PLN 5 each. The equity has been revaluated as per the information referred to in Note 16.

The parent company is registered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000064511 as per the decision of the District Court in Katowice dated 18 December 2001. REGON: 271740563 and NIP: 6250007615.

The period of business activity of Elektrociepłownia "Będzin" S.A. as the parent entity and entities making up the Capital Group has not been specified.

The principal activities of the parent company and of the Capital Group are:

- heat generation (water steam and hot water),
- distribution of heat (water steam and hot water)
- electricity generation,
- transmission of electricity,
- distribution and sale of electricity,
- production of biomass pellets,
- training activity, consultancy and consulting,
- general construction works in the field of transmission line structures: pipelines, power lines, electrotraction and telecommunications lines,
- general construction works in the field of linear distribution facilities: pipelines, power and telecommunications lines,
- rental of real estate on its own account,
- purchase and sale of real estate on its own account,
- financial leasing,
- other financial service activities, not classified elsewhere, excluding insurance and pension funds,
- activities of holding companies, trusts, funds and similar financial institutions,
- lease of intellectual property and similar products, excluding works protected by copyright,
- accounting and bookkeeping as well as tax consultancy.

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

Subsidiaries as at 30 September 2017

Name and registered office	Country	Share	
		30.09.2017	31.12.2017
Elektrociepłownia BĘDZIN Sp. z ul. Małobądzka 141, Będzin	Polsk	10	10
Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech ul. Bolesława Kerzywoustego 7,	Polsk	10	10
Energo-Biomasa Sp. z o. Suliszewo 97, Drawsko Pomorskie	Polsk	99,9	-

Associates as at 30 September 2017

Name and registered office	Country	Share %	
		30.09.2017	30.12.2016
ProMobil Fleet Sp. z o. o. ul. Karola Libelta 29/8, Poznań	Polska	40	40

On 12 May 2017, Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. acquired 95 shares of ENERGO-BIOMASA Sp. z o.o. (formerly MAG ZOF Sp. o.o.) based in Suliszewie 97, 78-500 Drawsko Pomorskie. On the same day, the Extraordinary General Meeting of Shareholders adopted a resolution to increase the share capital of ENERGO-BIOMASA Sp. z o.o. (previously MAG ZOF Sp. o.o.) by the amount of PLN 495.00k. PLN to PLN 500.00k. All 9.900 new shares were acquired by Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. In connection with the acquisition of newly-created Soares, Energo Utech S.A. now owns 9.995 shares with a value of PLN 50.00 each, i.e. 99.95% of shares. The company is involved in the production of pellets.

As at the day of approving these consolidated financial statements for issue and as at 30 September 2017, the composition of the management and supervisory bodies of the parent company was as follows:

Management Board

Krzysztof Kwiatkowski - President of the Management Board

Supervisory Board

Janusz Niedźwiecki - Chairman of the Supervisory Board
Waldemar Organista - Deputy Chairman of the Supervisory Board
Wiesław Głanowski - Member of the Supervisory Board
Mirosław Leń - Member of the Supervisory Board
Wojciech Sobczak - Member of the Supervisory Board
Grzegorz Kwiatkowski - Member of the Supervisory Board

Audit Committee at the Supervisory Board

Janusz Niedźwiedzki - Chairman of the Audit Committee
Waldemar Organista - Member of the Audit Committee
Grzegorz Kwiatkowski - Member of the Audit Committee

7. Basis for the condensed consolidated interim financial statements

7.1 Statement on compliance

These consolidated financial statements for the period from 1 January to 30 September 2017 have been produced as per the International Financial Reporting Standards ("IFRS") approved by the European Union ("EU") and the Resolution of the Ministry of Finance dated 19 February 2009 (Journal of Laws from 2014, item 133) on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by regulations of law of a state which is not a member state.

These condensed consolidated interim financial statements have been produced assuming business continuity in the foreseeable future.

7.2 Basis for valuation

These consolidated financial statements have been produced based on the historic cost principle except for financial instruments measured at fair value.

7.3 Functional and presentation currency

Data in the consolidated financial statements have been presented in thousand Polish zloty unless indicated otherwise. Polish zloty is a functional currency of the parent company and reporting currency of the Capital Group.

7.4 Judgements and estimates

In order to prepare consolidated financial statements as per the IFRS the EU requires the Management Board of the parent company to make judgements, estimates and assumptions impacting the applied accounting principles and recognizing the value of assets, liabilities, revenues and costs whose actual values may differ from the estimated ones.

The estimates and related assumptions are subject to an on-going verification. Changes in accounting estimates are accounted for on a prospective basis as of the period when the estimate was changed.

The significant judgments and estimates made by the Management Board of the Parent Company in the preparation of the condensed consolidated interim financial statements remained unchanged against the judgments and estimates adopted in preparing the annual consolidated financial statements for 2016.

7.5 Changes in International Financial Reporting Standards

When preparing the condensed interim consolidated financial statements from January 1, 2017 to September 30, 2017, the same accounting principles (policies) and calculation methods were applied as in the last consolidated financial statements for the year ended December 31, 2016.

POSITION ON THE NEW STANDARDS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet effective for the annual periods ending on 31 December 2017, and have not been applied in the condensed interim separate financial statements:

- IFRS 15 Revenue from contracts with customers - for periods beginning on 1 January 2018,
- IFRS 9 Financial Instruments - for periods beginning on 1 January 2018,
- Sale or Transfer of Assets between the Investor and the Associated Company or Joint Undertaking (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Associates) - date of application is not specified,
- IFRS 16 Leasing - for periods beginning on 1 January 2019,

- Recognition of deferred tax assets against unrealized losses (Amendments to IAS 12 Income taxes) - for periods beginning on 1 January 2017,
- Initiative regarding disclosures (Amendments to IAS 7 Statement of cash flows) - for periods beginning on 1 January 2017,
- Amendments to IFRS 15 Revenue from contracts with customers - for periods beginning on 1 January 2018,
- Amendments to International Financial Reporting Standards 2014-2016 - for periods beginning on 1 January 2018 (except for amendments to IFRS 12 that are effective in relation to annual periods beginning on 1 January 2017 or later),
- IFRIC 22 Transactions in Foreign Currency and Advances - for periods beginning on 1 January 2018,
- Amendments to IAS 40 Investment Property - for periods beginning on 1 January 2018,
- IFRIC 23 Uncertainty Related to the Income Tax Approach - for periods beginning on 1 January 2019.

The Capital Group intends to apply them for the periods for which they will be binding for the first time.

INFLUENCE OF NEW STANDARDS, CHANGES TO STANDARDS AND INTERPRETATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Capital Group made a preliminary analysis of the impact of IFRS 9 on the financial statements. It is not expected that the new Standard will have a significant impact on its consolidated financial statements. Due to the nature and type of financial assets held, the principles of classification and measurement of financial assets of the Capital Group should not change significantly due to the application of IFRS 9.

The Capital Group made a preliminary analysis of the impact of IFRS 15 on the financial statements. Based on the work carried out, no issues have been identified that will significantly affect the value of revenues from sales and financial result presented in the consolidated financial statements. The new standard requires the disclosure in the financial statements of a much larger scope of information on sales and revenues. In connection with the above, changes should be expected in this respect.

The Group made a preliminary analysis of the impact of IFRS 16 on the financial statements. The new IFRS 16 Leasing standard changes the principles of recognizing contracts that meet the definition of a lease. The main change is a departure from the division into financial and operational leasing. All contracts that meet the definition of a lease will be recognized in principle as current financial leasing. The analysis of the impact of other standards has not been completed by the Capital Group, however, it does not anticipate that these changes would have a significant impact on the consolidated financial statements of the Capital Group.

8. Description of key accounting principles

The preparation of these condensed interim consolidated financial statements of the Capital Group applies the accounting policies applied in the preparation of the annual consolidated financial statements for 2016.

9. Fair value measurement

In many cases, the adopted accounting and disclosure principles require the Capital Group to measure the fair value of both financial and non-financial assets and liabilities. The fair values are measured and recognised with the use of methods presented below. If necessary, further information about the assumptions for measuring fair value has been presented in the explanatory notes concerning individual assets and liabilities.

Non-derivative financial assets and liabilities

Fair value is estimated based on current value of future cash flows from repayment of principal amount and interest discounted with interest rate applicable at the end of reporting period. Short-term assets and liabilities and assets and liabilities for which interest rates are updated with changed base rates are not discounted as their book value is similar to the fair value. Fair value is estimated only for the purpose of disclosure.

Trade debtors/creditors and other

It is assumed that the nominal value of debtors/creditors due in less than a year reflects their fair value. Debtors/creditors with longer maturity dates are discounted for the purpose of estimating their fair value.

10. Financial risk management

The Capital Group is exposed to the following types of risk related to the use of financial instruments:

- Credit risk,
- Liquidity risk,
- Fx risk,
- Interest rate risk.

Information about the Capital Group's exposure to a given risk, objectives, principles and procedures of risk measurement and management adopted by the Capital Group along with information of capital management by the Capital Group is presented in the annual consolidated financial statements for 2016.

11. Business segments reporting

The Capital Group presents financial information with a break down into two segments: energy segment covering production of electricity and heat both in conventional sources and through firing and co-firing of biomass and the financial-services segment covering renting, leasing or providing access to fixed assets in another form.

Currently, this division matches the internal reporting framework of the Capital Group arising from the management structure. It is subject to a regular control exercised by the parent company's Management Board and is used for taking decisions about allocation of resources and to assess the performance of segments.

The Capital Group pursues its business objectives within two key reporting segments distinguished based on different management strategies (production, financial) assumed for each segment.

There is no geographic diversification of the Capital Group's activity and the entire business is conducted in Poland thus no geographical regions have been specified.

Elektrociepłownia "Będzin" S.A. Capital Group

*Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)*

operational segments for the period 01.01.2017 - 30.09.2017	Energy segment	Financial segment	Total
Revenues from external customers	117 747	23 195	140 942
Other operational revenues	1 167	1 017	2 184
Segment total revenues	118 914	24 212	143 126
Amortisation	(10 315)	(4 110)	(14 425)
Consumption of materials and energy	(58 066)	(132)	(58 198)
Third party services	(15 407)	(828)	(16 235)
Taxes and fees	(3 133)	(1 218)	(4 351)
Remuneration and employee benefits	(14 522)	(3 887)	(18 409)
Other costs by type	(341)	-	(341)
Value of sold goods and materials	(1 761)	-	(1 761)
Other operating costs	(633)	(1 119)	(1 752)
Operational activity bottom line	14 736	12 918	27 654
Financial revenues	448	557	1 005
Financial expenses	(2 506)	(13 547)	(16 053)
Earnings from associates accounted for using the equity method	-	186	186
	12 678	114	12 792
Income tax	(2 611)	(470)	(3 081)
Net profit	10 067	(356)	9 711

Assets and liabilities of segments as at 30.09.2017	Energy segment	Financial segment	Total
Segment assets	287 647	431 106	718 753
Total assets	287 647	431 106	718 753
Segment liabilities	127 640	425 777	553 417
Total equity	160 007	5 329	165 336
Total liabilities and equity	287 647	431 106	718 753

Elektrociepłownia "Będzin" S.A. Capital Group

*Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)*

Operational segments for the period 01.01.2016 - 30.09.2016	Energy segment	Financial segment	Total
Revenues from external customers	107 653	25 185	132 838
Other operational revenues	991	1 059	2 050
Change in the balance of products	-	-	-
Segment total revenues	108 644	26 244	134 888
Amortisation	(8 096)	(4 213)	(12 309)
Consumption of materials and energy	(50 422)	(141)	(50 563)
Third party services	(11 233)	200	(11 033)
Taxes and fees	(3 309)	(928)	(4 237)
Remuneration and employee benefits	(14 349)	(3 787)	(18 136)
Other costs by type	(387)	(985)	(1 372)
Value of sold goods and materials	(2 483)	(79)	(2 562)
Other operating costs	(991)	(3 147)	(4 138)
Operational activity bottom line	17 374	13 164	30 538
Financial revenues	266	3 431	3 697
Financial expenses	(1 119)	(14 791)	(15 910)
Earnings from associates accounted for using the equity method	-	65	65
Profit before tax	16 521	1 869	18 390
Income tax	(3 173)	(413)	(3 586)
Net profit	13 348	1 456	14 804

Assets and liabilities of segments as at 30.09.2016	Energy segment	Financial segment	Total
Segment assets	254 512	443 227	697 739
Total assets	254 512	443 227	697 739
Segment liabilities	118 500	428 408	546 908
Total equity	136 012	14 819	150 831
Total liabilities and equity	254 512	443 227	697 739

The activity of the energy sector is characterized by a concentration of credit risk - the majority of revenues from sales is realized due to the sale of products to entities of the Tauron SA Group. The activity of the energy sector is subject to seasonality related to the sale of heat. Profitability of the conducted activity in the area of heat sales is characterized by reduced profitability of assets in the summer period, as a result of a reduced demand for heat.

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

12. Tangible fixed assets

Gross value of tangible fixed assets	Land, buildings and structures	Machines and equipment	Means of transportation	Other tangible fixed assets	Tangible fixed assets under construction	Total
Gross value as at 01.01.2016	44 048	90 533	45 862	917	60 151	241 511
Purchase	26 388	86 272	256	261	59 676	172 853
Sale	-	(7)	(520)	-	-	(527)
Settlement/change of classification	-	-	(1 755)	-	(113 809)	(115 564)
Wartość brutto na 31.12.2016	70 436	176 794	45 598	1 175	6 018	298 266
Gross value as at 01.01.2017	70 436	176 794	43 843	1 175	6 018	298 266
Purchase	54	4 471	138	174	24 438	29 275
Sale	-	-	(518)	-	-	(518)
Settlement/change of classification	-	-	-	-	(2 646)	(2 646)
Gross value as at 31.09.2017	70 490	181 256	43 463	1 349	27 810	324 368

Depreciation and impairment charges	Land, buildings and structures	Machines and equipment	Means of transportation	Other tangible fixed assets	Tangible fixed assets under construction	Total
Depreciation and impairment charges as at 01.01.2016	5 009	25 777	11 173	483	-	42 442
Depreciation	2 357	8 831	4 495	154	-	15 837
Sale	-	(8)	(440)	-	-	(448)
Liquidation	-	(3)	(13)	(3)	-	(19)
Depreciation and impairment charges as at 31.12.2016	7 366	34 597	15 215	634	-	57 812
Depreciation and impairment charges as at 01.01.2017	7 366	34 597	15 215	633	-	57 811
Amortyzacja	2 176	8 164	3 293	132	-	13 765
Sprzedaż	-	-	(304)	-	-	(304)
Depreciation and impairment charges as at 30.09.2017	9 542	42 752	18 204	765	-	71 263
Net value						
01.01.2016	39 039	64 756	34 689	434	60 151	199 069
31.12.2016	63 070	142 197	30 383	541	6 018	240 454
01.01.2017	63 070	142 197	28 628	542	6 018	240 455
30.09.2017	60 948	138 504	25 259	584	27 810	253 105

The fixed assets acquisitions made during the period, relate mainly to the investment process at Elektrociepłownia Będzin sp. z o.o. in the scope of adaptation of the heat and power plant to the requirements of environmental protection in accordance with the guidelines of the European Union.

13. Intangible assets

Gross value of intangibles	Patents, licences, software	Other intangible assets	Total
Gross value as at 01.01.2016	785	5 512	6 297
Acquisition	161	-	161
Gross value as at 31.12.2016	944	5 512	6 456
Gross value as at 01.01.2017	944	5 512	6 456
Acquisition	66	-	66
Gross value as at 30.09.2017	1 010	5 512	6 522

Amortisation and impairment charges	Patents, licences, software	Other intangible assets	Total
Amortisation and impairment charges as at 01.01.2016	244	413	657
Amortisation	264	551	815
Amortisation and impairment charges as at 31.12.2016	508	964	1 472
Amortisation and impairment charges as at 01.01.2017	508	964	1 472
Amortisation	245	413	658
Amortisation and impairment charges as at 30.09.2017	753	1 377	2 130

Net value			
01.01.2016	541	5 099	5 640
31.12.2016	436	4 548	4 984
01.01.2017	436	4 548	4 984
30.09.2017	257	4 135	4 392

The other intangible assets position presents relations with clients of the Energetyczne Towarzystwo Finansowo-Leasingowe Energo- Utech S.A..

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

14. Impairment charges on lease receivables

	30.09.2017	31.12.2016
Change in impairment losses on lease receivables		
Opening balance	(3 365)	(1 884)
Increases	-	(3 365)
Releases	1 029	1 884
Closing balance	(2 336)	(3 365)

15. Impairment charges on loans granted

	30.09.2017	31.12.2016
Change in impairment losses on loan receivables		
Opening balance	(552)	(552)
Closing balance	(552)	(552)

16. Equity

	30.09.2017	31.12.2016
Opening number of shares	3 149 200	3 149 200
Closing number of shares (fully paid up)	3 149 200	3 149 200

Equity as at	30.09.2017	Number of shares (in items)	Nominal value per share (in PLN)	Balance sheet value (in PLN k)
A-series shares		3 149 200	5	15 746
Total number of shares		3 149 200		
Nominal value of share capital				15 746
Share capital resulting from hyperinflation revaluation				21 982
Total share capital				37 728
Supplementary capital				48 288
Reserve capital				44 843
Total other capital				93 131
Defined benefits plan revaluation reserve				152
Retained profits				34 325
Total equity				165 336

Elektrociepłownia "Będzin" S.A. Capital Group

*Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)*

Equity as at	31.12.2016	Number of shares (in items)	Nominal value per share (in PLN)	Balance sheet value (in PLN k)
A-series shares		3 149 200	5	15 746
Total number of shares		3 149 200		
Nominal value of share capital				15 746
Share capital resulting from hyperinflation revaluation				21 982
Total share capital				37 728
Supplementary capital				45 352
Reserve capital				26 938
Total other capital				72 290
Defined benefits plan revaluation reserve				266
Retained profits				45 455
Total equity				155 739

Ownership structure of the share capital as at 30.09.2017.

Shareholder	Number of shares	Nominal value of shares	Shareholding (%)
Krzysztof Kwiatkowski	935 499	4 677	29,71%
Waldemar Organista	453 146	2 266	14,39%
AgioFunds TFI SA	334 747	1 674	10,63%
Bank Gospodarstwa Krajowego	311 355	1 557	9,89%
Familiar S.A. SICAV - SIR	271 526	1 358	8,62%
Skarb Państwa	157 466	787	5,00%
Other shareholders	685 461	3 428	21,76%
	3 149 200	15 746	100,00%

Dividends

In the nine months of 2017, the parent company did not pay any dividends.

17. Profit per share

	30.09.2017	30.09.2016
Opening number of shares	3 149 200	3 149 200
Closing number of shares	3 149 200	3 149 200
Average weighted number of issued shares	3 149 200	3 149 200

	30.09.2017	30.09.2016
Net profit distributed amongst shareholders of dominant entity (in PLN k)	9 711	14 804
Number of shares	3 149 200	3 149 200
Main profit per share (PLN/share)	3,1	4,7

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

18. Employee benefits

Change in current value of liabilities under defined employee benefits	01.01.2017 - 30.09.2017	01.01.2016 - 31.12.2016
Opening balance of liabilities under defined employee benefits	4 165	3 148
Current employment cost	50	1 249
Interest cost	52	103
Defined benefits plan revaluation reserve recognized in other comprehensive income	137	(226)
Future employment cost	-	(23)
Benefits paid	(207)	(86)
Closing balance of liabilities under defined employee benefits	4 197	4 165

Change in current value of liabilities under defined employee benefits	01.01.2017 - 30.09.2017	01.01.2016 - 31.12.2016
Opening balance of liabilities under defined employee benefits	8 424	7 447
Current employment cost	3 167	4 599
Interest cost	62	127
Defined benefits plan revaluation reserve recognized in profit or loss in current reporting period	(1 110)	(286)
Benefits paid	(4 100)	(3 444)
Released	-	(19)
Closing balance of liabilities under other staff benefits	6 443	8 424

Change in balance of liabilities under employee benefits	Service anniversary awards	Retirement and disability severance payments	Other liabilities	Total
As at 01.01.2017	4 087	2 886	5 616	12 589
Raised	142	88	3 341	3 571
Utilised	(398)	(128)	(4 125)	(4 651)
Released	(778)	-	(181)	(959)
Revaluation of provisions recognized in other comprehensive income	-	259	(118)	141
As at 30.09.2017	3 053	3 105	4 482	10 640
long-term provisions	3 053	2 618	2 009	7 680
short-term provisions	-	487	2 473	2 960

Change in balance of liabilities under employee benefits	Service anniversary awards	Retirement and disability severance payments	Other liabilities	Total
As at 01.01.2016	4 611	2 946	3 038	10 595
Raised	209	208	5 548	5 965
Utilised	(733)	(84)	(2 711)	(3 528)
Released	-	-	(214)	(214)
Revaluation of provisions recognized in other comprehensive income	-	(181)	(45)	(226)
As at 31.12.2016	4 087	2 886	5 616	12 589
long-term provisions	3 699	2 570	2 155	8 424
short-term provisions	388	316	3 461	4 165

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

19. Provisions

Provisions	Provision for CO2 emission allowance	Other provisions	Total
Value at 01.01.2017	14 451	7 765	22 216
Raised	9 007	44	9 051
Utilised	(14 451)	(172)	(14 623)
Value as at 30.09.2017	9 007	7 637	16 644
long-term	-	7 412	7 412
short-term	9 007	193	9 232

20. Fair value of financial instruments

Details of fair values of financial instruments for which they can be estimated are as follows:

- cash and cash equivalents, short-term bank deposits and short-term bank loans - the carrying amount of the instruments is close to their fair value due to the rapid maturity of these instruments,
- trade receivables, trade payables, other receivables and liabilities, short-term lease receivables, short-term loans receivable - the carrying amount of the instruments is close to their fair value due to their short-term nature
- long-term lease receivables, long-term receivables from loans granted, Long-term loans and borrowings - the carrying amount of the instruments is close to their fair value mainly due to their variable nature of interest rates.

	Current value	Fair value	Hierarchy level
As at 30.09.2017			
Financial instruments measured at fair value through profit or loss			
Loans and receivables, including:	439 782	438 888	
<i>leasing agreements</i>	349 036	348 142	3
<i>granted loans</i>	32 754	32 754	3
<i>trade receivables and other</i>	18 476	18 476	3
<i>cash and cash equivalents</i>	39 516	39 516	3
Other financial liabilities, including:	(522 282)	(521 447)	
<i>liabilities under loans and credits</i>	(486 219)	(485 384)	3
<i>other liabilities</i>	(36 063)	(36 063)	3
	(82 500)	(82 559)	-

	Current value	Fair value
As at 31.12.2016		
Financial instruments measured at fair value through profit or loss	-	-
Loans and receivables, including:	430 513	429 324
<i>leasing agreements</i>	350 659	349 470
<i>granted loans</i>	35 780	35 780
<i>trade receivables and other</i>	21 858	21 858
<i>cash and cash equivalents</i>	22 216	22 216
Investments held to maturity	-	-
Other financial liabilities, including:	(449 344)	(448 214)
<i>liabilities under loans and credits</i>	(485 227)	(484 097)
<i>other liabilities</i>	35 883	35 883
	(18 831)	(18 890)

21. Contractual liabilities entered into for the acquisition of property, plant and equipment and intangible assets

On June 3 2015, Elektrociepłownia BĘDZIN Sp. z o.o. concluded an annex to the contract No. 99 / EC / 2014 for the project under the name "Construction of a flue gas desulphurisation and denitrification installation at Elektrociepłownia BĘDZIN Sp. z o.o." concluded with SBB Energy S.A. The total value of the investment was estimated at PLN 130 m. As at 30 September 2017, the total value of expenses incurred under the above-mentioned contract amounted to PLN 124.3 m. Completion of the investment project is planned for March 2018.

22. Explanation of seasonality or cyclicity of the Capital Group's activities

Business activity of Elektrociepłownia "Będzin" S.A. Capital Group, as a manufacturer of heat and electricity, is characterized by its specific seasonality. In individual reporting periods, there is a difference in the amount of electricity and heat produced, which is related to the dependence of production volumes on seasons and weather conditions. In particular, it concerns the production and sale of heat, which is significantly higher in autumn and winter.

There is no seasonality in the financial segment.

23. Conditional liabilities and proceedings pending before court

No court cases, either filed by or against Elektrociepłownia BĘDZIN S.A. (dominant entity) are pending.

No court cases, either filed by or against Elektrociepłownia BĘDZIN Sp. z o.o. (subsidiary) are pending.

On 19 November 2014, Energetyczne Towarzystwo Finansowo- Leasingowe Energo-Utech SA (subsidiary) brought a case for the payment of claim arising from recourse factoring, said claim of PLN 679.5k. There are no court proceedings against the Company

There are no court proceedings brought by or against Energo-Biomasa Sp. z o.o. (subsidiary).

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

24. Security on property

There are collaterals on the Capital Group's assets in connection with the loan agreement intended to finance the investment in Elektrociepłownia BĘDZIN Sp. z o.o. December 16, 2014.

The subject of the collateral on the assets of the Capital Group are:

- total mortgage of the highest priority and the sum of PLN 196.984k on real estate of Elektrociepłownia BĘDZIN Sp. z o.o. located in Sosnowiec, for which land registers are kept in the District Court in the Sosnowiec 6th Department of Land and Mortgage Registers, with the numbers KA1S / 00033883/2 and KA1S / 0034647/3 and on the property located in Bedzin for which land register are kept in the District Court in Bedzin, the 5th Land and Mortgage Register Department with the number KA1B/00016873/8
- a registered pledge on a set of things and laws defined as a set of all movables and property rights belonging to the company ie Elektrociepłownia BĘDZIN Sp.z o.o. (excluding the rights to bank accounts of Elektrociepłownia BĘDZIN Sp. z o.o. and the rights being the subject of transfer of rights to collateral concluded between Bank Polska Kasa Opieki SA and Elektrociepłownia BĘDZIN Sp. z o.o., as well as the real estate and other rights which in the light of regulations cannot be burdened with a registered pledge within the meaning of the catalog of the method of description of pledged objects constituting Appendix 1 to the Regulation of the Minister of Justice of 15 October 1997 on the detailed organization of the way of keeping a register of pledges constituting a set of things and rights constituting an economic whole, even if its composition was variable within the meaning of the Pledge Act - The value of the pledge is PLN 123.808k,
- heat Purchase Agreement for Elektrociepłownia BĘDZIN Sp. z o.o. - contract of transfer of rights to the collateral,
- electricity sales agreements and other contracts generating revenues of over PLN 200k per year for Elektrociepłownia BĘDZIN Sp. z o.o. - contract of transfer of rights to collateral
- Authorisation to access bank accounts of Elektrociepłownia BĘDZIN Sp. z o.o.
- Loans financing financial leasing contracts are secured with blank promissory notes, mortgages, registered pledges and transfer of fixed assets as well as transfers of receivables to banks,

25. Transactions with connected entities

Transactions with persons holding managerial or supervisory positions

During the reporting period ending on 30 September 2017, no advances, loans, credits, guarantees or other liability-raising agreements were provided or made with persons holding managerial or supervisory positions, their spouses, or persons related to them by blood or by marriage.

Remuneration of persons holding key managerial or supervisory positions in the dominant entity of the Capital Group (without provisions raised for awards) is presented in the table below:

	30.09.2017	30.09.2016
Base salaries	351	304
Bonuses	565	212
Other	4	
	920	516

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1 January 2017 to 30 September 2017
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

As at 30.09.2017	Receivables	Liabilities
MDW Glanowski	-	5 996
Autodirect S.A.	12	-
Promobil Fleet Sp. z o. o.	649	534
	661	6 530

Period 01.01.2017- 30.09.2017	Sales of products	Other income
Promobil Fleet Sp. z o. o.	48	-
Autodirect SA	15	-
	63	-

Period 01.01.2017- 30.09.2017	Purchased services	Other purchases
MDW Glanowski	214	-
	214	-

26. Events after the balance sheet date

On 14 November 2017, the Supervisory Board of Elektrociepłownia "Będzin" S.A. approved the sale by the Company of a 40% interest in ProMobil Fleet sp. o.o.in resolution No. 5 / IX / 2017,

27. Manpower

The average staff numbers in the Capital Group (expressed in FTEs) was as follows:

	30.09.2017	31.12.2016
Production staff	131	89
Office staff	86	79
	217	168

28. Approval of consolidated financial statements

These condensed consolidated interim financial statements were produced and approved for publication by the Management Board of the dominant entity on 29 November 2017.