

**ZESPÓŁ ELEKTROWNI
PAŃNÓW-ADAMÓW-KONIN S.A. CAPITAL GROUP**

**ADDITIONAL INFORMATION
FOR EXPANDED CONSOLIDATED REPORT
FOR 1st QUARTER OF 2013.**

(this is a translation of the document issued originally in Polish language)

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1. Selected financial data

Table 1: Selected consolidated financial data

Selected consolidated financial data	In thousands PLN		In thousands EUR	
	Ist quarter 2013 period from 01.01.2013 to 31.03.2013	Ist quarter 2012 period from 01.01.2012 to 31.03.2012	Ist quarter 2013 period from 01.01.2013 to 31.03.2013	Ist quarter 2012 period from 01.01.2012 to 31.03.2012
I. Sales revenues	663 198	643 851	158 895	154 216
II. Operating profit	87 104	138 636	20 869	33 206
III. Gross profit (before taxation)	59 936	194 125	14 360	46 497
IV. Net profit	49 129	157 416	11 771	37 704
V. Net profit attributable to equity holders of the parent company	47 296	157 410	11 332	37 703
VI. Total income	50 040	157 875	11 989	37 814
VII. Net cash from operating activities	98 018	245 272	23 484	58 748
VIII. Net cash from investing activities	-67 658	-23 083	-16 210	-5 529
IX. Net cash from financial activities	-60 524	-51 866	-14 501	-12 423
X. Net change in cash and cash equivalents	-30 164	170 323	-7 227	40 796
XI. Net earnings per share (in PLN/EUR per share)	0,93	3,03	0,23	0,72
XII. Weighted average number of shares	50 823 547	52 026 000	50 823 547	52 026 000
Selected consolidated financial data	In thousands PLN		In thousands EUR	
	As at 31.03.2013	As at 31.12.2012 (restated)	As at 31.03.2013	As at 31.12.2012 (restated)
XIII. Total assets	6 267 290	6 277 184	1 500 285	1 535 440
XIV. Non-current assets	5 333 650	5 377 684	1 276 787	1 315 416
XV. Current assets	933 640	899 500	223 498	220 023
XVI. Equity	3 591 035	3 540 029	859 634	865 914
XVII. Share capital	104 052	104 052	24 908	25 452
XVIII. Equity attributable to equity holders of the parent	3 590 917	3 539 912	859 606	865 885
XIX. Total Liabilities	2 676 255	2 737 155	640 651	669 526
XX. Long term liabilities	1 774 768	1 791 863	424 850	438 301
XXI. Short term liabilities	901 487	945 292	215 801	231 224
XXII. Book value per share (in PLN/EUR per share)	70,66	68,17	16,91	16,68
XXIII. Weighted average number of shares	50 823 547	51 925 796	50 823 547	51 925 796

Table 2: Selected financial data of ZE PAK S.A.

Selected financial data of ZE PAK S.A.	In thousand PLN		In thousand EUR	
	Ist quarter 2013 period from 01.01.2013 to 31.03.2013	Ist quarter 2012 period from 01.01.2012 to 31.03.2012	Ist quarter 2013 period from 01.01.2013 to 31.03.2013	Ist quarter 2012 period from 01.01.2012 to 31.03.2012
XXIV. Sales revenues	442 011	487 615	105 901	116 794
XXV. Operating profit	34 198	95 585	8 193	22 895
XXVI. Gross profit (before taxation)	105 323	110 110	25 234	26 374
XXVII. Net profit	98 173	89 068	23 521	21 334
XXVIII. Net cash flow on operating activity	15 376	134 770	3 684	32 280
XXIX. Net cash flow on investment activity	17 571	-50 050	4 210	-11 988
XXX. Net cash flow on financing activity	-598	-12 240	-143	-2 932
XXXI. Change in the net balance of cash and cash equivalents	32 349	72 480	7 750	17 360
XXXII. Net earnings per share (in PLN/EUR per share)	1,93	1,71	0,46	0,41
XXXIII. Weighted average number of shares	50 823 547	52 026 000	50 823 547	52 026 000
Selected financial data of ZE PAK S.A.	In thousand PLN		In thousand EUR	
	As at 31.03.2013	As at 31.12.2012 (restated)	As at 31.03.2013	As at 31.12.2012 (restated)
XXXIV. Total assets	3 216 399	3 145 230	769 952	769 343
XXXV. Non-current assets	2 808 651	2 781 453	672 344	680 361
XXXVI. Current assets	407 748	363 777	97 608	88 982
XXXVII. Equity	2 692 194	2 594 021	644 466	634 514
XXXVIII. Share capital	104 052	104 052	24 908	25 452
XXXIX. Liabilities and provisions for liabilities	524 205	551 209	125 486	134 829
XL. Long term liabilities	66 768	75 408	15 983	18 445
XLI. Short term liabilities	253 371	284 538	60 653	69 600
XLII. Book value per share (in PLN/EUR per share)	52,97	49,96	12,68	12,22
XLIII. Weighted average number of shares	50 823 547	51 925 796	50 823 547	51 925 796

Above financial data in tables presented in 1.1 i 1.2 were converted into EUR according to the following exchange rates:

- particular items of statement of comprehensive income and statement of cash flows – according to the exchange rate constituting an arithmetic average of average exchange rates set out by the National Bank of Poland at the end of every month of the reporting period from January 1, 2013 till March 31, 2013 - EUR/PLN 4.1738; and for the period from January 1, 2012 till March 31, 2012 - EUR/PLN 4.1750.

- particular items of the assets and liabilities – according to average exchange rate published by the National Bank of Poland as of March 29, 2013 - EUR/PLN 4.1774 and as of December 31, 2012 – EUR/PLN 4.0882.

2. Description of the Group

2.1 Basic information

As at March 31, 2013 the ZE PAK Capital Group (hereinafter referred to as the "Group" or "ZE PAK Capital Group") is composed of a dominant entity Zespół Elektrowni Pątnów-Adamów-Konin S.A. (hereinafter referred to as the "ZE PAK S.A." or the "Company") and seventeen subsidiaries i.e. Elektrownia Pątnów II Sp. z o.o., PAK Kopalnia Węgla Brunatnego Adamów S.A. (hereinafter referred to as the "PAK KWBA S.A."), PAK Kopalnia Węgla Brunatnego Konin S.A. (hereinafter referred to as the "PAK KWBK S.A."), PAK Serwis Sp. z o.o., EL PAK Sp. z o.o., ASEKURACJA Sp. z o.o., Aquakon Sp. z o.o., Eko-Surowce Sp. z o.o., Energoinwest Serwis Sp. z o.o., KWE Sp. z o.o., Elektrim Volt S.A., PAK CBJ Sp. z o.o., PAK CUI Sp. z o.o., PAK Górnictwo Sp. z o.o., PAK Holdco Sp. z o.o., PAK Infrastruktura Sp. z o.o., Verano Sp. z o.o.. All companies belonging to the Group are seated in Poland. All companies belonging to the Group are subject to full consolidation, excluding subsidiaries of PAK KWB Konin S.A. (Ochrona Osób i Mienia Asekuracja Sp. z o.o., Aquakon Sp. z o.o., Eko-Surowce Sp. z o.o., Centrum Zdrowia i Relaksu Verano Sp. z o.o., KWE Sp. z o.o.).

The companies which are of the biggest importance for the Group due to the scale of their operations are: ZE PAK S.A. and Elektrownia Pątnów II Sp. z o.o., dealing with production of electricity and heat, and PAK KWBA S.A. and PAK KWBK S.A., dealing with brown coal mining. Apart from the core business, the Group comprises also other companies which perform e.g. construction and erection works, maintenance works, provide services, deal with production and trade to meet demand from and offer complex services for industry, protection of people and property, chemical analyses and research, IT.

The production facilities of the Group include four brown coal-fired power plants located in the central part of Poland in the Wielkopolskie voivodship. These are the Pątnów II Power Plant which is equipped with a supercritical power unit, Pątnów I Power Plant, Adamów Power Plant and Konin Power Plant equipped additionally with 55 MW power unit with biomass fired boiler. Total achievable gross power output of the production facilities of the Group was 2462 MWe as of March 31, 2013.

Majority of the Group's sales revenue is derived from sale of electricity (both generated within the Group and purchased for resale) and revenue from energy certificates. This is supplemented by revenues from sale of heat and from construction contracts. An additional sales revenue, which depends on the level of electricity prices on the market as well as the volume of generated electricity, is revenue from termination of long-term contracts for sale of electricity (Power Purchase Agreements), generated by Elektrownia Pątnów II Sp. z o.o. ZE PAK S.A., by purchasing lignite mines, provided the Group with an access to continuous supplies of lignite for its own

power plants located in the direct vicinity of mines. The vertically integrated Group allows for optimization of lignite inventories and supplies while coordinating lignite extraction with its requirements for this fuel. The requirements for biomass are satisfied by the supplies of this raw material under the agreements made with producers and intermediaries.

2.2 Structure

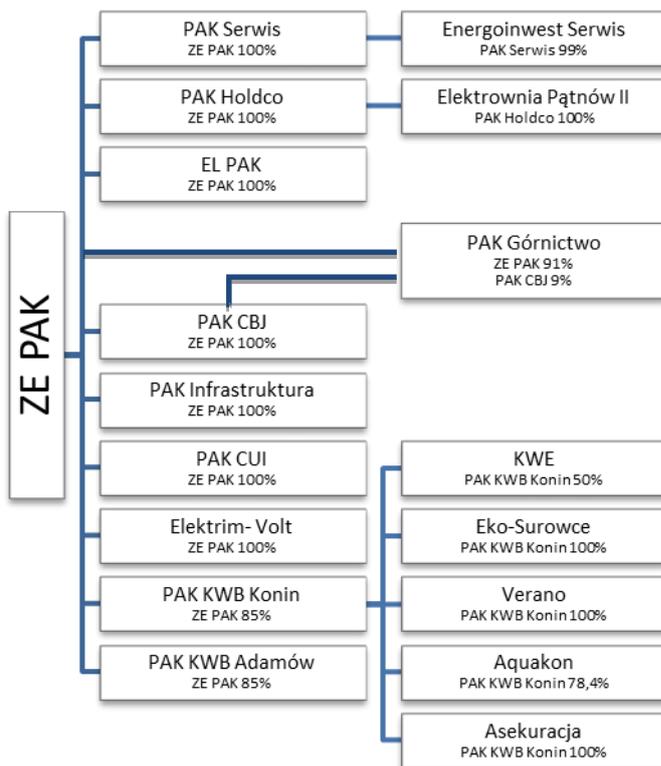


Chart 1: Chart of the Group as of March 31, 2013

Table 3: Listing of the Group companies (without ZE PAK S.A.)

Entity	Registered office	Scope of activities	Percentage of capital held by the Group	
			As at 31 March 2013	As at 31 December 2012
Przedsiębiorstwo Remontowe PAK SERWIS Sp. z o.o.*	62-510 Konin ul. Przemysłowa 158	Construction and repair services	100%	100%
Elektrim-Volt S.A.	00-834 Warszawa ul. Pańska 77/79	Sales of electricity	100%	100%
Przedsiębiorstwo Serwisu Automatyki i Urządzeń Elektrycznych EL PAK Sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Services related to industrial automatics and electric appliances maintenance	100%	100%
Elektrownia Pątnów II Sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electric energy production and distribution from the new 464 MW power unit	100%**	100%**
PAK-Holdco Sp. z o.o.	62-510 Konin ul. Kazimierska 45	Holding activity	100%	100%
PAK Infrastruktura Sp. z o.o.	62-510 Konin ul. Kazimierska 45	General construction of engineering objects, not classified elsewhere	100%	100%
PAK Centrum Usług Informatycznych Sp. z o.o.	62-510 Konin ul. Kazimierska 45	IT services	100%	100%
PAK Centrum Badań Jakości Sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Research and chemical analysis	100%	100%
PAK Górnictwo Sp. z o.o.	62-510 Konin ul. Kazimierska 45	Lignite extraction	100%***	100%***
Energoinwest Serwis Sp. z o.o.	62-510 Konin ul. Spółdzielców 3	Construction and repair services	99%****	99%****
PAK Kopalnia Węgla Brunatnego Konin S.A.	62-540 Kleczew ul. 600-lecia 9	Lignite extraction	85%	85%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	62-700 Turek ul. Uniejowska 9	Lignite extraction	85%	85%
Ochrona Osób i Mienia ASEKURACJA Sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	Security guard services relating to people and property	85%*****	85%*****
Aquakon Sp. z o.o.	62-610 Sompolno Police	Production of and trading in mineral waters	66,6%*****	66,6%*****
Eko-Surowce Sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	Sales of lignite	85%*****	85%*****
KWE Sp. z o.o.	62-540 Kleczew	Wind farms, generation of	42,5%*****	42,5%*****

	ul. 600-lecia 9	electricity		
Centrum Zdrowia i Relaksu Verano Sp. z o.o.	78-100 Kołobrzeg ul. Sikorskiego 8	Holiday and spa services	85%*****	85%*****

- * The subsidiary – Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o. has a foreign branch in Germany
- ** indirect interest through „PAK – HOLDCO” sp. z o.o.
- *** indirect interest through „PAK Centrum Badań Jakości” sp. z o.o.: 9% as at 31 December 2012 as well as at 31 March 2013
- **** indirect interest through Przedsiębiorstwo Remontowe PAK SERWIS sp. z o.o.
- ***** indirect interest through PAK KWB Konin (indirect interest PAK KWB Konin in „Aquakon” sp. z o.o. is 78,5%, in KWE sp. z o.o. 50%, in other entities 100%).

2.3 Composition of the Board of Directors of the parent company

The Board of Directors of ZE PAK S.A. as at the day of submission of the quarterly report, included the following members:

- Katarzyna Muszkat President of the Board of Directors
- Anna Striżyk Vice President of the Board of Directors
- Piotr Jarosz Vice President of the Board of Directors

In the 1st quarter of 2013, there were no changes in the Board of Directors of the parent company.

2.4 Description of changes in the capital structure in the period covered by the report

In the 1st quarter of 2013, no changes in the capital structure of the Group were recorded.

3. Significant events having impact on activities of the Group

3.1 Significant achievements and failures in the period covered by the report

Brief characteristics of the achieved financial results

Sales revenues in the 1st quarter of 2013 amounted to PLN 663 198 thousand and as compared to the 1st quarter of 2012, increased by PLN 19 347 thousand, i.e. by 3.00%.

The Group earned higher revenues from sale of electric energy by PLN 24 414 thousand, owing to a greater energy sales volume, by 0.41 TWh, which resulted mostly from 0.32 TWh increase in the volume of sale of electric energy from trade (it is an effect of recognition in the 1st quarter of 2013

of sale by Elektrim-Volt S.A. whose results are consolidated no sooner than in the 4th quarter of 2012). In the 1st quarter of 2013, as compared to the same period last year, the Group recorded higher volume of sale of energy from own production by 0.09 TWh, which consisted of higher volumes of sale of both electric energy, generated from lignite, by 0.02 TWh, and from biomass, by 0.07 TWh.

Table 4: The selected items from the income statement and the consolidated comprehensive income statement

REVENUES, COSTS, PROFITS AND LOSSES	1st quarter of 2013	1st quarter of 2012	Change	Dynamics
	PLN '000	PLN '000	PLN '000	%
Sales revenues	663 198	643 851	19 347	3.00
Costs of goods sold	-528 998	-483 059	-45 939	9.51
Gross profit (loss) on sales	134 200	160 792	-26 592	-16.54
Other operating income	6 370	855	5 515	645.03
Selling costs	-658	-1 236	578	-46.76
Overheads	-46 742	-19 837	-26 905	135.63
Other operating expenses	-6 066	-1 938	-4 128	213.00
Profit (loss) on operating activities*	87 104	138 636	-51 532	-37.17
Financial revenues	4 710	68 065	-63 355	-93.08
Financial expenses	-31 878	-12 576	-19 302	153.48
Gross profit (loss)	59 936	194 125	-134 189	-69.13
Income tax (tax load)	-10 807	-36 709	25 902	-70.56
Net profit (loss) for the financial year	49 129	157 416	-108 287	-68.79
Net other comprehensive income	911	459	452	98.47
COMPREHENSIVE INCOME FOR THE PERIOD	50 040	157 875	-107 835	-68.30
EBITDA*	178 465	200 069	-21604	-10.80

* The Company defines and calculates EBITDA as gross profit/(loss) on operating activities (calculated as net profit/(loss) for the financial year adjusted by (i) income tax (tax load), (ii) financial revenues and (iii) financial costs) adjusted by depreciation (presented in the income statement) and write-offs of fixed assets, intangible assets and mining assets.

In the 1st quarter of 2013, as compared to the 1st quarter of 2012, 4.47% increase in revenues from sale of electric energy, in spite of increase in volume of sale of electric power by 15.4%, was affected negatively by 9.47% decrease in average obtained selling price of electric energy, from 205.77 PLN/MWh to 186.28 PLN/MWh.

Decrease in electric energy prices in the 1st quarter of 2013 was compensated partially with higher, as compared to the same period last year, by PLN 23 045 thousand revenues under compensation for termination of long-term contracts.

In the 1st quarter of 2013, revenues from sales of property rights from energy certificates decreased by PLN 3 617 thousand , namely by 13.75%, as compared to revenues obtained in the same period last year. The main cause of decrease in revenues is 52.4% drop in the price of green certificates. Decrease in revenues from the price of green certificates was offset partially with 83.7% increase in the volume of their production.

In the 1st quarter of 2013, revenues from contracts for construction services decreased by PLN 19 219 thousand, i.e. by 78.72% as compared to revenues obtained in the same period last year, mainly owing to a smaller scope of the provided works (in the 1st quarter of 2012 the companies of the Group provided, among others, construction services related to the construction of the biomass unit in the Konin Power Plant).

In the 1st quarter of 2013, revenues from sales of heat increased by PLN 2 274 thousand , namely by 12.09%, due to higher sales volume by 35 683 GJ as compared to the same period last year.

Table 5: Specification of sales revenues

SALES REVENUES	1st quarter of 2013	1st quarter of 2012	Change	Dynamics
	PLN '000	PLN '000	PLN '000	%
Revenues from sales of electric energy (decreased by excise tax)	470 194	504 845	-34 651	-6.86
Revenues from sales of electric energy from trade	100 246	41 181	59 065	143.43
Property rights from energy certificates	22 692	26 309	-3 617	-13.75
Revenues from contracts for construction services	5 194	24 413	-19 219	-78.72
Compensations under termination of long-term contracts	36 541	13 496	23 045	170.75
Revenues from sales of heat	21 083	18 809	2 274	12.09
EUA/CER swap	-	10 653	-10 653	-100.00
Other sales revenues	7 248	4 145	3 103	74.86
Total sales revenues	663 198	643 851	19 347	3.00

Cost of goods sold in the 1st quarter of 2013 amounted to PLN 528 998 thousand and, as compared to 1st quarter of 2012, increased by 45 939 thousand, namely by 9.51%.

Detailed analytical presentation of costs by type is included in Table 6.

Table 6: Costs by type

COSTS BY TYPE	1st quarter of 2013	1st quarter of 2012	Change	Dynamics
	PLN '000	PLN '000	PLN '000	%
Depreciation	91140	61 465	29 675	48.28
Write-offs of fixed assets	221	-31	252	-812.90
Write-offs of inventory	-3	-44	41	-93.18
Materials consumption	159 068	271 967	-112899	-41.51
External services	24 762	36 167	-11 405	-31.53
Taxes and fees excluding excise tax	39 587	10 176	29 411	289.02
Costs of employee benefits	169 157	57 957	111 200	191.87
Other costs by type	9 425	7 941	1 484	18.69
Value of goods and materials sold and of sold energy purchased from trade	98 151	38 392	59 759	155.65
Total costs by type	591 508	483 990	107 518	22.21

Overheads in the 1st quarter of 2013 amounted to PLN 46 742 thousand and are higher than the ones incurred in the 1st quarter of 2012 by PLN 26 905 thousand, i.e. by 135.63% Growth in overheads is the effect of the acquisition of mines (consolidation no sooner than on 19 July 2012).

In the 1st quarter of 2013, a positive difference was obtained between other operating income and other operating costs, in the amount of PLN 304 thousand, in contrast to the same period last year when negative difference was recorded, in the amount of PLN 1 083 000.

The ZE PAK Group earned in the 1st quarter of 2013 profit on operating activities in the amount of PLN 87 104 thousand , which was lower than the result achieved in the same quarter of 2012 by PLN 51 532 thousand, namely by 37.17%.

The level of results was also affected by a negative result on financial activities, in the amount of PLN 27 168 thousand , in contrast to the 1st quarter of 2012, which was closed with positive result of PLN 55 489 thousand. Therefore, the negative impact on change in the gross financial result in the 1st quarter of 2013 as compared to the same period last year amounted to PLN 82 657 thousand. The main reasons are:

- change in the sign of foreign exchange differences, from positive in the 1st quarter of 2012 to negative in the 1st quarter of 2013 (PLN 50 233 thousand);
- no one-time events, such as sale of shares on the Polish Power Exchange, which would take place in the 1st quarter of 2012 (PLN 20 697 thousand)
- charges, in the 1st quarter of 2013, on the financial result with negative result on financial activities of PAK KWB Konin S.A. (PLN 6 625 thousand);
- lower interest revenues in the 1st quarter of 2013, owing to a lower average balance of cash (among others, after the 1st quarter of 2012, the Company purchased 2 mines and Elektrim-Volt) and lower interest rates (PLN 3 320 thousand).

Gross profit in the 1st quarter of 2013 amounted to PLN 59 936 thousand and was lower by PLN 134 189 thousand, i.e. by 69.13% than earned in 1st quarter of 2012.

After including income tax, net profit earned by the Group in the 1st quarter of 2013 amounted to PLN 49 129 thousand. As compared to the same period last year, it decreased by PLN 108 287 thousand, i.e. by 68.79%.

Description of factors and events, particularly non-standard, having a substantial impact on assets, liabilities, capital, net financial result or cash flows

In the ZE PAK Group in the 1st quarter of 2013 there were no non-standard events having a substantial impact on assets, liabilities, capital, net financial result or cash flows.

Execution of the investment program

From 1 January to 31 March of 2013, investment outlays in the ZE PAK Group amounted to PLN 37 638 thousand. The investment tasks executed in the 1st quarter related, to the greatest extent, to the segment of generation and extraction. The most significant, from the point of view of sustained investment outlays, in the segment of generation, include: construction of NO_x emission reduction system on K-5 in the Pałnów Power Plant, modernization of the turbo-generator TG1 in the Pałnów Power Plant, as-built documentation of the boiler for biomass combustion in the Konin Power Plant, modernization of the fire pumping station in the Pałnów Power Plant.

In the segment of extraction, mines belonging to the ZE PAK Group executed tasks relating to investments on active open pits in order to guarantee optimum production capacities. Main tasks, in terms of sustained investment outlays, in PAK KWB Konin S.A cover the continued reconstruction of Excavator SRs1200/6, carried out in order to improve technological parameters, which has to result in intensified stripping on the "Drzewce" open pit. Beginning of reconstruction of Excavator Rs 560/2 implemented to increase coal extraction on the "Tomisławice" open pit. In PAK KWB Adamów S.A costs incurred in the 1st quarter of 2013 related mainly to the restoration of production capacity of the "Adamów" open pit. Gradually works are executed, aimed to eliminate problems with stripping and extraction of coal, experienced by the mine in the previous year. The Company purchased from PAK KWB Konin S.A Excavator SchRs 1200, which has to increase significantly generating capacities of the open pit. Full start-up of the excavator, after its prior modernization, is expected in the 1st quarter of 2015.

Currently, the Group implements and plans investment tasks focused on three most significant areas:

1. Continued process of the modernization of units 1-4 and limited modernization of unit 5 in the Pałnów Power Plant, covering the modernization of condensation turbines, start-up of the NO_x emission reduction system (to reduce NO_x emission to the adopted level of 0.74 kg/MWh in 2015) and the replacement or modernization of elements determining efficiency of the units (including the coal handling and cooling systems) in order to improve safety and efficiency of

electric energy generation to the assumed level of 37.5% in 2015, reduction in emission of CO₂ to the assumed level of 1.05 Mg/MWh in 2015.

In the 1st quarter of 2013, the investment task consisting in construction of the NO_x emission reduction system on K-5 was completed in the Pańków Power Plant. This task consisted in the implementation of SNCR (Selective Non-Catalytic Reduction) method of NO_x emission reduction. The Contractor of the investment project was the consortium of companies Remak-Rozruch Opole and NalcoMobotec Inc. and NalcoMobotec Polska Sp. z o.o. The consortium implemented contractual provisions and obtained the assumed parameters as guaranteed by the contract, which was confirmed by guarantee measurements provided by an independent entity. The most important contractual element was reduction in emissions of nitrogen oxides to 200 mg/Nm³ by the use of primary methods (Rofa) and below 180 mg/Nm³ by using secondary methods (Rotamix).

As part of the process of modernization of units 1-4 in Pańków Power Plant in the 1st quarter of 2013, the tender procedure started, concerning the selection of contractors of the next stages of modernization.

2. The continuation of reconnaissance works in the area of lignite deposit Poniec-Krobia, whose completion is scheduled for 2014. The estimated completion of the aforementioned reconnaissance works involves investment outlays amounting to ca. PLN 40 000 thousand. The whole of these works is to be financed from own funds.

In the 1st quarter of 2013, drilling works of the lignite deposit Poniec-Krobia and Oczkowice were continued. Together, in the 1st quarter of 2013, 18 wells and 10 piezometers were made. Also 285 various analyses were carried out, among others: shorten coal analysis, ratio analysis/extended coal analysis, special analyses – radioactivity, special analyses - toxic elements and other.

3. The continuation of reconnaissance works carried out on perspective deposits Piaski, Ościłowo and Dęby Szlacheckie and the continuation of outlays on maintenance of the presently operated Drzewce, Józwin, Tomisławice, Koźmin and Adamów open pits until depletion of their resources.

Under preparatory works with regard to perspective deposits in the 1st quarter of 2013, among others "The Report on Geological-Reconnaissance Works of the Lignite Deposit Dęby Szlacheckie in C1 Category" (1st stage works) was adopted; until the end of the current year, it is planned to execute the 2nd stage of geological works. The final version of "The Report on Environmental Impact of the Piaski Open Pit" was prepared, "The Ościłowo Open Pit Deposit Development Plan" was prepared.

3.2 *Other significant events of the reporting period and events following the balance sheet date.*

Significant events of the reporting period

Changes in the Supervisory Board

As of 21 February 2013, from their functions in the Supervisory Board the following resigned: Mr. Andrzej Mazurek, Mr. Marian Eger, Mr. Ireneusz Gołębiak and Mr. Tomasz Klapsa. As the reason for their decision, the above listed people indicated changes in the Company's shareholder structure. Another person who resigned from the membership in the Supervisory Board was Mr. Sławomir Sykucki. He resigned from the performed function on 20 March 2013. Mr. Sławomir Sykucki did not indicate reasons for his resignation.

The composition of the Supervisory Board was supplemented during the Extraordinary General Meeting on 22 March 2013. To the Supervisory Board of ZE PAK S.A. the following were appointed: Mr. Ludwik Sobolewski, Mr. Wiesław Walendziak and Mr. Tomasz Zadroga. The Extraordinary General Meeting adopted also a Resolution determining 7-person Supervisory Board of the Company for the 6th term of office.

Mr. Ludwik Sobolewski and Mr. Wiesław Walendziak submitted to the Company statements of fulfilling the criteria of independence as defined by the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and of the committees of the (supervisory) board (2005/162/EC) including the Code of Best Practice for WSE Listed Companies. Mr. Wiesław Walendziak submitted also a statement of fulfilling the terms of independence required for a member of the audit committee referred to in the Act of 7 May 2009 on certified auditors and their self-government, entities authorized to audit financial statements and public supervision.

As at the day of presentation of this report, the Supervisory Board of the Company consisted of the following members:

- Mr. Zygmunt Solorz-Żak – Chairman of the Supervisory Board
- Henryk Sobierajski – Deputy Chairman of the Supervisory Board
- Wojciech Piskorz – Secretary of the Supervisory Board
- Leszek Wysocki – Member of the Supervisory Board
- Ludwik Sobolewski – Member of the Supervisory Board
- Wiesław Walendziak – Member of the Supervisory Board
- Tomasz Zadroga - Member of the Supervisory Board

Redemption of own shares, reduction in the share capital, changes in the Company's Articles of Association

According to the resolution No. 5 of the Extraordinary General Meeting of ZE PAK S.A. of 21 February 2013, the voluntary redemption covered 1 202 453 Company's ordinary bearer shares of face value of PLN 2 each, constituting 2.31% of the Company's share capital,

corresponding to 1 202 453 votes at the General Meeting of the Company and representing 2.31% of the total number of votes at the General Meeting of the Company, uncertified and marked by Krajowy Depozyt Papierów Wartościowych (Polish National Depository for Securities) S.A. with security code ISIN PLZEPAK00012 ("Own Shares"). The Company purchased Own Shares on 4 December 2012 from Credit Suisse Securities (Europe) Limited ("Stabilization Manager") on the basis of an authorization contained in resolution No. 6 of the Extraordinary General Meeting of 20 August in 2012 on authorization of the Company's Board of Directors to purchase the Company's Own Shares in connection with activities stabilizing the price of shares in the Company, and in exercising the stabilization option granted to the Stabilization Manager under provisions of the stabilization contract, concluded between the Company and the Stabilization Manager on 22 October 2012. Own Shares were purchased for PLN 25.99 per each share in the Company, i.e. for total remuneration of PLN 31 251 753.47.

In connection with the above redemption of the Own Shares, the share capital of the Company, under Resolution No. 6 of the Extraordinary General Meeting of ZE PAK S.A. of 21 February 2013, was reduced by the amount equal to the total face value of the redeemed shares, i.e. by the amount of PLN 2 404 906.00. The decrease in the Company's share capital took place by way of changes in the Company's Articles of Association through redemption of the Company's Own Shares.

A consequence of redemption of shares and reduction in Company's share capital was change in § 5 section 1 of the Company's Articles of Association which reads:

The Company's share capital is PLN 101 647 094.00 (in words: one hundred one million six hundred forty-seven thousand and ninety-four Polish zlotys) and is divided into 50 823 547 (in words: fifty million eight hundred and twenty-three thousand five hundred and forty-seven) A series bearer shares with the face value of PLN 2.00 (in words: two zloty) each.

On 29 April 2013, the Company received the decision of the District Court Poznań – Nowe Miasto and Wilda in Poznań, 9th Commercial Division of the National Court Register of 23 April 2013, along with the certificate of making, on 24 April 2013, an entry into the Register of Entrepreneurs of the Company concerning:

- registration of reduction in the Company's share capital on the basis of resolution No. 6 of the Extraordinary General Meeting of 21 February 2013 on reduction in the Company's share capital in connection with redemption of the Company's own shares and
- registration of a change in § 5 section 1 of the Company's Articles of Association made on the basis of resolution No. 7 of the Extraordinary General Meeting of 21 February 2013.

License of Elektrim Volt for trade in gaseous fuels

On 4 March 2013, Elektrim Volt SA received a licence for trading in gaseous fuels for a period from 1 July 2013 to 31 December 2030. The Company obtained the license by virtue of the decision of the President of the Energy Regulatory Office. This is a license for trade in gaseous fuels for the purposes of domestic recipients. The Company must not conclude contracts for sale of gaseous

fuels with entrepreneurs conducting business activities in the field of warehousing, liquefaction of natural gas and regasification of liquefied natural gas, transmission, distribution or trade in gaseous fuels, if they do not have the license, in the cases when such license is required by the provision of the Act - Energy Law. In the case when the Company does not take the activities covered by the license within 6 months from its receipt, it is obliged to notify the President of URE, specifying the reasons for which it has not taken these activities. The Decision of the President of URE sets forth specific conditions for conduct of the activities covered by the license owing to proper handling of recipients as well as the conditions for cessation of the activities after the expiry of the license or its revoking, and information obligations related to the activities covered by the license.

Events following the balance sheet date

Resignation from co-combustion of biomass

At the beginning of May 2013, in the Pałnów I and Adamów Power Plants a decision was made to resign from co-combustion of biomass (in the Konin Power Plant co-combustion of biomass was ended earlier). Therefore, presently biomass is combusted only in a special boiler dedicated for biomass combustion in the Konin Power Plant, while co-combustion of biomass with conventional fuels has already ceased completely in the power plants belonging to the ZE PAK Group. The premise for this decision was the present situation on the power market and energy certificates, with persisting downward trends, in particular in the case of "green certificates" they did not ensure profitability of production of energy generated in the process of co-combustion of biomass with lignite, by using owned systems. According to the assumptions, the volume of energy produced in the power plants belonging to the ZE PAK Group will not decrease significantly because the Company plans replacing the co-combusted biomass with a greater production from coal. The volume of "green" energy should not decrease in relation to the level from the previous year, either, taking into account the year-long production from the biomass boiler in the Konin Power Plant, which was commissioned no sooner than in the half of the last year.

The Board of Directors monitors on an on-going basis appropriate economic parameters, including market price of energy certificates and relative cost of energy generation, in order to assess profitability of production of electric energy in the process of biomass co-combustion; in the event of permanent change in the present trend, it will consider return to the biomass co-combustion in the energy production process.

4 Information on significant pending proceedings before a court, an authority competent for arbitration proceedings or a public administration authority concerning ZE PAK S.A. or subsidiaries consolidated under the Group

Zespół Elektrowni Pałnów-Adamów-Konin S.A. and the consolidated companies under the Group were not in the 1st quarter of 2013 party in any proceedings pending before a court, an authority

competent for arbitration proceedings or a public administration authority, whose single or total value would exceed 10% of equity of ZE PAK S.A.

5 Information on shareholder structure

5.1 Shareholders holding, either directly or indirectly through subsidiaries, at least 5% of the total number of votes

Table 7: List of shareholders holding, either directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting as at the date of submitting this quarterly report (according to the information owned by the Company)

Shareholder	Number of shares and corresponding number of votes at the General Meeting	Share [%] in the total number of shares/votes
Zygmunt Solorz-Żak (indirectly) through:	26 200 867	51.55
<i>Elektrim S.A. (directly)</i>	196 560	0.39
<i>Elektrim S.A. (indirectly through: Embud Sp. z o.o.)</i>	5 809 231	11.43
<i>Polsat Media B.V.</i>	20 195 076	39.73
ING OFE	6 000 000	11.81

5.2 Specification of possession of executives and supervisors

Table 8: List of executives and supervisors holding, as at the date of submitting this quarterly report, shares in ZE PAK S.A. along with the number of held shares

Shareholder	Function in the bodies of the Company	Number of shares and corresponding number of votes at the General Meeting	Share [%] in the total number of shares/votes
Zygmunt Solorz-Żak (indirectly) through:	Chairman of the Supervisory Board of the Company	26 200 867	51.55
<i>Elektrim S.A. (directly)</i>		196 560	0.39
<i>Elektrim S.A. (indirectly through: Embud Sp. z o.o.)</i>		5 809 231	11.43
<i>Polsat Media B.V.</i>		20 195 076	39.73

6 Stance of the Board of Directors on the possibility of execution of the previously published financial forecasts

Zespół Elektrowni Państw-Adamów-Konin S.A. did not publish financial forecasts.

7 Information on paid or declared dividend

The Board of Directors will recommend at the Ordinary General Meeting of the Company the shareholders to adopt a resolution on payment, in the form of dividend, of 20% of the net profit for the year 2012. The proposal of the Board of Directors obtained a positive opinion of the Supervisory Board. The proposal of the Board of Directors is consistent with the dividend policy declared by the Company in the Prospectus, which assumes, throughout the period of implementation of key investment projects, payment, in the form of dividend, of up to 30% of the Company's profit shown in a separate financial statement of the Company.

The final decision on distribution of the profit of the Company for the year 2012, including on payment of dividend and its amount, rests with the General Meeting of the Company.

8 Information on significant transactions concluded by ZE PAK S.A. or entities consolidated under the Group with related parties on the terms other than market terms

Zespół Elektrowni Państw-Adamów-Konin S.A. and entities consolidated under the Group did not conclude in the 1st quarter of 2013 transactions with related parties on the terms other than market terms.

9 Information on significant guarantees, sureties, credits or loans granted by ZE PAK S.A. or entities consolidated under the Group

Zespół Elektrowni Państw-Adamów-Konin S.A. and entities consolidated under the Group did not grant in the 1st quarter of 2013 any guarantees, sureties, credits or loans, whose value, separately or jointly, would be 10% of equity of ZE PAK S.A.

10 Information on issuance, repurchase and repayment of non-equity and equity securities

In the 1st quarter of 2013, PAK KWBK S.A., the company subject to consolidation under the ZE PAK Group, carried out the following issuance and repurchase of bonds:

- On 4 January 2013, PAK KWBK S.A. issued bonds in the number of 200 pieces, of face value of PLN 10 000.00, which gives the total amount of PLN 2 000 000.00, with the purchase term fixed at 26 February 2013. The issuance served purchase of N series shares whose repurchase day was fixed at 4 January 2013,;
- On 26 February 2013, PAK KWBK S.A. issued bonds in the number of 4 000 pieces, of face value of PLN 1 000.00, which gives the total amount of PLN 4 000 000.00, with the repurchase date fixed at 26 August 2013. The issuance served purchase of V and BL series shares whose repurchase day was fixed at 26 February 2013;
- On 15 March 2013, J series bonds were repurchased in the amount of PLN 1 750 000.00.

11 Factors which, in the opinion of the Board of Directors, will contribute to the results obtained by the Group in the prospect of at least one quarter

In process of predicting future results of Zespół Elektrowni Pątnów-Adamów-Konin S.A. it is necessary to take into consideration important factors, existing, potential, or theoretical, appropriate for the industry and markets of Group activity. Those factors comes from both inside and outside the Company. In consideration of Management Board's opinion it might be divided into permanent factors and disposable, concerning only reported period.

Among the most important permanent factors affecting Group results should be listed:

- macroeconomic trends in the Polish economy and demand for electricity;
- regulatory framework;
- price of electricity;
- certificates of origin;
- fuel cost and cost of lignite extraction;
- CO2 emissions allowances;
- compensation for stranded costs following the termination of the PPAs of Elektrownia Pątnów II;
- seasonality and weather conditions;
- capital expenditures;

- the EUR/PLN exchange rate

Macroeconomic trends in the Polish economy and demand for electricity

Operation based exclusively in Poland and generation significant majority of revenues from the sale of electricity is connected with macroeconomic trends in the Polish economy. Polish real GDP growth, industrial production in Poland, service sector growth and personal consumption have historically had and, we expect, will continue to have an impact on our business and results of operations.

Regulatory framework

Power production business highly-regulated. Group operations are affected by, among other things, the provisions of the Energy Law, EU regulations and international conventions, such as those relating to environmental protection and climate change (including in respect of CO2 emissions) and the obligation to publicly sell part of produced electricity, as well as the support afforded to certain generation technologies, including electricity generation from RES and high-efficiency cogeneration. In addition, in the past Group has been and, we expect, will continue to be affected by tax regulations and interpretations.

Price of electricity

Company generates a significant majority of revenues from the generation and sale of electricity and, consequently, the price at which the Company is able to sell electricity is critical to the results of operations. In addition, Company purchases electricity from the market (including from power exchanges and the balancing market) and re-sell it to other customers.

Certificates of origin

Since a portion of electricity is generated from a biomass fuel mix (comprising wood and agricultural biomass) and Company also employs high-efficiency cogeneration for heat production, subject to meeting certain regulatory requirements, we are eligible for green and red certificates. The number of received certificates of origin is significantly higher than the number of certificates which are required to present for redemption and, consequently, we are able to sell the surplus to other market participants. However, the cost associated with the production of electricity from the biomass fuel mix is significantly higher than the cost of production of electricity from lignite. Consequently, the Management regularly evaluates the relevant economic parameters, including the market price of energy certificates and the relative cost of electricity production, in order to evaluate the economic viability of producing electricity from the biomass fuel mix.

Fuel cost and cost of lignite extraction

The most significant cost associated with Group's electricity and heat production is the cost of fuel. To a large extent, fuel prices determine the competitiveness of individual technologies of electricity generation. Group power plants generate a significant majority of electricity from lignite, but also utilize agricultural biomass. In addition, in the process of generating electricity, we

also utilize, to a very limited extent, heavy fuel oil and light fuel oil. As a result of acquiring two lignite mines, KWBA and KWBK, exclusive lignite suppliers, Group's proprietary mines fully cover the demand of generation assets for the basic fuel. This gives independence from external suppliers and eliminates exposure to lignite price fluctuations. Nevertheless, it remains exposure to fluctuations in prices of other fuels used by Group's plants (mainly biomass), and due to the fact that the costs associated with lignite extraction depend on factors which are, to a great extent beyond our control.

CO2 emissions allowances

Electricity and heat generation from lignite and other fuels business and, consequently, results of operations are largely dependent on the level of free CO2 emissions allowances (EUA) allocated for a given period. CO2 emissions allowances may be either obtained through free allocation under the NAP or purchased in the open market. If Group's emissions exceed such free amount of allowances, we will have to purchase emissions allowances in the open market.

Compensation for stranded costs following the termination of the PPAs of Elektrownia Pańńów II

Power Purchase Agreement (PPA) was made between Elektrownia Pańńów II Sp. z o.o. and Polskie Sieciami Elektroenergetyczne S.A. It was a long term agreement early terminated (on April 1, 2008) under the Act dated 29 June 2007 rules of covering costs arose from early termination of PPA. Pursuant to the PPA Act, throughout the periods under review, Elektrownia Pańńów II received, and continue to receive, compensation for stranded costs. We are entitled to receive such compensation until December 31, 2025.

Seasonality and weather conditions

Electricity and heat consumption, primarily among consumers but also other customers, fluctuates seasonally which has an impact on demand for electricity and heat generated. In general, consumption of electricity increases during the winter (primarily because of low temperatures and a low number of daylight hours) and declines during the summer (as the temperature rises and the number of daylight hours increase), although recently the demand for electricity in the summer has increased as a result of increased use of air conditioning and cooling units. Similarly, sales of heat are generally significantly higher in the cold weather season, which normally runs from October to March. However operation activity of a Group has no seasonal nature, financial results are stable during the year. Group's power plants produce as base load generators considering low costs of production comparing to other producers.

Capital expenditures

Power generation and lignite extraction requires significant capital expenditures, most of which are related to electricity generation business. Group's generating assets require periodic overhauls and ongoing upgrades, both due to the increasingly stringent environmental protection regulations and the need to improve the efficiency of electricity generation. The level of capital expenditures has had and, as expected, will continue to have a significant impact on our business,

the level of indebtedness and cash flow. Delays in the implementation of, or changes to investment program, or budget overruns, can therefore have a significant impact on expected capital expenditures, and also business, results of operations, financial condition and prospects.

EUR/PLN exchange rate

Despite the fact that Group operates at the Polish market, generate costs and revenues in PLN, there are some significant factors in connection with EUR/PLN exchange rate. The most important are:

- Significant portion of indebtedness (including, in particular, the Syndicated Loan of Elektrownia Pańków II) is denominated in EUR and, consequently, the depreciation in the value of PLN against EUR has a negative impact on results of operations by increasing the cost of financing in PLN relating to such indebtedness. Conversely, the depreciation in the value of EUR against PLN has a positive impact on results of operations by decreasing the cost of financing in PLN.
- PAK Serwis, has a branch in Germany where a significant portion of its operations are based (consisting principally of acting as a subcontractor in construction projects), and EUR is the functional currency of the German branch.
- Group generates a portion of revenues from the exchange of EUAs for CERs and ERUs, in each instance carried out by way of a sale of EUAs to a counterparty and a purchase of CERs or ERUs from such counterparty. As these transactions are denominated in EUR, fluctuations in the value of PLN against EUR have an impact on the revenue generated by such transactions when translated into PLN.

Currently Group does not use any derivative instruments for limitation of risk related to changes in exchange rates. The Management Boards of Group's companies monitor financial situation and the market situation. In case of necessity it is possible to take decision about usage of financial instruments to protect the position against exchange rate. Any derivative transactions will be hedging tailored in terms of volume and maturity date. The choice of hedging instrument will also include: cost, market liquidity, product simplicity, easiness of valuation and accounting and its flexibility.