Zespół Elektrowni Pątnów – Adamów - Konin

STANDALONE FINANCIAL STATEMENT

For 12 months since 1.01.2013 till 31.12.2013

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I. Financial Statement

1. Balance Sheet as at 31.12.2013

Assets		As at 31.12.2013	As at 31.12.2012 r.
A.	**Non-current assets**	**3 027 338 362,43**	**2 781 452 754,19**
I.	**Intangible assets**	149 647 420,01	9 616 613,41
1.	Development expenses	0,00	0,00
2.	Goodwill	0,00	0,00
3.	Other intangible assets	149 647 420,01	9 616 613,41
4.	Prepayments for intangible assets	0,00	0,00
II.	**Property, plant and equipment**	**1 635 783 773,53**	**1 526 383 580,28**
1.	Tangible fixed assets	1 371 822 977,10	1 426 722 680,79
	a) land (including perpetual usufruct)	1 266 720,92	1 246 645,29
	b) buildings, premises and constructions	624 738 054,94	654 858 773,78
	c) plant and machinery	743 320 587,04	768 039 264,43
	d) motor vehicles	977 980,80	1 049 162,10
	e) other	1 519 633,40	1 528 835,19
2.	Construction in progress	220 950 880,04	95 781 899,49
3.	Prepayments for construction in progress	43 009 916,39	3 879 000,00
III.	**Long-term receivables**	**0,00**	**0,00**
1.	From affiliates	0,00	0,00
2.	From other entities	0,00	0,00
IV.	**Long-term investments**	**1 237 860 646,93**	**1 241 496 574,76**
1.	Property	0,00	0,00
2.	Intangible assets	0,00	0,00
3.	Long-term financial assets	1 237 860 646,93	1 241 496 574,76
	a) in affiliates	1 237 709 445,92	1 241 345 373,75
	- shares	1 147 444 181,00	1 137 444 181,00
	- other securities	0,00	0,00
	- loans granted	90 265 264,92	103 901 192,75
	- other long-term financial assets	0,00	0,00
	b) in other entities	151 201,01	151 201,01
	- shares	151 201,01	151 201,01
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other long-term financial assets	0,00	0,00
4.	Other long-term investments	0,00	0,00
V.	**Long-term prepayments and deferred costs**	**4 046 521,96**	**3 955 985,74**
1.	Deferred tax assets	0,00	0,00
2.	Other prepayments and deferred costs	4 046 521,96	3 955 985,74
B.	**Current assets**	**485 781 733,76**	**363 777 619,05**
I	**Inventories**	**173 292 637,84**	**151 428 873,64**
1.	Raw materials	37 394 949,70	43 808 385,03
2.	Semi-finished goods and work-in-progress	0,00	0,00
3.	Finished goods	0,00	0,00
4.	Goods	125 505 760,82	107 620 488,61
5.	Inventory prepayments	10 391 927,32	0,00
II.	**Short-term receivables**	**138 971 169,58**	**148 476 390,22**
1.	Receivables from affiliates	46 602 601,77	38 809 805,04
	trade receivables, due in:	39 290 036,44	35 341 786,04
	- uo to 12 months	39 290 036,44	35 341 786,04
	- over 12 months	0,00	0,00
	b) other	7 312 565,33	3 468 019,00

			109 666 585,18
2.	Receivables from other entities	92 368 567,81	
	a)trade receivables, due in:	56 655 646,26	87 543 878,55
	- up to 12 months	56 655 646,26	87 543 878,55
	- over 12 months	0,00	0,00
	b) taxation, subsidy, customs duty, social security, health insurance and other debtors	22 029 566,01	17 944 700,88
	c) other	13 683 355,54	4 178 005,75
	d) submitted to court	0,00	0,00
III.	**Short-term investments**	**173 149 285,22**	**63 132 675,26**
1.	Short-term financial assets	173 149 285,22	63 132 675,26
	a) in affiliates	15 386 252,85	15 281 465,75
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	15 386 252,85	15 281 465,75
	- other long-term financial assets	0,00	0,00
	b) in other entities	0,00	0,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other long-term financial assets	0,00	0,00
	c) cash and other monetary assets	157 763 032,37	47 851 209,51
	- cash on hand and cash at bank	157 763 032,37	47 851 209,51
	- other cash and cash equivalents	0,00	0,00
	- other monetary assets	0,00	0,00
2.	Other short-term investments	0,00	0,00
IV.	**Short-term prepayments and deferred costs**	**368 641,12**	**739 679,93**
	Short-term deferred costs	368 641,12	739 679,93
Total assets		**3 513 120 096,19**	**3 145 230 373,24**

Konin, 18 March 2014

Signed by Management Board of Zespołu Elektrowni Pątnów-Adamów-Konin S.A.

LIABILITIES AND EQUITY		As at 31.12.2013	As at 31.12.2012 r.
A.	**Equity**	**2 825 877 533,30**	**2 594 020 734,68**
I.	**Share capital**	101 647 094,00	104 052 000,00
II.	**Unpaid share capital (negative value)**	-	-
III.	**Treasury shares (negative value)**	-	- 31 279 880,05
IV.	**Reserve capital**	2 200 508 356,85	1 956 260 916,02
V.	**Revaluation reserve**	286 822 712,34	287 337 282,46
VI.	**Other reserves**	5 876 837,06	3 471 931,06
VII.	**Accumulated profits (losses) from previous years**	- 834 265,57	- 834 265,57
VIII.	**Net profit (loss) for the period**	231 856 798,62	275 012 750,76
IX.	**Deductions from net profit during the period (negative value)**	-	-
B.	**Liabilities and provisions for liabilities**	**687 242 562,89**	**551 209 638,56**
I.	**Provisions for liabilities**	291 285 279,43	157 089 497,21
1.	Deferred tax liability	53 074 535,23	36 681 866,71
2.	Provision for retirement benefits and similar obligations	86 481 954,00	87 870 604,00
	- long-term	79 820 254,00	81 409 457,00
	- short-term	6 661 700,00	6 461 147,00
3.	Other provisions	151 728 790,20	32 537 026,50
	- long-term	21 750 465,32	21 220 843,32
	- short-term	129 978 324,88	11 316 183,18
II.	**Long-term liabilities**	**6 301 775,11**	**75 407 933,86**
1.	To affiliates	-	-
2.	To other entities	6 301 775,11	75 407 933,86
	a) loans	-	75 060 229,17
	b) debt securities issued	-	-
	c) other financial liabilities	18 091,58	50 204,69
	d) other	6 283 683,53	297 500,00
III.	**Short-term liabilities**	**355 392 510,66**	**284 538 237,23**
1.	To affiliates	82 886 492,91	108 162 787,12
	trade creditors, payable in:	79 093 839,28	95 001 427,85
	- up to 12 months	79 093 839,28	95 001 427,85
	- over 12 months	-	-
	b) other	3 792 653,63	13 161 359,27
2.	To other entities	268 244 556,12	172 070 695,94
	a) loans	90 951 396,82	47 913 273,03
	b) debt securities issued	-	-
	c) other financial liabilities	31 710,77	77 306,90
	payable in:	22 371 465,67	43 504 295,02
	- up to 12 months	22 371 465,67	43 504 295,02
	- over 12 months	-	-

	e) advance payments received	10 240,53	30 266,14
	f) bills of exchange payable	-	-
	g) taxation, customs duty and social security creditors	85 980 162,19	62 692 292,73
	h) payroll	3 679 016,28	3 759 294,77
	i) other	65 220 563,86	14 093 967,35
3.	Special funds	4 261 461,63	4 304 754,17
IV.	**Accruals and deferred income**	**34 262 997,69**	**34 173 970,26**
1.	Negative goodwill	-	-
2.	Other accruals and deferred income	34 262 997,69	34 173 970,26
	- long-term	15 707 510,20	16 254 264,20
	- short-term	18 555 487,49	17 919 706,06
Total liabilities and equity		**3 513 120 096,19**	**3 145 230 373,24**

Konin, 18 March 2014

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2. Profit and Loss Account for the period 1.01.2013 - 31.12.2013

Profit and loss account	For the current fiscal year	For the prior fiscal year
Net sales of finished goods, goods for resale and raw materials, of which:	**1 776 684 561,16**	**2 016 187 968,40**
-from affiliates	574 139 827,46	600 842 866,75
Net sales of finished goods	1 692 464 593,99	1 844 303 778,84
Net sales of goods for resale and raw materials	84 219 967,17	171 884 189,56
Cost of finished goods, goods for resale and raw materials sold, of which:	**1 656 549 139,05**	**1 671 181 334,56**
-to affiliates	537 437 818,19	558 926 873,88
Cost of finished goods sold	1 594 929 783,38	1 517 150 990,08
Cost of goods for resale and raw materials sold	61 619 355,67	154 030 344,48
Gross profit (loss) on sales	**120 135 422,11**	**345 006 633,84**
Selling expenses	2 846 732,91	2 724 716,07
Administrative expenses	39 985 061,74	49 630 683,67
Profit (loss) on sales	**77 303 627,46**	**292 651 234,10**
Other operating income	**12 316 924,27**	**12 322 336,33**
Gains on the sale of non-financial non-current assets	-	3 256 241,11
Grants	518 556,00	490 358,00
Other	11 798 368,27	8 575 737,22
Other operating expenses	**11 218 925,28**	**50 566 685,92**
Loss on the sale of non-financial non-current assets	41 455,70	-
Impairment of non-financial assets	2 216 359,46	35 050 553,23
Other	8 961 110,12	15 516 132,69
Operating profit (loss)	**78 401 626,45**	**254 406 884,51**
Finance income	**176 547 055,73**	**88 557 384,86**
Dividends and shares in profits, of which:	171 114 565,77	52 728 210,99
- from affiliates	171 062 892,77	52 674 184,99
Interest, of which:	4 090 705,72	14 682 515,39
- from affiliates	1 877 105,59	3 468 734,65
Gains on the sale of investments	-	20 648 924,36
Revaluation of investments	951 862,64	-
Other	389 921,60	497 734,12
Finance costs	**7 875 473,42**	**15 231 784,67**
Interest, of which: - from affiliates	7 003 983,72	10 912 514,83
Loss on the sale of investments	-	-
Impairment of investments	-	1 590 079,83
Other	871 489,70	2 729 190,01
Gross profit (loss) on ordinary activities	**247 073 208,76**	**327 732 484,70**
Result on extraordinary items		
Extraordinary gains		
Extraordinary losses		
Gross profit (loss)	**247 073 208,76**	**327 732 484,70**
Taxation	**15 216 410,14**	**52 719 733,94**
Corporate profits tax	15 216 410,14	52 719 733,94
Other tax charges		
Net profit (loss)	**231 856 798,62**	**275 012 750,76**

Konin, 18 March 2014

Signed by Zarząd Zespołu Elektrowni Pątnów-Adamów-Konin SA

3. Cash Flow Statement for the period 1.01.2013 - 31.12.2013

Cash flow statement	For the current fiscal year	For the prior fiscal year
A. Cash flow from operating activities		
I. Net profit (loss)	**231 856 798,62**	**275 012 750,76**
II. Adjustments, total	**-118 529 106,77**	**27 357 912,91**
1. Depreciation	89 029 962,70	74 773 225,14
2. Foreign exchange gains (losses)	-2 266 049,27	10 192 703,40
3. Interest and shares in profits	-167 005 508,59	-45 287 553,27
4. Profit (loss) on investing activities	-70 401,43	-32 041 316,52
5. Change in provisions	141 201 965,40	15 209 491,41
6. Change in inventories	-21 863 764,20	-6 462 808,48
7. Change in receivables	9 505 220,64	13 982 639,29
8. Change in short-term liabilities, except for loans and borrowings	-20 155 167,80	-3 115 008,44
9. Change in prepayments, accruals and deferred income	369 530,02	106 540,38
10. Purchase of CO 2 emission allowances	-147 274 894,24	0,00
11. Other adjustments	0,00	0,00
III. Net cash flow from operating activities (I±II)	**113 327 691,85**	**302 370 663,67**
B. Cash flow from investing activities		
I. Inflows	**188 912 536,14**	**108 034 517,05**
1. Sale of intangible assets and tangible fixed assets	191 626,02	4 566 942,54
2. Sale of investments in property and intangible assets	0,00	0,00
3. From financial assets, of which:	188 720 910,12	103 467 574,51
a) in affiliates	188 669 237,12	79 235 548,51
- sale of financial assets	0,00	0,00
- dividends and shares in profits	171 062 892,77	0,00
- repayment of long-term loans granted	17 606 344,35	0,00
- interest received	0,00	0,00
- other	0,00	0,00
b) in other entities	51 673,00	24 232 026,00
- sale of financial assets	51 673,00	24 178 000,00
- dividends and shares in profits	0,00	54 026,00
- repayment of long-term loans granted	0,00	0,00
- interest received	0,00	0,00
- other	0,00	0,00
4. Other investing inflows	0,00	0,00
II. Outflows	**154 300 227,33**	**554 454 213,65**
1. Purchase of intangible assets and tangible fixed assets	144 300 227,33	258 694 718,65
2. Investments in property and intangible assets		
3. For financial assets, of which:	10 000 000,00	295 759 495,00
a) in affiliates	10 000 000,00	295 759 495,00
increase the company's capital	10 000 000,00	0,00
b) in other entities	0,00	0,00
- purchase of financial assets	0,00	0,00
- long-term loans granted	0,00	0,00
4. Other investing outflows	0,00	0,00
III. Net cash flow from investing activities (I-II)	**34 612 308,81**	**-446 419 696,60**
C. Cash flow from financing activities		
I. Inflows	**0,00**	**0,00**
1. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital	0,00	0,00
2. Loans and credits	0,00	0,00
3. Issue of debt securities	0,00	0,00
4. Other financial inflows	0,00	0,00
II. Outflows	**38 085 977,39**	**99 889 323,29**

1. Re-acquisition of own shares	0,00	31 279 880,05
2. Dividends and other payments to shareholders	0,00	0,00
3. Outflows due to appropriation of profit other than payments to shareholders	0,00	0,00
4. Repayment of loans and borrowings	33 584 000,00	57 828 206,88
5. Redemption of debt securities	0,00	0,00
6. Relating to other financial liabilities	0,00	0,00
7. Finance lease payments	77 709,24	231 625,87
8. Interest paid	4 424 268,15	10 549 610,49
9. Other financing outflows	0,00	0,00
III. Net cash flow from financing activities (I-II)	**-38 085 977,39**	**-99 889 323,29**
D. Total net cash flow (A.III±B.III±C.III)	**109 854 023,27**	**-243 938 356,22**
E. Balance sheet change in cash and cash equivalents, of which:	**109 911 822,86**	**-244 374 881,77**
- change in cash and cash equivalents due to foreign exchange gains/losses	57 799,59	-436 525,55
F. Cash and cash equivalents at the beginning of the period	**47 998 259,72**	**291 936 615,94**
G. Cash and cash equivalents at the end of the period (F±D), of which:	**157 852 282,99**	**47 998 259,72**
- of restricted use	6 494 417,38	3 434 880,71

Konin, 18 March 2014
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Zarząd Zespołu Elektrowni Pątnów-Adamów-Konin SA

4. Changes in Equity Statement as at 31.12.2013

	Changes in Equity Statement	31.12.2013	31.12.2012
I.	**Equity at the beginning of the period (OB)**	**2 594 020 734,68**	**2 350 287 863,97**
	- adjustments of fundamental errors		
I.a.	Equity at the beginning of the period (OB), after adjustments	2 594 020 734,68	2 350 287 863,97
1.	**Share capital at the beginning of the period**	**104 052 000,00**	**104 052 000,00**
1.1.	Changes in share capital	-2 404 906,00	0,00
	a) increases		
	b) decreases	2 404 906,00	
	-redemption of own shares	2 404 906,00	
1.2.	**Share capital at the end of the period**	**101 647 094,00**	**104 052 000,00**
2.	**Unpaid share capital at the beginning of the period**		
2.1	Changes to unpaid share capital		
	a) increases		
	b) decreases		
2.2.	**Unpaid share capital at the end of the period**		
3.	**Treasury shares at the beginning of the period**	**-31 279 880,05**	
	a) increases		-31 279 880,05
	b) decreases	31 279 880,05	
	-redemption of own shares	31 279 880,05	
3.1.	**Treasury shares at the end of the period**	**0,00**	**-31 279 880,05**
4.	**Reserve capital at the beginning of the period**	**1 956 260 916,02**	**1 671 609 663,91**
4.1.	Changes in reserve capital	244 247 440,83	284 651 252,11
	a) increases (due to)	275 527 320,88	284 651 252,11
	- share premium		
	- statutory profit appropriation		
	- profit appropriation (in excess of statutory amounts)	275 012 750,76	283 746 144,09
	- tangible assets sales and liquidation	514 570,12	905 108,02
	b) decreases	31 279 880,05	
4.2.	**Reserve capital at the end of the period**	**2 200 508 356,85**	**1 956 260 916,02**
5.	**Revaluation reserve at the beginning of the period**	**287 337 282,46**	**288 242 390,48**
5.1.	Changes in revaluation reserve	-514 570,12	-905 108,02
	a) increases		
	b) decreases (due to)	514 570,12	905 108,02
	- disposal of tangible fixed assets	514 570,12	905 108,02
	- revaluation adjustment		
5.2.	**Revaluation reserve at the end of the period**	**286 822 712,34**	**287 337 282,46**
6.	**Other reserves at the beginning of the period**	**3 471 931,06**	**3 471 931,06**
6.1.	Changes in other reserves	2 404 906,00	0,00
	a) increases	2 404 906,00	
	b) decreases		
6.2.	**Other reserves at the end of the period**	**5 876 837,06**	**3 471 931,06**
7.	**Accumulated profits from previous years at the beginning of the period**	**275 012 750,76**	**283 746 144,09**
7.1.	Accumulated profits from previous years at the beginning of the period	275 012 750,76	283 746 144,09
	- adjustments of fundamental errors		
7.2.	Accumulated profits from previous years at the beginning of the period, after adjustments	275 012 750,76	283 746 144,09
	a) increases (due to)	0,00	0,00
	- appropriation of profit from previous years		

	b) decreases (due to)	275 012 750,76	283 746 144,09
	- transfer of profit to reserve capital	275 012 750,76	283 746 144,09
	- profit appropriation on Intercompany Social Fund		
7.3.	**Accumulated profits from previous years at the end of the period**	**0,00**	**0,00**
7.4	**Accumulated losses from previous years at the beginning of the period**	**-834 265,57**	**-834 265,57**
	- adjustments of fundamental errors		
7.5	Accumulated losses from previous years at the beginning of the period, after adjustments		
	a) increases (due to)		
	- transfer of prior year losses		
	b) decreases		
7.6	**Accumulated losses from previous years at the end of the period**	**-834 265,57**	**-834 265,57**
8.	**Net result**	**231 856 798,62**	**275 012 750,76**
	a) net profit	231 856 798,62	275 012 750,76
	b) net loss		
II.	**Equity at the end of the period (CB)**	**2 825 877 533,30**	**2 594 020 734,68**
III.	**Equity, after proposed appropriation of profits (absorption of losses)**	**2 825 877 533,30**	**2 594 020 734,68**

Konin, 18 March 2014
Signed by

Zarząd Zespołu Elektrowni Pątnów-Adamów-Konin SA

II. Introduction to the statement

1. General information about the Company.

Zespół Elektrowni Pątnów-Adamów-Konin Spółka Akcyjna ("ZE PAK S.A.", "the Company") was established by the Notarial Deed of 29 December 1994. The Company is seated in Konin, ul. Kazimierska 45.

The Company is entered in the National Court Register under number KRS 0000021374 assigned on 21 June 2001.

The Company operates under Tax Identification Number (NIP): 665-00-01-645 assigned on 17 September 1993 and REGON symbol: 310186795.

The duration of the Company is indefinite.

On the basis of the Articles of Association, the control over the Company is exercised by the Elektrim Group.

The Company is parent company of the Zespół Elektrowni Pątnów-Adamów-Konin Corporate Group.

According to the Articles of Association, the object of the Company's activities covers:

1. generation and distribution of electricity,
2. heat generation and distribution (steam and hot water)

2. Composition of the Management Board.

In the reporting period, the Management Board operated in the following composition:

• Katarzyna Muszkat	President of the Management Board
• Anna Striżyk	Vice President of the Management Board
• Piotr Jarosz	Vice President of the Management Board

During the reporting period, the Company's Management Board did not change.

3. Indication and explanation of differences of the disclosed data and significant differences concerning the adopted accounting principles (policy) between the statement and the comparable data and the statement and the comparable data that were prepared according to IAS.

The Company is parent company of the Corporate Group, which has an obligation to prepare consolidated financial statement in accordance with IFRS standards approved by the EU ("IFRS"). The Company has not prepared and does not prepare separate financial statement according to IFRS.

Below are presented main potential differences between IFRS and PAS, prepared assuming the application of IFRS on the basis of the IFRS 1 guidelines and the adoption of financial data resulting from the consolidated financial statement of the ZE PAK Group. The ZE PAK Group SA converted to IFRS on 1 January 2009.

If the financial statement was prepared in accordance with IFRS, main differences between the accounting principles adopted for the attached statement and IFRS, given the assumption that the day of conversion to IFRS is 1 January 2009, would apply in particular to fixed assets in the following areas:

a) Measurement of tangible fixed assets

In accordance with IFRS 1, as of the day of first-time adoption of IFRS, the entity may measure fixed assets at fair value and consider their fair value as the assumed cost as at this date. The Company determined the cost of selected tangible fixed assets by determining the fair value of these assets as at 1 January 2009, namely the assumed day of conversion to IFRS.

b) Separation of repair components

The International Financial Reporting Standards stipulate separation of components under fixed assets if their period of use differs from the period of use of a given fixed asset. Components are depreciated in the period of their usability. In accordance with IFRS, a particular component covers repairs or periodic inspections. As a result, the Company separated components of values of planned costs of repairs and depreciation of components in the period remaining until the expected start of another repair. The inclusion of this correction caused the need to charge deferred tax.

c) Valuation of land and right of perpetual usufruct

According to PAS, the right of perpetual usufruct is subject to depreciation and depreciation write-downs are recognized in the income statement charging prime cost.

For the purpose of IFRS, due to indefinite economic usability period of the right of perpetual usufruct of lands, the Company would eliminate included depreciation write-downs.

d) Capitalization of borrowing costs.

According to PAS, the Company would include in the value of fixed assets under construction all costs of payment of liabilities contracted for the purpose of financing along with arising exchange rate differences.

For the purpose of IFRS, the Company would adjust capitalized exchange rate differences arising out from liabilities contracted in foreign currencies, consisting in the adjustment of the value of these exchange rate differences to the value in which they are adjustment of interest costs.

In addition, the Company would capitalize also borrowing costs from general liabilities used mainly for financing fixed assets under construction.

Therefore, in this financial statement consistent with IFRS, the Company would capitalize borrowing costs in the value no higher than costs of financing that would arise if liabilities were incurred in the functional currency, i.e. PLN.

The described below areas of differences between PAS and IFRS were identified during the process of preparing the consolidated financial statement of the Group according to IFRS and do not contain potential IFRS adjustments with respect to transactions with related parties, which were eliminated under the consolidated statement of the Group.

The International Accounting Standards Board (IASB) has introduced many changes to the binding accounting principles and issued new standards. Works on subsequent standards and amendments to the present ones are underway. In addition, these standards are object of the process of approval by the EU. As a result, there is a possibility that standards, according to which the Company will prepare the first financial statement consistent with IFRS, which may contain data for the previous years and 2013, will differ from standards applied to prepare the following explanatory note describing the differences between IFRS and Polish accounting principles.

In addition, only complete financial statement including the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement, and the comparative data and the explanatory notes may present full and reliable image of the financial position of the Company, results of its activities and cash flows in accordance with IFRS.

The presentation of some items of financial statements according to the Polish accounting principles may differ from IFRS. Differences in presentation will not affect the Company's equity and its net result.

The components of individual items of the financial statement and the scope of additional information to the financial statement according to the Polish accounting principles may differ largely from IFRS.

The table below presents differences as at 31 December 2013

Adjustment as at 31.12.2013	**Balance sheet value according to PAS**	**Balance sheet value according to IFRS**	**Value adjustment**
Tangible fixed assets	1 592 773 857,14	2 092 017 412,56	499 243 555,42
Equity	2 825 877 533,30	3 226 798 115,71	400 920 582,41
Provision under deferred tax	53 074 535,23	147 096 706,02	94 022 170,79

Statement of effects of the disclosed differences in the area of net profit and equity:

	31 December 2013
Net profit PAS,	231 856 798,62
Adjustment of tangible fixed assets	-76 216 196,38
Adjustment IAS19 – actuarial profits /losses	785 395,00

	31 December 2013
Capital PAS,	2 825 877 533,30
Adjustment of tangible fixed assets	400 920 582,41
Adjustment IAS19 – actuarial profits /losses	785 395,00

4. On-going concern.

The Company's financial statement was prepared on the on-going concern basis, for at least 12 months after the balance sheet date, namely after 31 December 2013.

As at the day of signing this financial statement, the Company's Management Board has not observed facts and circumstances which could affect the on-going concern.

5. Merger of commercial companies.

In the reporting period for which the financial statement was prepared, pursuant to Article 492 § 1 item 1 of the Code of Commercial Companies, no merger with other commercial company was recorded.

6. Adopted accounting principles (policy)

The Company operates on the basis of the following legal acts:

1. the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws 2013.330 as amended – referred to as "the Accounting Act", "the Act"),
2. the Act of 15 February 1992 on Corporate Income Tax (Journal of Laws No. 54/2000 item 654) as amended,
3. the Regulation of the Minister of Finance of 19 February 2009 on current and periodic reporting by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws no. 33 item 259 of 2009 as amended),

4. the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies (consolidated text: Journal of Laws 2009 No. 185 item 1439 as amended).

In the scope of methods of measurement of assets and liabilities, the Company introduced the following regulations:

1. Regulation No. 35 of the President of ZE PAK S.A. in Konin of 1 July 2003 on management of tangible fixed assets components,

2. Regulation No.34 of the President of ZE PAK S.A. in Konin of 1 July 2003 on Corporate Chart of Accounts for ZE PAK S.A.

The financial statement was drawn up in accordance with the historical cost convention which was modified in the case of:

- intangible assets,

- fixed assets,

-investments in subordinated entities and other long-term investments,

-other short-term investments (excluding cash and financial assets),

- financial instruments.

According to the listed regulations, the Company uses the following methods of measurement of assets and liabilities and of the financial result:

Tangible fixed assets

The initial value of fixed assets is recognized in books at purchase prices or costs of their manufacture, expansion or modernization. Upon initial recognition, the value of fixed assets is decreased by depreciation and impairment write-downs.

When keeping accounts of auxiliary (analytical) books of tangible fixed asset components, it is required to apply, pursuant to Article 17 section 1 item 1 of the Act, the principles resulting from Regulation no. 35/2003 of the President of the Management Board, General Director of ZE PAK S.A. of 1 July 2003 on the management of tangible fixed assets at ZE PAK S.A., and so:

- Objects with the max. value of PLN 500 are classified to materials.

- For fixed assets with the value from PLN 500 - 3 500, it was determined to make depreciation write-downs each time in the month of their transfer for use; in accordance with Article 16f item 3 of the Act on Corporate Income Tax.

- Fixed assets with the value above PLN 3 500, purchased before 1 January 1997, are depreciated with the use of the linear method, while fixed assets purchased after 1 January 1997, in accordance with the decision of the Management Board of ZE PAK S.A., are depreciated with the use of the degressive method; the degressive method was valid until the end of 1999. Starting from 1 January 2000, all newly purchased fixed assets are re-depreciated with the use of the linear method.

- The revaluation is made on the basis of separate regulations. The revaluation result is recognized in revaluation reserve. After disposal or liquidation of a fixed asset, the amount remaining in revaluation reserve is transferred to supplementary capital. The last revaluation took place on 1 January 1995.

- Starting from 1 January 2000, for tax purposes, depreciation rates adopted for all newly purchased fixed assets are defined in the Appendix to the Act on Corporate Income Tax of 15 February 1992 as amended. In relation to fixed assets purchased and introduced to records before 1 January 2000, the applied rates result from the Regulation of the Minister of Finance of 17 January 1997 on depreciation of fixed assets and intangible assets.

- The need for adjustment of the calculated depreciation was included, in the case when objects with the price higher than PLN 3 500 and the intended period of use less than a year would be used in practice for a period longer than 1 year.

- Computers and computer sets are depreciated with the use of the linear method with a possibility of applying increasing coefficient, in accordance with Article 16i section 2 item 3 of the Act on Corporate Income Tax.

- Starting on 1 January 2001, the principles of balance sheet depreciation of fixed assets, which were subject to measurement during the Company's privatization, were changed. Starting on 1 January 2001, fixed assets are depreciated with the use of the linear method, in accordance with the anticipated period of economic use.

- The estimates concerning the period of economic usability and the depreciation method are subject to review at the end of each financial year to verify whether the applied methods and period of depreciation are consistent with the anticipated time of economic benefits brought by this fixed asset

- Fixed assets under construction are measured no less frequently than as at the balance sheet date in total costs that are in direct connection with their purchase or manufacture, reduced by impairment write-downs. Investment materials are also reported as fixed assets under construction. Fixed assets under construction are not depreciated until the completion of their construction and transfer for use

- Borrowing costs concerning creation, adaptation, engineering or improvement of fixed assets or intangible and legal assets, for the period of creation, adaptation, engineering or improvement, are reported under the value of these assets, if those liabilities were incurred for such a purpose. Other borrowing costs are shown in the income statement.

- Before amendments, the Act assumed off-balance sheet records of the right of perpetual usufruct of lands. The amended Act classifies the right of perpetual usufruct of lands to fixed assets. Pursuant to Article 2 item 1 of the Act of 29 September 1990 amending the Act on land management and expropriation of real property (Journal of Laws No. 79 item 464), lands being property of the State Treasury or ownership of commune, being on 5 December 1990 in administration of state legal persons other than the State Treasury or municipal legal persons, became on this the day, by law, the object of perpetual usufruct. Acquired in this way right of perpetual usufruct of land was not recognized in books, but is shown off-balance sheet.

- Pursuant to the Accounting Act, the Company conducts inventory-taking of fixed assets once every four years. The last inventory-taking of fixed assets took place in 2010.

- As at the balance sheet date, the Company each time assesses whether the balance sheet value of the reported assets does not exceed the value of expected future economic benefits. If there are premises that would indicate this, the balance sheet value of assets is reduced to the net selling price. Impairment write-

downs are shown in other operating costs. Impairment write-downs against fixed assets whose measurement was updated on the basis of separate regulations, decrease entered to revaluation reserve differences caused by revaluation. Any possible surplus of write-down over revaluation differences is classified to other operating costs.

Intangible assets

Intangible assets are recognized if they are likely to cause in the future inflow of economic benefits to the Company, which may be directly associated with those assets. Intangible assets are initially recognized at purchase prices or cost of manufacture. Upon initial recognition, intangible assets are valued at purchase prices or cost of manufacture reduced by depreciation and impairment write-downs. Intangible assets are depreciated linearly in the period corresponding to the estimated period of their economic usability. Expected economic usability period is as follows:

- licenses - 5 years,
- software licenses -2 years,
- other intangible assets - 5 years.

Intangible assets with initial value lower than PLN 3 500 are depreciated once in the month of their transfer to use.

The estimates concerning the period of economic usability and the depreciation method are subject to review at the end of each financial year to verify whether the applied methods and period of depreciation are consistent with the anticipated time of economic benefits brought by given intangible assets.

As at the balance sheet date, the Company each time assesses whether the balance sheet value of the reported assets does not exceed the value of expected future economic benefits. If there are premises that would indicate this, the balance sheet value of assets is reduced to the net selling price. Impairment write-downs are shown in other operating costs.

Long-term receivables

Long-term receivables include, among others:

- receivables under paid deposits (e.g. under rent agreements),
- receivables from entities with whom banking settlement or arrangement was concluded.

Long-term receivables, like other receivables, are measured according to Article 28 of the Accounting Act during the year, namely as at the date of acquisition or arising - at the nominal value and as at the balance sheet date - in the amount of required payment, with observance of prudence, decreased by write-downs made in justified cases.

Long-term investments

Long-term investments are property resources controlled by the entity which will cause in the future the inflow of economic benefits to the entity. Investments can be non-financial assets and are present as:

- property,
- intangible assets,

or financial assets and they are present as:

- shares and interest,
- capital contributions in subsidiaries,
- other securities (long-term bonds, treasury bonds, etc.),
- long-term loans granted,
- other long-term assets (bills, checks, deposits, commercial bonds).

As at the balance sheet date, long-term investments are measured at the purchase price reduced by impairment write-downs.

Investment in subsidiaries, that is, in controlled entities, in joint subsidiaries and in affiliates are measured at historical cost less possible impairment.

Commercial bonds not quoted on the market are measured as at the balance sheet date with the use of the linear method, i.e.at purchase price increased by relevant part of discount for the period until the balance sheet date, taking account of possible impairment.

Short-term investments (excluding cash and financial instruments)

Short-term investments, excluding cash and financial instruments, are measured at market price (value), and short-term investments without active market are measured at fair value determined in a different manner.

Effects of increase or decrease in the value of short-term investments measured at market (values) prices are classified to financial costs or revenues, accordingly.

Financial assets

Financial assets at the time of entering to accounting books are measured at cost (purchase price), being the fair value of made payment. Transaction costs are recognized

at initial value of these financial instruments. Financial assets are entered to the accounting books with the date of concluding the transaction.

After initial recognition, financial assets are classified to one of four categories and measured as follows:

	Category	Method of measurement
1.	Held-to-maturity financial assets	At adjusted purchase price (depreciated cost) determined with the application of effective interest rate
2.	Granted loans and own receivables	At adjusted purchase price (depreciated cost) determined with the application of effective interest rate. Receivables with short time of maturity for which no interest rate has been determined are measured in the amount of the required payment
3.	Financial assets intended for trade	At fair value, and revaluation gains/losses are recognized in the income statement
4.	Financial assets available for	At fair value, and revaluation gains/losses are recognized in the income

sale	statement until the time of disposal of investment or decrease in its value. At that time, total profit or loss under revaluation is recognized in the income statement

Fair value of financial instruments constituting the object of trade on active market is determined with regard to prices quoted on this market as at the balance sheet date. In the event when there is no quoted market price, fair value is estimated on the basis of quoted market price of a similar instrument, or on the basis of expected cash flows.

Impairment of financial assets

As at each balance sheet date, the Company assesses whether there is objective evidence proving impairment of a component or a group of financial assets. If there is such an evidence, the Company determines the estimated recoverable value of an asset component and makes impairment write-down in the amount equal to the difference between the recoverable value and the balance sheet value. Write-downs against a component financial assets or a portfolio of similar components of financial assets are determined:

1) in the case of financial assets measured in the amount of adjusted purchase price - as the difference between the value of these assets resulting from accounting books as of the date of measurement and the recoverable amount. The recoverable amount is the current value of future cash flows expected by the entity, discounted by using the effective interest rate that the entity applied previously, by measuring a revalued component of financial assets or a portfolio of similar components of financial assets,

2) in the case of financial assets measured at fair value - as difference between the purchase price of an asset component and its fair value agreed as at the date of measurement, provided that fair value of debt financial instruments as at the date of measurement is defined as current value of future cash flows expected by the entity, discounted with the use of the current market interest rate used for similar financial instruments. Loss accumulated until such a day, included in revaluation reserve, is classified to financial costs

in the amount no lower than write-down, reduced by part directly classified to financial costs,

3) in the event of other financial assets - as a difference between the value of an asset component resulting from the accounting books and the current value of future cash flows expected by the entity, discounted using the current market interest rate used for similar financial instruments.

Lease

The Company is a party to lease agreements under which it accepts for an agreed period of time external fixed assets or intangible assets for paid use or taking benefits.

In the case of lease agreements, under which the whole risk and benefits, resulting in respect of having assets which are the subject matter of the agreement, are transferred, the object of lease is included in assets as a fixed asset and at the same time liability is recognized in the amount equal to the current value of minimal lease fees agreed as at the date of starting lease. Lease fees are divided between financial costs and decrease in the balance of liability in a way enabling obtaining permanent interest rate on liability remaining for repayment. Financial costs are recognized directly in the income statement.

Fixed assets being the subject matter of a financial lease agreement are depreciated in a manner as specified for own fixed assets. However, if there is no confidence with regard to the transfer of ownership right of the

subject matter of an agreement, then fixed assets used under financial lease agreements are depreciated for the shorter one of the two periods: period of foreseeable use or period of lease. Lease fees under agreements that do not meet terms of a financial lease agreement are recognized under costs in the income statement by means of the linear method for the period of lease.

If the sale and sale-and-lease-back are of financial nature, the part of the amount of sales revenues which exceeds the value shown in the balance sheet is deferred in time and settled during the effective term of the lease agreement. If the sale and sale-and-lease-back is of operating lease nature and if the transaction is concluded at prices corresponding to fair value, any profits and losses on this account are shown in the income statement. If the selling price is lower than fair value, profits and losses on this account are shown in the income statement, except for a situation where loss is offset by future lease fees lower than market prices. In such a situation the loss is subject to deferment in time and settlement in proportion to lease fees for the period of the expected use of an asset component. If the selling price exceeds fair value, the amount exceeding fair value is deferred in time and settled under revenues for the period of the expected use of an asset component.

Short- and long-term receivables

Trade receivables are recognized in the amount of the required payment decreased by impairment write-downs. Receivables are revalued taking account of the degree of likelihood of their payment by making a write-off. Receivables write-offs are included accordingly in other operating costs or in financial costs – depending on the type of receivables covered by a write-off. Receivables remitted, deemed expired or uncollectible reduce previously made write-offs. Receivables remitted, deemed expired or uncollectible, on which no write-offs were made or write-offs were made in the incomplete amount, are recognized accordingly in other operating or financial costs.

Inventory

Inventory is measured at the lower of two values: purchase price (or cost of manufacture) and net selling price. Particular inventory components are measured as follows:

- production fuel - with the use of the "weighted average" method,
- spare parts and other materials - with the use of the "weighted average" method.

Net selling price is a selling price attainable as at the balance sheet date without the Value Added Tax and excise duty - reduced by rebates, discounts and the like as well as the costs related to adaptation of a component for sale and proceeding with such a sale.

The Company makes write-downs against inventory. Impairment write-downs against inventory increase other operating costs.

The Company has in place the procedure of continuous inventory-taking of material inventory. Since inventory is in the guarded area and is continuously recorded in terms of quantity and value, each material item must be counted at least once every two years.

The last inventory-taking of fuel production was held according to the balance as at 31 December 2013.

Energy certificates of origin received free of charge, under production in renewable sources, gas sources and cogeneration, are recognized at fair value of the date when their granting became certain.

Asset components manufactured on one's own

The cost of manufacture of property on one's own includes costs being in direct connection with a given product and a justifiable part of costs indirectly related to their manufacture.

Direct costs include:

- value of consumed direct materials,
- direct wages,
- wear of specialized tools,
- other costs incurred in connection with the delivery of a product in the form and place in which it is on the day of measurement.

Reasonable, suitable for product manufacture period, parts of indirect costs include variable indirect costs of production that correspond to the level of these costs during normal use of production capacities. The normal level of use of production capacities is average, consistent with expectations in typical conditions, volume of production for a given number of periods, taking account of scheduled repairs.

Costs of manufacture, at which assets are measured, do not include overheads, selling costs, other operating costs and costs of financial operations. The costs of manufacture are transferred to property components of ZE PAK S.A. no later than as at the date of preparing the balance sheet.

Equity

The Company has following capitals which are recognized in the balance sheet at their nominal value, namely:

1. Share capital,
2. Supplementary capital,
3. Revaluation reserve,
4. Other reserve capitals.

Share capital is recognized in the amount consistent with the Company's Articles of Association and the entry in the National Court Register.

Supplementary capital is created from profit distribution, surplus from the shares above their nominal value, from transfer from the Staff Fund and transfer from revaluation reserve. Advances paid during the financial year for dividend are reported in the accounting books and in the balance sheet as profit distribution made during the financial year.

Special funds

The Company has following special funds:

1. Company Social Benefits Fund,
2. Staff Fund.

The Act of 4 March 1994 (as amended) on Company Social Benefits Fund reads that the Company Social Benefits Fund is formed by employers employing at least 20 employees as expressed in full jobs. The Company creates such a fund and makes periodical write-offs in the amount agreed with trade unions. According to the agreement signed with the Trade Unions, the Company administers the Inter-Company Social Benefits Fund of the Company and subsidiaries. The Fund's balance covers the Fund's accumulated revenues decreased by expenses from the Fund, not subject to refund.

The Company shows in the balance sheet separately balance of the Fund and the Fund assets.

Assets and liabilities in foreign currencies

As at 31 December 2013, assets and liabilities in currencies other than Polish zloty are translated into Polish zloty using exchange rate of the National Bank of Poland as of the balance sheet date. Exchange rate differences arising from conversion are recognized in the item of financial revenues (costs), respectively, or, in cases specified by regulations, are capitalized in the value of assets.

For the needs of measurement, the following exchange rates were approved:

	31 December 2013	31 December 2012
EUR	4,1472	4,0882
USD	3,0120	3,0996

The following components of assets and liabilities denominated in foreign currencies were measured at other exchange rates than demonstrated above:

Exchange rate differences

Exchange rate differences concerning settlements expressed in foreign currencies, created on the date of their measurement and payment of receivables and liabilities in foreign currencies are presented as financial revenues or costs, respectively, and in justified cases - as cost of manufacture of products or purchase prices of goods as well as purchase price or cost of manufacture of fixed assets, fixed assets under construction or intangible assets. In the income statement, exchange rate differences are recognized after compensating.

Cash at bank accounts

Domestic cash is shown in nominal value. Cash at bank is confirmed based on bank balances confirmation form. Item cash shown in the cash flow statement consists of cash in hand and bank deposits with maturity no longer than 3 months which were not treated as investment activities

Confirmations of balances

Receivables and granted loans are confirmed as at the balance sheet date on the basis of written information sent to all contractors about the balances and their confirmation by contractors.

Balances specified in Article 26 section 1 item 3 of the Act do not required confirmation; these are among others:

- receivables claimed at court and bad debt,
- receivables and liabilities towards employees,
- balances under statutory liabilities and receivables,
- small balances with the amount not exceeding cost of postal shipment.

In accordance with the Act's principle of materiality , if contractors, whose receivable does not exceed the value of 2% of the amount being the basis for classifying new property components to fixed assets, do not return confirmations of balance in writing, it is deemed that the balance does not raise any objections.

In accordance with the Act's principle of materiality , if balance of receivables not exceeding the value of 2% of the amount being the basis for classifying new property components to fixed assets does not change during the last half of the year, it is to be charged to other operating costs.

Bank credits and loans

Upon initial recognition, bank credits and loans are recognized at cost constituting the value of cash received and including costs of contracting credit / loan. Then, all bank credits and loans, except for liabilities intended for trade, are measured at adjusted purchase price (depreciated cost), with the application of effective interest rate. Detailed principles of measurement of some liabilities denominated in foreign currencies are presented in the introduction to the financial statement.

Liabilities intended for trade are measured at fair value. Profit or loss on revaluation to the fair value are shown in the income statement for the current period.

Prepayments

Loans received for financing environmentally friendly investments and then remitted by granting subsidies are shown as other deferred income and settled in the income statement in subsequent periods, in proportion to the depreciation rates of fixed assets purchased or created under financed investments.

The Company makes prepayments designed to assign to a given period costs concerning this period. Prepayments include also costs concerning periods later than period in which they were incurred, among others, insurance costs, subscriptions, bill discount.

Prepayments include also a part of estimated costs of future reclamation of ash storage yards used by the Company. These costs are presented in discounted value and relate to expenditures the Company will have to incur until total filling an ash storage yard.

In addition, prepayments contain unsettled value of provision created for liquidation of the Company's property

Accruals include the value of certificates of origin of energy generated from renewable energy sources, in combination and in cogeneration with the use of natural gas, the entity is obliged to cancel in connection with supplying electricity to the end consumers. The provision under the obligation to present for cancellation certificates of origin of energy generated from renewable energy sources or in highly effective cogeneration is recognized as follows:

- part covered by certificates of origin held as at the balance sheet date - in the value of held certificates,

- part not covered by certificates of origin as at the balance sheet date – in the value lower than the market value of certificates necessary to fulfil the obligation as at the balance sheet date and possible penalty.

Deferred income includes contractual penalty fees, compensations from insurance company, interest increasing the principal amount, negative goodwill and subsidies received for manufacture of fixed assets.

In the item of accruals and deferred income the Company presents also future periods revenues related to settlement of results in sale and lease back.

Substitute evidence

Substitute evidence may be used as documents being the basis for records in the accounting books; they determine also circumstances (employee's statement) in which it is acceptable to confirm business operation with substitute evidence (Article 20 section 4.).

Substitute evidence should contain:

- date of business operation, place and date of evidence issuance,

- object, quantity, price and value of made purchase, goods, services),

- identification of ordering person and intended use.

Substitute evidence should be approved by manager who ordered purchase. Substitute evidence cannot be issued for purchases subject to taxation with VAT.

Inventory-taking

Inventory-taking of the Company's property is conducted pursuant to Article 26 and Article 27 of the Accounting Act. Every year, by way of a separate Regulation of the President of ZE PAK S.A., the annual inventory-taking plan is determined.

Impairment of assets

As at each balance sheet date, the Company assesses whether there is objective evidence proving impairment of a component or a group of assets. If there is such evidence, the Company determines the estimated recoverable value of an asset component and makes impairment write-down in the amount equal to the difference between the recoverable value and the balance sheet value. Impairment loss is presented in the income statement for the current period. When the revaluation of assets was previously conducted, the loss reduces the amount of revaluation reserve and is then entered into the income statement of the current period.

Revenues from sale of goods, products and services, interest and dividends

The sales revenues include due or obtained amounts from sales of goods and services (decreased by refunds, rebates and discounts). Sales revenues are shown in net value, i.e. decreased by output Value Added Tax. Revenues from sale of purchased energy are recognized as revenues from sale of goods. The value of revenues from sale of purchased energy is recognized at the average price from bilateral agreements.

Revenues from sale of products include also revenues from sale of green and red certificates. At the time of production, certificates of origin intended for sale are recognized in sales revenues, and consequently, in order to prevent overestimation of revenues at the time of their sale, the selling costs of certificates are recognized as adjustment of sales revenues.

Revenues under interest are shown at the time of charging interest (with the application of effective interest rate) if its receipt is unquestionable.

Due dividends are classified to financial revenues on the date when the competent body of the relevant company adopts a resolution on profit distribution, unless a different record date has been determined in the resolution.

Operating costs

The Company keeps records of costs by type and using multiple-step approach and prepares income statement in the multiple-step variant.

Overall production costs

Overall production costs are settled statistically to any sold electricity and heat and other works and services in proportion to direct payrolls encumbering sold energy, other works and services.

Corporate income tax

The basis for calculating income tax is gross profit adjusted by permanent and temporary differences between income agreed for the tax needs and the financial balance sheet result. Temporary differences under income tax will be included in the balance sheet as deferred income tax provisions (positive difference) or included to prepayments (negative differences). Assets under deferred income tax and provisions for deferred tax are subject to offset in the balance sheet.

Provisions

Provisions are shown when the Company has an existing obligation (legal or customary) resulting from past events and when it is certain or highly likely that the fulfilment of this obligation will result in the need for outflow of funds and when it is possible to make a reliable estimation of the amount of this liability. Provisions for property liquidation costs are recognized in the amount of forecasted liquidation costs in the current value of these costs. These provisions are recognized on both sides as prepayments costs and settled in time for the remaining period of operation devices intended for liquidation. In the case of devices excluded from change in provision costs of their liquidation charge other operating costs. In the item provisions the Company recognizes also provision for future costs of reclamation of the land where the Company stores waste.

Deferred income tax

The deferred income tax is determined using the method of balance sheet liabilities in relation to all existing transitional differences as at the balance sheet date between tax value of assets and liabilities and their balance sheet value reported in the financial statement. The provision for deferred income tax is created in relation to all positive temporary differences, unless the provision for deferred income tax is created as a result of depreciation of goodwill or initial recognition of an asset components or liability at a transaction not constituting merger of companies and at the moment of its conclusion it does not have impact on the gross financial result, taxable income or tax loss.

Component of assets under deferred income tax is shown in relation to all negative temporary differences and unused tax losses transferred for the next years, in the amount in which it is likely that taxable income will be achieved, which will enable using the above differences and losses.

In the case of negative temporary differences under shares in subsidiaries or affiliates and shares in joint subsidiaries, a component of assets under deferred income tax is reported in the balance sheet only in such an amount in which it is likely that in the foreseeable future the aforementioned temporary differences will be reversed and taxable income will be achieved, which will permit offset of negative temporary differences.

The Balance sheet value of a component of assets under deferred income tax is reviewed as at each balance sheet date and reduced accordingly, as much as it has ceased to be likely to achieve taxable income sufficient to partially or totally realize component of assets under deferred income tax.

Assets under deferred income tax and provisions for deferred income tax are measured with the application of tax rates which, according to the regulations adopted until the balance sheet date, are valid in the period when an asset component is realized or provisions is terminated. Assets under deferred tax and provision for deferred tax are shown in the balance sheet at value after offset.

Provisions for vacation, retirement bonuses, long-service bonuses and bereavement pays

Employees of the Company are entitled to vacation specified by the regulations of the Labour Code. The Company creates a provision for cost of unused vacation the right to which was vested in employees until the balance sheet date.

According to the company rewards system, the employees have the right to long-service bonuses after they have worked a given number of years, and to retirement bonuses at the time of retiring, and to bereavement pays. On the basis of independent actuarial calculations in accordance with International Accounting IAS 19, a provision is created for bonuses and prizes which will be paid in the future.

Provision for costs of energy relief is created for employees and retired persons and other authorized groups. The value of provision is determined on the basis of actuarial calculations of future liabilities of the Company under relief for electric energy. The amount of costs is estimated every year by using the individual method, separately for each entitled person. The basis for calculation of the provision for an employee is the expected cost the Company undertakes to incur by virtue of any applicable regulations. The amount of provision for a future retired person is the value of earned part of benefit.

In accordance with International Accounting Standard 19, a suitable provision for the present employees of the Company and future retired persons will be created for an average period of granting rights to the present employees of the Company, which has been estimated as 20 years.

The expected amount of costs incurred for the present pensioner, retired person, widow, widower or orphan in a given year considers the total value of energy relief and the expected growth in its basis, and the probability

that the entitled person will maintain their rights to relief. The amounts calculated in this way are discounted as at the balance sheet date and then summed up.

CO2 allowances

Received free of charge CO2 allowances are presented in the financial statement in the nominal value as allowances intended for the internal purposes in the value of zero in the item intangible assets. Allowances and their equivalents purchased by the Company for own needs are recognized as intangible assets. These allowances are measured at purchase price.

The provision for liabilities related to deficit of CO2 allowances is created by the Company in the period when actual emission exceeds the allocated allowances. The cost of created provision is presented in the income statement in the prime cost.

The provision is created in the following amount:

- part covered by allowances held as at the balance sheet date – the value of held allowances, i.e. purchased at the balance sheet value, received in the zero value,

- part that is not covered by allowances held as at the balance sheet date – in the value lower from among the market value of allowances necessary to fulfil the obligation as at the balance sheet date and possible penalty.

The Company establishes provision for cancellation of CERs, upon making a transaction of exchange of CO2 allowances for CERs in the value in which CERs will be cancelled for a given year. The Company cancels in the first place certified emission reduction units (CERs) purchased by way of exchange for CO2 allowances (EUAs), then allowances received free of charge and, eventually, purchased allowances.

As at each balance sheet date, the management of the Company makes decision on a part of allocating held certified emission reduction units (CERs) for fulfilment of the cancellation obligation for that year.

Information about the volume and market value of held allowances is presented by the Company in the supplementary notes and explanations to the financial statement.

In the case of exchange of allowances for certified emission reduction units (CERs) (vested level of exchange for ZE PAK SA is 1% of the obligation to cancel allowances for a given settlement period), the Company presents the effect of exchange in the account of results on operating activities as sales revenues.

The result on sale of surplus of allowances received free of charge is presented in the account of results in other operating income. Transactions of exchange of EUAs for CERs are presented in the cash flow statement in cash flows from operating activities.

7. Changes in accounting principles (policy)

The financial statements for the current and previous period were prepared with the application of identical accounting principles (policy) and the method of presentation of data in the financial statement.

8. Comparability of financial data for the preceding period with the statement for the current period

In the current period, the Company did not change the accounting principles or adjust errors, and, consequently, did not have the obligation to present numeric information ensuring comparability of data of the financial statement for the preceding year with the statement for the current financial year.

9. Error adjustment

In the current period, no errors were adjusted which could have effect on comparability of financial data for the preceding period with the data of the financial statement for the current financial period.

Konin, 18 March 2014

Management Board of Zespół Pątnów - Adamów – Konin SA

Prepared by:

III. Additional information and explanations

1. Events of the financial year not included in the balance sheet and in the income statement

In the reporting period until the day of preparation of this financial statement, namely until 27 August 2013, there were no events which were not and should be included in the accounting books and in the financial statement for the period ended 31 December 2013.

2. Events from the past years included in the financial statement

Until the day of the financial statement preparation for the period ended 31 December 2013, namely until 27 August 2013, no other important events were recorded concerning previous years which were not and should be included in the financial statement for the financial year.

3. Significant events of the current period.

Until the day of preparing the financial statement for the period ended 31 December 2013, namely until 27 August 2013, there were no significant events of the current period requiring additional disclosure in this financial statement.

4. Events after the balance sheet date not included in the financial statement

Early investment credit repayment

On 2 January 2014, the Company repaid early credit given in 2006 by banks PKO BP and PEKAO SA for the construction of flue gas desulfurization systems in the Pątnów Power Plant ("IOS Credit"). The capital of the repaid credit as of the day of early repayment amounted to PLN 90 million. The Company made the decision on early repayment of the IOS Credit in order to release securities. Repayment was made with the intention of refinancing credit.

Consortium credit facility agreement for financing the modernization of the Pątnów I Power Plant

On 13 March 2014, the Company concluded with the consortium of banks: Bank Gospodarstwa Krajowego, mBANK S.A., Bank Millennium S.A, Bank Polska Kasa Opieki S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. a credit facility agreement, under which the following credits will be made available to the Company:

1) credit in the total amount of PLN 1.11 billion, designed for the modernization of units 1-4 in the Pątnów Power Plant, along with additional tasks, and
2) credit in the total amount of PLN 0.09 billion, designed for re-financing of debt under credit contracted in 2006 for construction of flue gas desulfurization system for units of the Pątnów Power Plant.

The credit will enable financing to 61.92% of costs of the project consisting in the modernization of 4 units in the Pątnów Power Plant, the remaining part of expenditures will be paid with own funds. According to the content of the credit agreement, the Company may use credit no later until 31 December 2016. The use of the credit requires the Company to fulfil the credit use terms as defined in the agreement, which do not differ from the terms commonly used in similar transactions. The granted credit bears interest based on appropriate WIBOR rate plus the bank margin. The Company is obliged to repay the credit along with interest and other due amounts, on the terms specified in the Agreement; total repayment of the credit should be made until 31 December 2023.

After the balance sheet date until the day of preparing the financial statement for the current period, namely until 18 March 2013 year, there were no events which were not and should be included in the financial statement for the period ended 31 December 2013.

5. Seasonality of activities

The Company's activities are not seasonal, therefore the presented results do not show significant fluctuations during the year.

6. Balance sheet

a) Fixed assets.

Period ended 31.12.2013

	Land	Buildings	Buildings	Boilers and power machines	Plants, devices and apparatus of general application	Machines, devices and special industry equipment	Technical equipment	Means of transport	Tools, instruments, movables and equipment	Right of perpetual usufruct	Fixed assets under construction	Prepayments for fixed assets under construction	Total
Initial value													
Opening balance	848 797,18	693 687 044,24	591 436 817,23	2 348 381 289,28	212 876 052,17	15 253 764,86	572 250 424,65	2 962 555,93	10 065 201,15	497 050,19	95 781 899,49	3 879 000,00	4 547 919 896,37
Increases, including:	0,00	1 871 886,46	7 483 939,70	14 707 365,65	2 159 185,85	10 337,84	6 145 936,98	343 025,12	294 000,40	24 726,68	158 893 730,53	48 748 224,39	240 682 359,60
Purchase					10 284,86	10 337,84	146 568,85	2 746,34	90 820,40		158 893 730,53		159 154 488,82
Other													0,00
Adoption from investment		1 871 886,46	7 483 939,70	14 707 365,65	2 148 900,99		5 999 368,13	340 278,78	203 180,00	24 726,68		48 748 224,39	81 527 870,78
Decreases, including:		980 565,56	229 934,75	30 000 000,00	161 472,23	8 555,74	120 446,67	89 170,62	93 019,12	0,00	33 724 749,98	9 617 308,00	75 025 222,67
Liquidation		980 565,56	229 934,75	30 000 000,00	161 472,23	8 555,74	120 446,67		74 961,84		33 564 749,98	9 617 308,00	74 757 994,77
Sales								89 170,62	18 057,28		160 000,00		267 227,90
Other													0,00
Closing balance	848 797,18	694 578 365,14	598 690 822,18	2 333 088 654,93	214 873 765,79	15 255 546,96	578 275 914,96	3 216 410,43	10 266 182,43	521 776,87	220 950 880,04	43 009 916,39	4 713 577 033,30
Depreciation													
Opening balance	0,00	361 037 789,51	268 594 194,04	2 015 115 130,54	78 092 611,33	14 002 836,58	273 511 688,08	1 913 393,83	8 536 365,96	99 202,08			3 020 903 211,95
Increases, including:		18 593 701,17	20 931 770,89	17 740 848,03	10 149 921,98	260 363,19	19 590 370,51	414 206,42	303 202,19	4 651,05	0,00	0,00	87 989 035,43
Depreciation period		18 593 701,17	20 931 770,89	17 740 848,03	10 149 921,98	260 363,19	19 590 370,51	414 206,42	303 202,19	4 651,05			87 989 035,43
Other													0,00
Decreases, including:		907 483,84	229 934,75	30 000 000,00	161 472,23	8 555,74	120 446,67	89 170,62	93 019,12	0,00	0,00	0,00	31 610 082,97
Liquidation		907 483,84	229 934,75	30 000 000,00	161 472,23	8 555,74	120 446,67		74 961,84				31 502 855,07
Sales								89 170,62	18 057,28				107 227,90
Closing balance	0,00	378 724 006,84	289 296 030,18	2 002 855 978,57	88 081 061,08	14 254 644,03	292 981 611,92	2 238 429,63	8 746 549,03	103 853,13	0,00	0,00	3 077 282 164,41
Opening balance of write-downs		481 609,77	151 494,37										633 104,14
Closing balance of write-downs		376 017,21	135 078,15										511 095,36
Net value													
Opening balance	848 797,18	332 167 644,96	322 691 128,82	333 266 158,74	134 783 440,84	1 250 928,28	298 738 736,57	1 049 162,10	1 528 835,19	397 848,11	95 781 899,49	3 879 000,00	1 526 383 580,28
Closing balance	848 797,18	315 478 341,09	309 259 713,85	330 232 676,36	126 792 704,71	1 000 902,93	285 294 303,04	977 980,80	1 519 633,40	417 923,74	220 950 880,04	43 009 916,39	1 635 783 773,53

As at 31.12.2012

	Land	Buildings	Buildings	Boilers and power machines	Machines, devices and apparatus of general application	Machines, devices and special industry apparatus	Technical equipment	Means of transport	Tools, instruments, movables and equipment	Right of perpetual usufruct	Fixed assets under construction	Prepayments for fixed assets under construction	Total
Initial value													
Opening balance	937 066,74	601 706 583,08	502 367 912,74	2 081 917 775,85	170 315 060,88	15 247 693,69	388 731 426,95	3 138 349,14	10 229 546,26	255 836,71	586 766 983,47	1 721 725,00	4 363 335 960,51
Increases, including:	0,00	92 319 401,16	91 389 689,72	296 463 513,43	43 452 419,18	7 501,52	183 587 494,87	764 243,89	557 861,73	152 943,92	218 599 502,51	3 879 000,00	931 173 571,93
Purchase	-	-	-	-	23 699,56	5 137,18	139 512,45	1 418,58	172 014,55	-	-	-	341 782,32
Other	-	-	-	-	-	2 364,34	569 709,65	91 833,31	-	-	218 599 502,51	3 879 000,00	223 142 409,81
Adoption from investment	-	92 319 401,16	91 389 689,72	296 463 513,43	43 428 719,62	-	182 878 272,77	670 992,00	385 847,18	152 943,92	-	-	707 689 379,80
Decreases, including:	0,00	338 940,00	2 320 785,23	30 000 000,00	891 427,89	1 430,35	68 497,17	940 037,10	722 206,84	0,00	709 584 586,49	1 721 725,00	746 589 636,07
Liquidation	-	338 940,00	2 317 355,23	30 000 000,00	319 613,92	-	62 657,02	-	667 854,91	-	-	-	33 706 421,08
Sales	-	-	3 430,00	-	1 754,16	1 430,35	5 840,15	940 037,10	17 088,13	-	1 242 598,58	-	2 212 178,47
Other	-	-	-	-	570 059,81	-	-	-	37 263,80	-	708 341 987,91	1 721 725,00	710 671 036,52
Closing balance	937 066,74	693 687 044,24	591 436 817,23	2 348 381 289,28	212 876 052,17	15 253 764,86	572 250 424,65	2 962 555,93	10 065 201,15	408 780,63	95 781 899,49	3 879 000,00	4 547 919 896,37
Depreciation													
Opening balance	88 269,56	344 344 789,59	253 779 481,25	2 032 313 132,59	69 067 926,67	13 745 924,70	257 311 918,09	2 324 607,51	8 881 066,41	6 281,47	-	-	2 981 863 397,84
Increases, including:	-	17 031 939,92	17 135 498,02	12 801 997,95	9 392 770,42	258 342,23	16 256 981,67	482 294,34	377 682,76	4 651,05	-	-	73 742 158,36
Depreciation period	-	17 031 939,92	17 135 498,02	12 801 997,95	9 369 070,86	253 205,05	16 117 469,22	480 875,76	205 668,21	4 651,05	-	-	73 400 376,04
Other	-	-	-	-	23 699,56	5 137,18	139 512,45	1 418,58	172 014,55	-	-	-	341 782,32
Decreases, including:	0,00	338 940,00	2 320 785,23	30 000 000,00	368 085,76	1 430,35	57 211,68	893 508,02	722 383,21	-	-	-	34 702 344,25
Liquidation	-	338 940,00	2 317 355,23	30 000 000,00	309 325,64	-	51 371,53	-	667 854,91	-	-	-	33 684 847,31
Sales	-	-	3 430,00	-	1 754,16	1 430,35	5 840,15	893 508,02	17 088,13	-	-	-	923 050,81
Other	-	-	-	-	57 005,96	-	-	-	37 440,17	-	-	-	94 446,13
Closing balance	88 269,56	361 037 789,51	268 594 194,04	2 015 115 130,54	78 092 611,33	14 002 836,58	273 511 688,08	1 913 393,83	8 536 365,96	10 932,52	-	-	3 020 903 211,95
Opening balance of write-downs	-	587 213,59	168 935,69	-	-	-	-	-	-	-	-	-	756 149,28
Closing balance of write-downs	-	481 609,77	151 494,37	-	-	-	-	-	-	-	-	-	633 104,14
Net value													
Opening balance	848 797,18	256 774 579,90	248 419 495,80	49 604 643,26	101 247 134,21	1 501 768,99	131 419 508,86	813 741,63	1 348 479,85	249 555,24	586 766 983,47	1 721 725,00	1 380 716 413,39
Closing balance	848 797,18	332 167 644,96	322 691 128,82	333 266 158,74	134 783 440,84	1 250 928,28	298 738 736,57	1 049 162,10	1 528 835,19	397 848,11	95 781 899,49	3 879 000,00	1 526 383 580,28

TANGIBLE FIXED ASSETS		31-12-2013	31-12-2012
a)	Fixed assets, including:	1 371 822 977,10	1 426 722 680,79
-	land (including the right of perpetual usufruct)	1 266 720,92	1 246 645,29
-	buildings, premises and civil and water engineering structures	624 738 054,94	654 858 773,78
-	technical equipment and machines	743 320 587,04	768 039 264,43
-	means of transport	977 980,80	1 049 162,10
-	other fixed assets	1 519 633,40	1 528 835,19
b)	fixed assets under construction	220 950 880,04	95 781 899,49
c)	advances for fixed assets under construction	43 009 916,39	3 879 000,00
Total tangible fixed assets		**1 635 783 773,53**	**1 526 383 580,28**

FIXED ASSETS RECOGNIZED IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)		31-12-2013	31-12-2012
a)	own	1 372 277 568,01	1 427 182 344,25
b)	used under rent, lease or other agreement, including lease agreement, including:	56 504,45	173 440,68
-	financial lease agreements	56 504,45	173 440,68
-	operating lease, rent and lease agreements		
Total gross fixed balance sheet assets		**1 372 334 072,46**	**1 427 355 784,93**

FIXED ASSETS OTHER THAN REPORTED IN THE BALANCE SHEET	31-12-2013	31-12-2012
used under rent, lease or other agreement, including lease agreement	1 774 380,15	1 890 505,04
Total fixed assets other than reported in the balance sheet	1 774 380,15	1 890 505,04

b) Intangible assets

Period ended 31.12.2013

	Initial value			
	01 January 2013	Increase	Decrease	31 December 2013
Licences	27 254 493,58	803 022,81	3 900,00	28 053 616,39
Software	194 419,21			194 419,21
Certified emission reduction units (CERs)	7 006 183,18	147 274 894,24	7 006 183,18	147 274 894,24
TOTAL	**34 455 095,97**	**148 077 917,05**	**7 010 083,18**	**175 522 929,84**

	Cancellation of EUAs/CERs			
	01 January 2013	Increase	Decrease	31 December 2013
Licences	24 644 063,35	1 040 927,27	3 900,00	25 681 090,62
Software	194 419,21			194 419,21
Certified emission reduction units (CERs)				0,00
TOTAL	**24 838 482,56**	**1 040 927,27**	**3 900,00**	**25 875 509,83**

	Net value	
	01 January 2013	**31 December 2013**
Licences	2 610 430,23	2 372 525,77
Software	0,00	0,00
Certified emission reduction units (CERs)	7 006 183,18	147 274 894,24
TOTAL	**9 616 613,41**	**149 647 420,01**

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)		
	31-12-2013	**31-12-2012**
a) own	149 647 420,01	9 616 613,41
b) used under rent, lease or other agreement, including lease agreement		
Total intangible assets	149 647 420,01	9 616 613,41

As at 31.12.2012

	Initial value			
	01 January 2012	**Increase**	**Decrease**	**31 December 2012**
Licences	26 951 108,47	612 058,99	308 673,88	27 254 493,58
Software	230 158,76	-	35 739,55	194 419,21
CO2 allowances (EUAs) and certified emission reduction units (CERs)	199 462 104,49	19 072 972,73	-	218 535 077,22
TOTAL	**226 643 371,72**	**19 685 031,72**	**344 413,43**	**245 983 990,01**

	Cancellation of EUAs/CERs			
	01 January 2012	**Increase**	**Decrease**	**31 December 2012**
Licences	23 862 473,94	781 589,41	-	24 644 063,35
Software	230 158,76	-	35 739,55	194 419,21
CO2 allowances (EUAs) and certified emission reduction units (CERs)	142 116 370,21	69 412 523,83	-	211 528 894,04
TOTAL	**166 209 002,91**	**70 194 113,24**	**35 739,55**	**236 367 376,60**

	Net value	
	01 January 2 012	**31 December 2012**
Licences	3 088 634,53	2 610 430,23
Software	-	-
CO2 allowances (EUAs) and certified emission reduction units (CERs)	57 345 734,28	7 006 183,18
TOTAL	**60 434 368,81**	**9 616 613,41**

c) Inventory

Specification	31 December 2013	31 December 2012
1. Materials	**37 394 949,70**	**43 808 385,03**
Production fuel	12 219 107,67	16 817 016,10
Auxiliary materials	29 076 220,22	29 240 929,73
Write-down	-3 900 378,19	-2 249 560,80
2. Goods	**125 505 760,82**	**107 620 488,61**
Green certificates	141 970 195,29	141 240 827,12
Red certificates	366 079,30	826 584,91
Write-down	-16 830 513,77	-34 446 923,42
3. Advances for deliveries	**10 391 927,32**	
Total:	**173 292 637,84**	**151 428 873,64**

Energy certificates of origin under production of energy in renewable sources, gas sources and highly effective cogeneration, are recognized at fair value of the date when their granting became certain. As at 31.12.2013, the Company had physically in the register 30 283.948 MWh of property rights to green certificates and was awaiting issue of certificates for production from 2012 and 2013, in the volume of 710,705.784MWh.. The certificates produced in 2012 are presented in the balance sheet after a write-down against the value to the unit price of 182.21 PLN/MWh, i.e. according to measurement at the balance sheet as at 31.12.2012. During the current reporting period, the Company conducted production in renewable sources and presented in the balance sheet green certificates at the prices which were up-to-date at the end of each month during the current reporting period, i.e. respectively at the prices ranging from 120.34 to 211.59 PLN / MWh. For production in the whole 2013 the Company did not receive any property rights under green certificates. The write-down presented in the balance sheet as at 31 December 2013 concerns, first of all, revaluation of the rights being the property of the Company as at 31.12.2012 to the unit price of 182.21 PLN/mWh, and insignificant write-down against rights exercised by production from October and November 2013.

d) Long-term investments

Entities from beyond the Corporate Group

Period ended 31.12.2013

	31 December 2013	31 December 2012
Full name of entity		
Zakłady Pomiarowo-Badawcze Energetyki "Energopomiar" sp. z o.o., Gliwice	199 962,00	199 962,00
Write-downs		
Zakłady Pomiarowo-Badawcze Energetyki "Energopomiar" sp. z o.o., Gliwice	-48 760,99	-48 760,99
Total short-term	151 201,01	151 201,01

Entities of the Corporate Group

Period ended 31.12.2013

Full name of entity, seat	01 January 2013	Increase	Decrease	31 December 2013	% of held capital
"PAK SERWIS" sp. z o.o. Konin	9 985 386,00			9 985 386,00	100%
"EL PAK" sp. z o.o. Konin	1 856 900,00			1 856 900,00	100%
"PAK INFRASTRUKTURA" Sp. z o.o. Konin	60 392 400,00			60 392 400,00	100%
"PAK HOLDCO" sp. z o.o. Konin	750 550 000,00			750 550 000,00	100%
Centrum Usług Informatycznych IT Sp. z o.o.	100 000,00			100 000,00	100%
PAK Centrum Badań Jakości Sp. z o.o.	600 000,00			600 000,00	100%
PAK Górnictwo Sp. z o.o.	18 200 000,00	10 000 000,00		28 200 000,00	91%
PAK Kopalnia Węgla Brunatnego Konin S.A.	109 264 361,00			109 264 361,00	85%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	67 995 134,00			67 995 134,00	85%
Elektrim-Volt S.A.	118 500 000,00			118 500 000,00	100%
TOTAL	**1 137 444 181,00**	**10 000 000,00**	**0,00**	**1 147 444 181,00**	**-**
Write-downs against financial fixed assets			-	-	-
BALANCE SHEET VALUE	**1 137 444 181,00**	**10 000 000,00**	**0,00**	**1 147 444 181,00**	**-**

Period ended 31.12.2012

Full name of entity, seat	01 January 2012	Increase	Decrease	31 December 2012	% of held capital
"PAK SERWIS" sp. z o.o. Konin	9 985 386,00			9 985 386,00	100%
"EL PAK" sp. z o.o. Konin	1 856 900,00			1 856 900,00	100%
"PAK INFRASTRUKTURA" Sp. z o.o. Konin	60 392 400,00			60 392 400,00	100%
"PAK HOLDCO" sp. z o.o. Konin	751 196 681,04		646 681,04	750 550 000,00	100%
Centrum Usług Informatycznych IT Sp. z o.o.	100 000,00			100 000,00	100%
PAK Centrum Badań Jakości Sp. z o.o.	600 000,00			600 000,00	100%
PAK Górnictwo Sp. z o.o.	18 200 000,00			18 200 000,00	91%
PAK Biopaliwa sp. z o.o.	1 000 000,00		1 000 000,00	0,00	-
PAK Kopalnia Węgla Brunatnego Konin S.A.		109 264 361,00		109 264 361,00	85%
PAK Kopalnia Węgla Brunatnego Adamów S.A.		67 995 134,00		67 995 134,00	85%
Elektrim-Volt S.A.		118 500 000,00		118 500 000,00	100%
TOTAL	**843 331 367,04**	**295 759 495,00**	**1 646 681,04**	**1 137 444 181,00**	**-**
Write-downs against financial fixed assets	-7 625 505,00	7 625 505,00	-	-	-
BALANCE SHEET VALUE	**835 705 862,04**	**303 385 000,00**	**1 646 681,04**	**1 137 444 181,00**	**-**

* On 10 October 2012, Pak Holdco sp. z.o.o. refunded the remaining part of extra charge to ZEPAK S.A.

* On 21 December 2012, PAK Biopaliwa Sp. z o.o. will be liquidated.

* On 18 July 2012, shares in KWB Konin S.A. were purchased

* On 18 July 2012, shares in KWB Adamów S.A. were purchased.

* On 1 October 2012, shares in Elektrim-Volt S.A. were purchased.

* reversed write-down

e) Initial capital

Period ended 31.12.2012

Specification of shareholders	Number of shares	Value of one share in PLN	% share in initial capital	Number of conferred votes	% of share in the overall number of votes
Zygmunt Solorz Żak (indirectly) through: Elektrim S.A., Embud Sp. z o.o., Polsat Media B.V., ZE PAK S.A.	27 403 320	2,00	52,67%	27 403 320	52,67%
ING Otwarty Fundusz Emerytalny	5 600 000	2,00	10,76%	5 600 000	10,76%
Others	19 022 680	2,00	36,57%	19 022 680	36,57%
Total	**52 026 000**		**100,0%**	**52 026 000**	**100%**

To the knowledge of the Company, on the basis of orders transferred by shareholders

Period ended 31.12.2013

Specification of shareholders	Number of shares	Value of one share in PLN	% share in initial capital	Number of conferred votes	% of share in the overall number of votes
Zygmunt Solorz Żak (indirectly) through: Elektrim S.A., Embud Sp. z o.o., Polsat Media B.V., ZE PAK S.A.	26 200 867	2,00	51,55%	26 200 867	51,55%
ING Otwarty Fundusz Emerytalny	5 069 361	2,00	9,97%	5 069 361	9,97%
Others	19 553 319	2,00	38,48%	19 553 319	38,48%
Total	**50 823 547**		**100,0%**	**50 823 547**	**100%**

To the knowledge of the Company, on the basis of orders transferred by shareholders

f) Equity

Period ended 31.12.2013

Specification	01 January 2013	Sale of revaluated fixed assets	Redemption of own shares	Establishment of reserve capital	Profit distribution for 2012	Result for the current year	31 December 2013
1. Share capital	104 052 000,00		-2 404 906,00				101 647 094,00
2. Own shares	-31 279 880,05		31 279 880,05				0,00
3. Supplementary capital	1 956 260 916,02	514 570,12	-31 279 880,05		275 012 750,76		2 200 508 356,85
4. Revaluation reserve	287 337 282,46	-514 570,12					286 822 712,34
5. Other reserve capitals (privatization fund)	3 471 931,06		2 404 906,00				5 876 837,06
6. Retained profit	-834 265,57						-834 265,57
7. Net profit	275 012 750,76				-275 012 750,76	231 856 798,62	231 856 798,62
TOTAL	**2 594 020 734,68**	**0,00**	**0,00**	**0,00**	**0,00**	**231 856 798,62**	**2 825 877 533,30**

Period ended 31.12.2012

Specification	1 January 2012	Sale of revaluated fixed assets	Own shares	Establishment of reserve capital	Profit distribution for 2011	Result for the current year	31 December 2012
1. Share capital	104 052 000,00						104 052 000,00
2. Own shares			-31 279 880,05				-31 279 880,05
3. Supplementary capital	1 671 609 663,91	905 108,02			283 746 144,09		1 956 260 916,02
4. Revaluation reserve	288 242 390,48	-905 108,02					287 337 282,46
5. Other reserve capitals (privatization fund)	3 471 931,06						3 471 931,06
6. Retained profit	-834 265,57						-834 265,57
7. Net profit	283 746 144,09				-283 746 144,09	275 012 750,76	275 012 750,76
TOTAL	**2 350 287 863,97**	**0,00**	**-31 279 880,05**	**0,00**	**0,00**	**275 012 750,76**	**2 594 020 734,68**

g) Profit distribution for the current year and for the last year

The financial statement for the year ended 31 December 2013 was prepared before profit distribution for the current financial year. In 2014, the Management Board of ZE PAK SA intends to deviate from the dividend policy and will not recommend the General Meeting payment of dividend from the net profit in 2013.

By Resolution no. 5 of the Ordinary General Meeting of 26.06.2013 on the distribution of the profit for 2012, the General Meeting decided to allocate the whole net profit, in the amount of PLN 275 012 750.76, for supplementary capital of the Company.

h) Provisions and write-downs

Period ended 31.12.2013

Content	As at 01.01.2013	Increases	Shift	Use	Release	As at 31.12.2013
Provision for deferred income tax	36 681 866,71	16 392 668,52				53 074 535,23
Provision for long-service prizes	31 315 738,00				506 531,00	30 809 207,00
Provision for retirement bonuses	7 510 113,00	183 552,00				7 693 665,00
Provision for bereavement pays	2 292 886,00	18 507,00				2 311 393,00
Provision for employee tariff	46 751 867,00				1 084 178,00	45 667 689,00
Provision for CO_2 allowances	7 006 183,18	128 066 074,88		7 006 183,18		128 066 074,88
Provision for liquidation of assets	19 546 819,98	781 872,00		2 550 000,00		17 778 691,98
Provision for reclamation	4 484 023,34			100 000,00		4 384 023,34
Other provisions	1 500 000,00					1 500 000,00
Total balance sheet provisions	**157 089 497,21**	**145 442 674,40**	**0,00**	**9 656 183,18**	**1 590 709,00**	**291 285 279,43**
Write-down against inventory	**36 696 484,22**	**2 216 359,46**		**18 181 951,72**		**20 730 891,96**
Revaluation of shares and interest	**48 760,99**					**48 760,99**
Receivables write-offs	**35 178 817,69**	**56 153,49**		**90 315,21**	**23 834,33**	**35 120 821,64**
Total write-downs against assets	**71 924 062,90**	**2 272 512,95**	**0,00**	**18 272 266,93**	**23 834,33**	**55 900 474,59**

Period ended 31.12.2012

Content	As at 01.01.2012	Increases	Shift	Use	Termination	As at 31.12.2012
Provision for deferred income tax	26 308 454,77	10 373 411,94				36 681 866,71
Provision for long-service prizes	25 752 684,10	5 563 053,90				31 315 738,00
Provision for retirement bonuses	6 328 299,31	1 181 813,69				7 510 113,00
Provision for bereavement pays	1 166 771,19	1 126 114,81				2 292 886,00
Provision for employee tariff	41 975 900,00	4 775 967,00				46 751 867,00
Provision for CO_2 allowances	57 345 734,28	7 006 183,18		57 345 734,28		7 006 183,18
Provision for liquidation of assets	21 709 804,91	1 237 815,07		3 400 800,00		19 546 819,98
Provision for reclamation	6 114 023,34			1 630 000,00		4 484 023,34
Other provisions	5 517 885,00				4 017 885,00	1 500 000,00
Total balance sheet provisions	**192 219 556,90**	**31 264 359,59**	**0,00**	**62 376 534,28**	**4 017 885,00**	**157 089 497,21**
Write-down against inventory	**3 732 960,51**	**35 050 553,23**		**2 087 029,52**		**36 696 484,22**
Revaluation of shares and interest	**7 674 265,99**				**7 625 505,00**	**48 760,99**
Revaluation of the provided capital contributions	**450 000,00**				**450 000,00**	**0,00**
Receivables write-offs	**35 167 916,00**	**63 095,29**		**49 591,65**	**2 601,95**	**35 178 817,69**
Total write-downs against assets	**47 025 142,50**	**35 113 648,52**	**0,00**	**2 136 621,17**	**8 078 106,95**	**71 924 062,90**

Granting free CO2 allowances for a period of 2013 – 2020 is determined by fulfilment by the entity receiving allowances of a specified level of capital expenditures, as declared in the National Investment Plan (KPI) attached to the derogation application.

If, in accordance with the assumptions, required investments for the year 2013 will be completed in the period 2013-2020, consequently allowances for the year 2013 will be granted in the scope sufficient to cover the obligation to cancel emissions for this year.

The Company, being entitled to obtain free CO2 allowances on the basis of Directive 2003/87/EC of the European Parliament / "derogation allowances"/, submitted an application for granting derogation allowances in the amount corresponding to the degree of expenditures on investments proposed in the National Investment Program. However, for reasons lying beyond the control of the Company, they were not allocated until 31 December 2013. In connection with delays in the process of granting free allowances, the Company purchased during 2013 allowances on the market for the purpose of fulfilment of the cancellation obligation for this year. For the missing CO2 allowances the Company purchased and intends to present for cancellation for 2013 a provision was created and charged to basic operating activities. Upon physical cancellation of allowances, the created earlier provision in correspondence with the account intangible assets, CO2 allowances, will be terminated.

Allowances purchased in a given balance sheet, as indirect costs, are tax costs for the year.

i) Liabilities by the balance sheet item

LONG-TERM LIABILITIES	31-12-2013	31-12-2012
a) owed to related parties	0	0
- Credits and loans	0	0
- arising from issuance of debt securities		
- other financial liabilities, including:		
- financial lease agreements		
- other (by type)		
b) owed to other entities	6 301 775,11	75 407 933,86
- Credits and loans	0,00	75 060 229,17
- arising from issuance of debt securities		
- other financial liabilities, including:		
- financial lease agreements	18 091,58	50 204,69
- other (by type)		
- liabilities under purchase of fixed assets under construction	6 283 683,53	297 500,00
Total long-term liabilities	**6 301 775,11**	**75 407 933,86**

LONG-TERM LIABILITIES, WITH MATURITY PERIOD FROM THE BALANCE SHEET DATE	31-12-2013	31-12-2012
a) above 1 to 3 years	6 301 775,11	75 407 933,86
b) more than 3 to 5 years		
c) above 5 years		
Total long-term liabilities	**6 301 775,11**	**75 407 933,86**

	SHORT-TERM LIABILITIES	31-12-2013	31-12-2012
a)	owed to subsidiaries	78 934 473,14	102 350 591,93
-	credits and loans, including:		
-	long-term in the repayment period		
-	arising from issuance of debt securities		
-	under dividends		
-	other financial liabilities, including:		
-	trade liabilities, maturing:	77 333 644,33	89 189 232,66
-	up to 12 months	77 333 644,33	89 189 232,66
-	above 12 months		
-	received advances for deliveries	301 103,72	8 764 112,96
-	bill-of-exchange liabilities		
-	other (by type)	1 299 725,09	4 397 246,31
b)	owed to joint subsidiaries	0,00	0,00
c)	owed to affiliates	3 952 019,77	5 812 195,19
-	credits and loans, including:		
-	long-term in the repayment period		
-	arising from issuance of debt securities		
-	under dividends		
-	other financial liabilities, including:		
-	trade liabilities, maturing:	1 760 194,95	5 812 195,19
-	up to 12 months		
-	above 12 months		
-	received advances for deliveries		
-	bill-of-exchange liabilities		
-	other (by type)	2 191 824,82	
d)	owed to significant investor	0,00	0,00
e)	owed to shareholder of entity under joint control	0,00	0,00
f)	owed to the parent company	0,00	0,00
g)	owed to other entities	268 244 556,12	172 070 695,94
-	credits and loans, including:		
-	long-term in the repayment period	90 951 396,82	47 913 273,03
-	arising from issuance of debt securities		
-	under dividends		
-	other financial liabilities, including:		
-	trade liabilities, maturing:	22 371 465,67	43 504 295,02
-	up to 12 months	22 371 465,67	43 504 295,02
-	above 12 months		
-	received advances for deliveries	10 240,53	30 266,14
-	bill-of-exchange liabilities		
-	tax, customs , social security and other benefits	85 980 162,19	62 692 292,73
-	payroll liabilities	3 679 016,28	3 759 294,77
-	liabilities under lease agreements	31 710,77	77 306,90
-	other	14 117,15	20 922,00
-	liabilities under fixed assets under construction	61 209 520,72	10 095 085,93
-	PFRON liabilities	102 686,00	103 430,00
-	deposits	128 313,51	108 000,00
-	MFSS liabilities	2 518 094,48	2 506 400,34
-	deductions from payroll	1 247 832,00	1 260 129,08
h)	special funds (by titles)	4 261 461,63	4 304 754,17
-	Company Social Fund	4 206 448,27	4 249 740,81
-	Staff fund	55 013,36	55 013,36
Total short-term liabilities		**355 392 510,66**	**284 538 237,23**

j) Revolving credits and investment credits

Revolving credits as at 31.12.2013

From	Item	Object of credit	Creditor	(Agreement no.) of	Credit currency	Credit amount	Indebtedness as at 31.12.2013			Repayment date
							Total	long-term	short-term	
Other entities	1.	Credit in the current account	Bank Zachodni WBK S.A.	(1199/108/01) of 10.08.2001	PLN	5 000 000,00	-	-	-	30-11-2014
	2.	Credit in the current account	Bank Pekao SA	(88/2005) of 20.12.2005	PLN	80 000 000,00	-	-	-	30-09-2014
	3.	Credit in the current account	PKO Bank Polski SA	(270-1/10/RB/2006) of 25.08.2006	PLN	90 000 000,00	-	-	-	25-10-2014
	4.	Credit in the current account	ING Bank Śląski SA	28.03.2007	PLN	30 000 000,00	-	-	-	28-03-2014
					Total credits	**205 000 000,00**	**-**	**-**	**-**	

Revolving credits as at 31.12.2012

From	Item	Object of credit	Creditor	(Agreement no.) of	Credit currency	Credit amount	Indebtedness as at 31.12.2012			Repayment date
							Total	long-term	short-term	
Other entities	1.	Credit in the current account	Bank Zachodni WBK S.A.	(1199/108/01) of 10.08.2001	PLN	5 000 000,00	-	-	-	30-11-2013
	2.	Credit in the current account	Bank Pekao SA	(88/2005) of 20.12.2005	PLN	80 000 000,00	-	-	-	30-09-2013
	3.	Credit in the current account	PKO Bank Polski SA	(270-1/10/RB/2006) of 25.08.2006	PLN	90 000 000,00	-	-	-	25-10-2013
	4.	Credit in the current account	ING Bank Śląski SA	28.03.2007	PLN	30 000 000,00	-	-	-	28-03-2013
					Total credits	**205 000 000,00**	**-**	**-**	**-**	

Investment credits as at 31.12.2013

	Item	Object of credit	Bank	Agreement of:	Currency	Indebtedness as at 31.12.2013			Repayment term
						total	long-term	short-term	
From other entities	1.	"Turnkey" construction of two desulfurization systems using the wet lime-gypsum method for power units no. 1-4 in the Pątnów Power Plant	consortium of Bank Pekao S.A and PKO BP S.A..	30.05.2006	PLN	90.951.396,82 PLN	-	90.951.396,82 PLN	02-01-2014
					RAZEM	**90.951.396,82 PLN**	**-**	**90.951.396,82 PLN**	

Investment credits as at 31.12.2012

From	Item	Object of credit	Bank	Agreement of:	Currency	Indebtedness as at 31.12.2012			Repayment term
						total	long-term	short-term	
Other entities	1.	Construction of slag handling system in the Pątnów Power Plant	Bank Pocztowy S.A.	22.05.2007 no. 05/KG/27777777/07-1	PLN	1 500 000,00 PLN	-	1 500 000,00 PLN	28-06-2013
	3.	Supplying utilities to the gypsum manufacturing plant in the Pątnów Power Plant	Bank Pekao S.A.	9.10.2008 no. 2008/357/DDF	PLN	2 084 270,64 PLN	-	2 084 270,64 PLN	30-12-2013
	4.	"Turnkey" construction of two desulfurization systems using the wet lime-gypsum method for power units no. 1-4 in the Pątnów Power Plant	consortium of Bank Pekao S.A and PKO BP S.A..	30.05.2006	PLN	119 389 231,56 PLN	75 060 229,17 PLN	44 329 002,39 PLN	31-12-2015
					TOTAL	**122 973 502,20 PLN**	**75 060 229,17 PLN**	**47 913 273,03 PLN**	

k) Granted loans

As at 31.12.2013

To whom	Item	Object of loan	Borrower	Agreement of	Loan currency	Loan amount	Assets as at 31-12-2013	including: long-term	including: short-term	Repayment date
Related entities	1.	Construction of unit 460 MW in the Pątnów II Power Plant	Elektrownia Pątnów II Sp. z o.o.	12-11-2002	PLN equivalent of the amount in EUR	34 098 858,79 EUR	23 939 108,29 EUR	20 459 315,27 EUR +[1] - = 20 459 315,27 EUR	3 409 885,88 EUR +[1] 69 907,14 EUR = 3 479 793,02 EUR	15-10-2020
						PLN 136 163 822.18 [2]	99 280 269,90 PLN [3]	84 848 872,29 PLN [3] +[1] - [3] = 84 848 872,29 PLN [3]	14 141 478,72 PLN +[1] 289 918,89 PLN [3] = 14 431 397,61 PLN [3]	
	2.	Construction of unit 460 MW in the Pątnów II Power Plant (repair works)	Elektrownia Pątnów II Sp. z o.o.	13-03-2006	PLN	11 064 960,00 PLN	6 371 247,87 PLN	5 416 392,63 PLN +[1] - = 5 416 392,63 PLN	902 731,98 PLN +[1] 52 123,26 PLN = 954 855,24 PLN	15-10-2020
						Total loans	**105 651 517,77 PLN**	90 265 264,92 PLN 0,00 PLN 90 265 264,92 **PLN**	15 044 210,70 PLN +[1] 342 042,15 PLN = **15 386 252,85 PLN**	

[1] /Interest booked as at 31.12.2013

[2]/Value of loan according to exchange rates of granting its subsequent tranches and capitalization.
[3]/Average EUR/PLN exchange rate according to the table of the National Bank of Poland of 31.12.2013.amounting to 4.1472.

As at 31 December 2012

To whom	Item	Object of loan	Borrower	Agreement of	Currency of loan	Amount of loan	Assets as at 31-12-2012	including: long-term	including: short-term	Repayment date
Related parties	1.	Construction of unit 460 MW in the Pątnów II Power Plant	Elektrownia Pątnów II Sp. z o.o.	12-11-2002	PLN equivalent of the amount in EUR	34 098 858,79 EUR	27 361 377,21 EUR	23 869 201,15 EUR +[1] - = 23 869 201,15 EUR	3 409 885,88 EUR +[1] 82 290,18 EUR = 3 492 176,06 EUR	15-10-2020
						136 163 822,18 PLN [2]	111 858 782,31 PLN [3]	97 582 068,14 PLN [3] +[1] - [3] = 97 582 068,14 PLN [3]	13 940 295,45 PLN +[1] 336 418,71 PLN [3] = 14 276 714,17 PLN [3]	
	2.	Construction of unit 460 MW in the Pątnów II Power Plant (repair works)	Elektrownia Pątnów II Sp. z o.o.	13-03-2006	PLN	11 064 960,00 PLN	7 313 724,54 PLN	6 319 124,61 PLN +[1] - = 6 319 124,61 PLN	902 731,98 PLN +[1] 91 867,96 PLN = 994 599,93 PLN	15-10-2020
	3.	Running business activities Repayment of liabilities to the Pątnów II Power Plant	Elektrim Megadex SA	19-10-2005	PLN equivalent of the amount in EUR	16 000 000,00 EUR	-	+[1] - =	+[1] - =	-
						61 617 600,00 PLN [2]	10 151,65 PLN [3]	+[1] - =	- +[1] 10 151,65 PLN = 10 151,65 PLN	
						Total loans	**PLN 119 182 658.50**	103 901 192,75 PLN 0,00 PLN **103 901 192,75 PLN**	14 843 027,44 PLN +[1] 438 438,31PLN = **15 281 465,75 PLN**	

[1] /Interest booked as at 31.12.2012

[2]/Value of loan according to exchange rates of granting its subsequent tranches and capitalization.
[3]/Average EUR/PLN exchange rate according to the table of the National Bank of Poland of 31.12.2012, amounting to 4.0882.

l) Concluded lease agreements

From	Item	Object of lease	Financing party	Agreement of:	Lease currency	Indebtedness as at 31.12.2013			Repayment date
						total	long-term	short-term	
Other entities	1.	VOLKSWAGEN PASSAT	Energo-Utech SA	5 May 2012 no. 15/O/ENUT/2012	PLN	25 569,46 PLN	7 353,68 PLN	18 215,78 PLN	20-04-2015
	2.	VOLKSWAGEN PASSAT	Energo-Utech SA	15 October 2012 no. 37/O/ENUT/2012	PLN	24 232,89 PLN	10 737,90 PLN	13 494,99 PLN	20-09-2015
					TOTAL	**49 802,35 PLN**	**18 091,58 PLN**	**31 710,77 PLN**	

From	Item	Object of lease	Financing party	Agreement of :	Lease currency	Indebtedness as at 31.12.2012			Repayment date
						total	long-term	short-term	
Other	1.	VOLKSWAGEN PASSAT (3x) + VOLKSWAGEN GOLF (5x)	Energo-Utech SA	13 November 2008 no. 61/O/ENUT/2008	PLN	48 716,55 PLN	-	48 716,55 PLN	20-03-2013
	2.	VOLKSWAGEN PASSAT	Energo-Utech SA	5 May 2012 no. 15/O/ENUT/2012	PLN	42 024,33 PLN	25 768,77 PLN	16 255,56 PLN	20-04-2015
	3.	VOLKSWAGEN PASSAT	Energo-Utech SA	15 October 2012 no. 37/O/ENUT/2012	PLN	36 770,71 PLN	24 435,92 PLN	12 334,79 PLN	20-09-2015
					TOTAL	**127 511,59 PLN**	**50 204,69 PLN**	**77 306,90 PLN**	

m) Structure of trade receivables by date of creation

SHORT-TERM RECEIVABLES	31-12-2013	31-12-2012
a) from related parties	46 602 601,77	38 809 805,04
- trade receivables, maturing:	39 290 036,44	35 341 786,04
- up to 12 months	39 290 036,44	35 341 786,04
- above 12 months		
- claimed at court		
- other	7 312 565,33	3 468 019,00
b) receivables from other entities	92 368 567,81	109 666 585,18
- trade receivables, maturing:	56 655 646,26	87 543 878,55
- up to 12 months	56 655 646,26	87 543 878,55
above 12 months		
- taxation, subsidy, customs duty, social security and health insurance and other benefit receivables	22 029 566,01	17 944 700,88
- claimed at court		
- other	13 683 355,54	4 178 005,75
Total net short-term receivables	138 971 169,58	148 476 390,22
c) receivables write-offs	35 120 821,64	35 178 817,69
Total gross short-term receivables	174 091 991,22	183 655 207,91

TRADE RECEIVABLES (GROSS) - WITH MATURITY PERIOD FROM THE BALANCE SHEET DATE:	31-12-2013	31-12-2012
a) up to 1 month	94 875 712,43	122 285 967,29
b) more than 1 month up to 3 months	267 359,38	122 997,71
c) more than 3 up to 6 months		
d) more than 6 months up to 1 year		
e) more than 1 year		
f) overdue receivables	33 159 861,95	32 891 946,70
Total trade receivables (gross)	128 302 933,76	155 300 911,70
g) trade receivables write-offs	32 357 251,06	32 415 247,11
Total trade receivables (net)	**95 945 682,70**	**122 885 664,59**

n) List of prepayments and accruals and deferred income

Item	Specification	As at 31 December 2013	As at 31 December 2012
I.	**Prepayments**	**4 415 163,08**	**4 695 665,67**
1.1	Subscription of magazines	7 972,86	16 956,65
1.2.	Property insurance	0,00	0,00
1.3.	Contribution to the Company Social Benefits Fund	0,00	0,00
1.4.	Costs of reclamation of ash storage yards	1 394 127,10	1 394 127,10
1.5.	Liquidation of property	2 906 675,12	3 177 463,92
1.6.	Other	106 388,00	107 118,00
II	**Accruals**	**34 262 997,69**	**34 173 970,26**
1.	**Accruals**	**16 619 288,85**	**17 093 499,44**
1.1	Provision for annual bonus	13 898 489,48	14 450 558,09
1.2	Provision for unused leaves	1 450 025,75	1 429 909,62
1.3	Provision for costs of this year	135 200,00	255 000,00
1.4	Obligation to cancel Property Rights –"green certificates"	925 800,62	746 589,44
1.5	Obligation to cancel Property Rights – "red certificates"		19 651,81
1.6	Obligation to cancel Property Rights – " Purple " fee gas	22 920,00	14 183,40
1.7	Obligation to cancel Property Rights – "Yellow" fee gas		177 607,08
1.8	Obligation to cancel Property Rights – "White energy" fee	186 853,00	
2.	**Future period revenues**	**17 643 708,84**	**17 080 470,82**
2.1.	Compensation from insurance company	1 409 420,74	327 626,72
2.2	Difference between specified in the agreement net value of tangible asset components transferred as contributions in kind and their record price	13 594 457,35	13 594 457,35
2.3	Received subsidies settled in time	2 631 608,85	3 150 164,85
2.4	Other	8 221,90	8 221,90

o) List of groups and liabilities secured on the entity's property

Item	Secured property	As at 31 December 2013				As at 31 December 2012			
		credit/loan amount	amount of security	currency	amount of security expressed as % of assets	credit/loan amount	amount of security	currency	amount of security expressed as % of assets
1.	**Registered pledge and financial pledge**	**90 951 396,82**	**240 000 000,00**	**PLN**	**6,83%**	**119 389 231,56**	**460 000 000,00**	**PLN**	**14,63%**
1.1	Registered pledge on power unit no. 3 in the Pątnów Power Plant[1]	90 951 396,82	240 000 000,00	PLN	6,83%	119 389 231,56	460 000 000,00	PLN	14,63%
1.2	Registered pledge on power unit no. 4 in the Pątnów Power Plant[1]								
1.3	Registered pledge and financial pledge on rights and cash under agreements of bank accounts A and B ZE PAK in Bank PEKAO S.A and PKO BP S.A. [1]								
1.4	Registered pledge and financial pledge on rights and cash from agreements of bank account IOS ZE PAK in PKO BP [1]	90 951 396,82	240 000 000,00	PLN	6,83%	119 389 231,56	240 000 000,00	PLN	7,63%
1.5	Registered pledge on set of movables comprising the Flue Gas Desulfurization System in the Pątnów Power Plant [1]	90 951 396,82	240 000 000,00	PLN	6,83%	119 389 231,56	240 000 000,00	PLN	7,63%
2.	**Registered pledge and financial pledge on shares in subsidiaries**	**172 813 964,86**	**400 000 000,00**	**EUR**	**56,89%[6]**	**197 448 239,34**	**400 000 000,00**	**EUR**	**62,79%[6]**
		45 000 000,00	**339 750 000,00**	**PLN**		**75 000 000,00**	**339 750 000,00**	**PLN**	
2.1	Registered pledge and financial pledge on shares of ZE PAK S.A. in PAK Infrastruktura Sp. z o.o. and PAK HOLDCO Sp. z o.o. for BRE Bank S.A. (ZE PAK as guarantor of the project "Pątnów II")[2]	172 813 964,86	400 000 000,00	EUR	47,22%[3]	197 448 239,34	400 000 000,00	EUR	51,99%[4]
		45 000 000,00	339 750 000,00	PLN	9,67%	75 000 000,00	339 750 000,00	PLN	10,80%
3.	**Mortgage**	**-**	**-**	**PLN**	**-**	**-**	**-**	**PLN**	**-**
3.1	Contractual joint ordinary and capped rate mortgage on the plots with land and mortgage register KW no. 72269 and KW no. 72270 in Konin Pątnów and Kamienica, commune of Kazimierz Biskupina for banks PEKAO S.A. and PKO BP S.A. [1]	90 951 396,82	210 000 000,00	PLN	5,98%[5]	119 389 231,56	437 000 000,00	PLN	13,89%[5]

1/Security of consortium credit of PLN 306 million for PAK Odsiarczanie Sp. z o.o. for PKO BP S.A. and PEKAO S.A. On 30.11.2011, as a result of merger of ZE PAK S.A. and PAK Odsiarczanie Sp. z o.o., the credit was taken over by ZE PAK SA

2/Securities of consortium credit of EUR 240.00 million and loan of PLN 226.00 million for Elektrownia Pątnów II Sp. z o.o. The consortium credit was granted by banks: PEKAO S.A., BRE BANK S.A., and EBOR. The loan was granted by the National Fund for Environmental Protection and Water Management. Pledge on shares of ZE PAK S.A. in PAK Infrastruktura Sp. z o.o. and PAK HOLDCO Sp. z o.o. for BRE Bank SA

3/Percentage share in translation of the amount of EUR 400,000,000.00 to PLN at the average annual EUR/PLN exchange rate of 31 December 2013 of 4.1472

4/Percentage share in translation of the amount of EUR 400,000,000.00 to PLN at the average annual EUR/PLN exchange rate of 31 December 2012 of 4.0882

5/Amounts of these securities cannot be summed up since they relate to one credit with the maximum amount of security of PLN 240 million.

6/Total share of amounts of the security is EUR 400,000,000.00 and PLN 339,750,000.00

p) Contingent liabilities, including guarantees and sureties granted by the entity

Item	Type of liabilities, guarantees, sureties	As at 31 December 2013			As at 31 December 2012		
		Amount		% of assets	Amount		% of assets
		PLN	EUR	%	PLN	EUR	%
	1	1	2	3	4	5	6
1.	**Total contingent liabilities, including:**	**224 002 050,39**	**-**	**6,38%**	**1 500 000,00**	**-**	**0,05%**
2.	**Sureties**	**222 872 050,39**	**-**	**6,34%**	**1 000 000,00**	**-**	**0,03%**
2.1	Surety for Elektrim-Volt S.A. for Alpiq Energy SE	-	-	-	1 000 000,00	-	0,03%
2.2	Surety for PAK KWB Konin SA under revolving credit in BRE Bank [1]	18 300 000,00	-	0,52%	-	-	-
2.3	Surety for PAK KWB Konin SA under revolving credit in BRE Bank	10 300 000,00	-	0,29%	-	-	-
2.4	Surety for PAK KWB Adamów SA under credit in current account in BZ WBK	10 500 000,00	-	0,30%	-	-	-
2.5	Surety for PAK KWB Konin SA under credit in current account in BRE Bank	9 700 000,00	-	0,28%	-	-	-
2.6	Surety for PAK KWB Konin SA under investment credit in BZ WBK	32 572 050,39	-	0,93%			
2.7	Surety for PAK KWB Konin SA under revolving credit in Millennium	76 500 000,00	-	2,18%			
2.8	Surety for PAK KWB Konin SA under credit in current account in BZ WBK	65 000 000,00	-	1,85%			
3.	**Guarantees**	-	-	-	**-**	**-**	**-**
4.	**Liabilities towards employees**	**1 130 000,00**	-	**0,03%**	**500 000,00**	-	**0,02%**

1/on 31.12.2013 the credit was repaid. The surety is valid until 31.03.2014

q) Contingent receivables, including guarantees and sureties received by the entity

As at 31.12.2013

	Contracting party	Type of security	Date of drawing	Drawer	Effective term	Amount
1	AGTOS sp. o.o.	Bill of exchange declaration and bill of exchange	19-06-2006	AGTOS sp. o.o.	effective term of the agreement	blank, no higher than PLN 25,000,000
2	Vattenfall Trading Services GmbH	Parent guaranty no. 2005-46	15-12-2005	Vattenfall AB	effective term of the agreement	5 000 000,00
			12-11-2008			10 000 000,00
3	ARCELOR sp. z o.o.	Bill of exchange declaration and bill of exchange	16-06-2008	ARCELOR sp. z o.o.	effective term of the agreement	blank
4	MIRANDA sp. z o.o.	Bill of exchange declaration and blank bill of exchange guaranteed by EFFECT System SA	16-11-2012	MIRANDA sp. z o.o.	effective term of the agreement no. 35/Miranda Sp. z o.o./PAK/2012	blank, no higher than PLN 2.500.000
5	Foster Wheeler Energia Polska Sp. z o.o.	Performance Bond PLN	19-06-2012	ING Bank Śląski SA	until 15.06.2015	8 445 720,00
6	Foster Wheeler Energia Polska Sp. z o.o.	Performance Bond EUR	19-06-2012	ING Bank Śląski SA	until 15.06.2015	702 000,00
7	Balcke-Durr Polska Sp. z o.o.	Performance Bond	16-08-2011	Deutsche Bank Polska SA	until 13.12.2013	139 850,00
8	Balcke-Durr Polska Sp. z o.o.	Performance Bond	14-08-2012	Deutsche Bank Polska SA	until 08-08-2014	141 500,00
9	Foster Wheeler Energia Polska Sp. z o.o.	Surety of the Parent Company	19-08-2009	Foster Wheeler Energia OY	until the expiry of liabilities of Foster Weeler Polska S.A. resulting from Agreement no. 1/2009 of 30.07.2009	211 143 010,00
						17 550 000,00
10	Turbo Care Sp. z o.o.	Performance Bond	09-08-2012	PEKAO SA	14.11.2014	3 960 000,00
11	Turbo Care Sp. z o.o.	Performance Bond	09-08-2012	PEKAO SA	14.02.2015	3 780 000,00
12	Turbo Care Sp. z o.o.	Advance Payment Guarantee	09-08-2012	PEKAO SA	30.06.2014	1 217 700,00
13	Turbo Care Sp. z o.o.	Advance Payment Guarantee	09-08-2012	PEKAO SA	30.09.2014	1 420 650,00
14	Chemar Rurociągi Sp. z o.o.	Bank Performance Bond	03-01-2011	PKO BP	15-04-2015	460 000,00
15	Energomar-Nord Sp. z o.o.	Bank Performance Bond	22-07-2013	Raiffeisen Bank Polska S.A.	29-06-2016	28 338,00
16	Chemar Rurociągi Sp. z o.o.	Bank Performance Bond	26-09-2013	PKO BP	15-12-2014	2 282 000,00
17	Chemar Rurociągi Sp. z o.o.	Bank Performance Bond	26-09-2013	PKO BP	15-02-2015	2 308 000,00

18	Chemar Rurociągi Sp. z o.o.	Bank Advance Payment Refund Guarantee	13-09-2013	PKO BP	30-11-2014	2 806 860,00
19	Chemar Rurociągi Sp. z o.o.	Bank Advance Payment Refund Guarantee	13-09-2013	PKO BP	31-01-2015	2 838 840,00
20	Remak-Rozruch S.A.	Insurance Retention Bond	04-07-2012	STU Ergo Hestia	13-07-2014	1 228 770,00
21	Remak-Rozruch S.A.	Bank Advance Payment Refund Guarantee	21-08-2013	PEKAO SA	30-09-2015	28 325 916,00
22	Turbo Care Sp. z o.o.	Advance Payment Guarantee	27-09-2013	PEKAO SA	30.09.2015	2 583 000,00
23	Turbo Care Sp. z o.o.	Performance Bond for Quality and Warranty Period	01-10-2013	Siemens Financial Services GmbH	10.07.2015	3 075 450,00
24	Turbo Care Sp. z o.o.	Performance Bond	13-08-2013	Siemens Financial Services GmbH	24-09-2015	14 742 000,00
25	Turbo Care Sp. z o.o.	Performance Bond	13-08-2013	Siemens Financial Services GmbH	24-11-2015	15 120 000,00
26	Turbo Care Sp. z o.o.	Advance Payment Guarantee	13-08-2013	Siemens Financial Services GmbH	14-02-2015	10 073 700,00
27	Turbo Care Sp. z o.o.	Advance Payment Guarantee	13-08-2013	Siemens Financial Services GmbH	14-04-2015	10 332 000,00
28	Condix	Blank bill of exchange and bill of exchange declaration	20-12-2012	Condix	Before the date of expiration of the period of the Construction Guarantee and signing the Certificate of Ultimate Facility Acceptance	908 400,00
29	Condix	Insurance Retention Bond	10-01-2013	UNIQA TU S.A.	10-07-2015	3 584 285,69

As at 31.12.2012

	Contracting party	Type of security	Date of drawing	Drawer	Effective term	Amount	Comments
1	AGTOS sp. o.o.	Bill of exchange declaration and bill of exchange	19-06-2006	AGTOS sp. o.o.	effective term of the agreement	blank, no higher than PLN 25,000,000	
2	Vattenfall Trading Services GmbH	Parent guaranty no. 2005-46	15-12-2005	Vattenfall AB	effective term of the agreement	5 000 000,00	EUR
			12-11-2008			10 000 000,00	EUR
3	ARCELOR sp. z o.o.	Bill of exchange declaration and bill of exchange	16-06-2008	ARCELOR sp. z o.o.	effective term of the agreement	blank	amount corresponding to debt under delayed payment
4	MIRANDA sp. z o.o.	Bill of exchange declaration and blank bill of exchange guaranteed by MIIRANDA S.A.	18-03-2009	MIRANDA sp. z o.o.	effective term of agreement no. 41/Miranda Sp. z o.o./PAK/2009	blank, no higher than PLN 2.500.000	amount corresponding to debt under received heat
5	Elektrim Volt S.A.	Payment guarantee no. 02532KPA11	16-12-2011	BRE Bank S.A.	until 25.01.2013	974 738.80	amount of security for 35 days of deliveries of electricity
6	Foster Wheeler Energia Polska Sp. z o.o.	Performance Bond PLN	19-06-2012	ING Bank Śląski SA	until 15.06.2015	12 668 581,00	
7	Foster Wheeler Energia Polska Sp. z o.o.	Performance Bond EUR	19-06-2012	ING Bank Śląski SA	until 15.06.2015	1 053 000,00	EUR
8	Balcke-Durr Polska Sp. z o.o.	Performance Bond	16-08-2011	Deutsche Bank Polska SA	until 13.12.2013	139 850,00	
9	Balcke-Durr Polska Sp. z o.o.	Performance Bond	14-08-2012	Deutsche Bank Polska SA	until 08-08-2014	141 500,00	
10	Turbo Care Sp. z o.o.	Performance Bond	21-01-2011	Siemens Financial Services GmbH	until 07.02.2013	6 150 900,00	
11	Foster Wheeler Energia Polska Sp. z o.o.	Surety of the Parent Company	19-08-2009	Foster Wheeler Energia OY	until the expiry of liabilities of Foster Weeler Polska S.A. resulting from Agreement no. 1/2009 of 30.07.2009	211 143 010,00	
						17 550 000,00	EUR
12	Turbo Care Sp. z o.o.	Performance Bond	09-08-2012	PEKAO SA	14.11.2014	3 960 000,00	
13	Turbo Care Sp. z o.o.	Performance Bond	09-08-2012	PEKAO SA	14.02.2015	3 780 000,00	
14	Turbo Care Sp. z o.o.	Advance Payment Guarantee	09-08-2012	PEKAO SA	30.06.2014	2 706 000,00	
15	Turbo Care Sp. z o.o.	Advance Payment Guarantee	09-08-2012	PEKAO SA	30.09.2014	2 583 000,00	
16	CONDIX	Bill of exchange declaration and bill of exchange	20-12-2012	CONDIX	Until the expiry of liabilities of Condix under the Construction Guarantee and signing the Certificate of Ultimate Facility Acceptance	to the maximum amount of EUR 908,400.00	EUR
17	Chemar Rurociągi Sp. z o.o.	Bank Performance Bond	03-01-2011	PKO BP	15-04-2015	460 000.00	

r) Legal proceedings

Proceedings relating to the non-compliance with the obligation to maintain stocks of fuel

On 17 September 2008 and 29 May 2009, the President of ERO initiated the proceedings concerning imposing fine on the Company in connection with default on the obligation to keep fuel reserve ensuring continuous supplies of electricity and heat to recipients as at 31 December 2007, 31 March 2008, 1 July 2008, 1 September 2008, 1 October 2008, 1 November 2008, 1 December 2008, 1 January 2009, 1 February 2009, and 1 March 2009.

By the decision of the President of the Energy Regulatory Office of 28 December 2010, ZE PAK S.A. was charged with a fine for default on the obligation to keep fuel reserve in the quantity ensuring continuous supplies of heat to recipients in 2008 and 2009, in the amount of PLN 1 500 thousand. The Company created in 2010 provision for the cost of the fine in the full amount. On 17 January 2011, the Company filed an appeal against the decision of the President of ERO with the Regional Court in Warsaw – SOKiK.
On 30 January 2014, SOKiK pronounced a ruling dismissing the appeal of the Company against the decision of the President of ERO. So far, the Company has not received the ruling of SOKiK along with substantiation. The Company will make decisions with regard to appealing against the ruling after its receipt and reading its substantiation.

Payment request concerning contractual penalty fee under default on the parameters of readiness of the flue gas desulfurization systems in the Pątnów I Power Plant

On 28 October 2005, between PAK Odsiarczanie (whose legal successor is ZE PAK) and RAFAKO S.A.an agreement was concluded for design and turnkey construction of two flue gas desulfurization systems for units no. 1-4 in the Pątnów I Power Plant. On 12 August 2008, the Parties signed a certificate of preliminary acceptance of two flue gas desulfurization systems, and on 29 December 2009 a fan in one of these systems failed, as a result of which ZE PAK sustained losses in connection with emergency standstills of the system. On 2 September 2011, the parties prepared the final report of the meeting of the team for calculations of emergency standstills and parameters of availability. From the calculations contained in the report, it can be concluded that ZE PAK, pursuant to the provisions of the abovementioned agreement, is vested towards RAFAKO S.A in a claim for payment of contractual penalty fee in the total amount of PLN 21,700 000. On 3 August 2012, ZE PAK called RAFAKO S.A. to pay voluntarily contractual penalty fee under default on the parameters of availability of the flue gas desulfurization system delivered by RAFAKO S.A., and on 10 August 2012 submitted with the District Court in Racibórz a summons to conciliatory hearing. In connection with changes in the composition of the Management Board of RAFAKO, in the period from November to December 2012, i.e. at the time when the District Court in Racibórz was examining the application of ZE PAK for a summons to conciliatory hearing, RAFAKO did not consent to any settlement. In connection with the above, on 21 December 2012 at the hearing, the District Court in Racibórz stated that the settlement had not been concluded and closed the proceedings. In the opinion of the Company, it should be emphasized that the Parties were aiming to begin outside-court negotiations for the purpose of conciliatory solution of the dispute. The Parties signed the Final Conciliatory Agreement on 17 December 2013. Under the signed Agreement, RAFAKO SA accepted used previously by ZE PAK SA bank performance bond in the amount of PLN 3,628,812.00 and additionally undertook to pay, in three instalments, the amount of PLN 7,221,188.00 as complete satisfaction of the ordering party's claims. The first instalment of PLN 2,500,000.00 was paid by RAFAKO SA on 17 December 2013, the second instalment of PLN 2,500,000.00 was paid on 28 February 2014, the date of the third instalment is 30 April 2014 - PLN 2,221,188.00. Hence, the total value of contractual penalty fee amounted to PLN 10,850,000.00. At the same time, RAFAKO SA accepted voluntarily enforcement up to the amount being the sum of last two instalments in the form of a notarial deed. Then the case was completed.

Proceedings concerning refund of excise duty overpayment.

According to the regulations binding within the European Union, in particular the provisions of Article 21 section 5 of the Energy Directive, in connection with Article 6 section 1 of the Horizontal Directive, after 1 January 2006, the object of excise duty is sale of energy at the last stage of trade, i.e. sale by the distributor to the end recipient (consumer). Taxation with this tax does not cover an earlier stage of trade, e.g. between the producer of electric energy and its distributor. In this case, the tax obligation arises at the time of supply of electricity to the consumer.

In connection with the above, ZE PAK S.A., on the basis of Article 75 § 1, in connection with Article 75 § 2 of the Act of 29 August 1997- Tax Code (Journal of Laws of 1997 No. 137 item 926 as amended) submitted applications for confirming overpayment of excise duty for the years 2006, 2007, 2008 and January and February 2009 in the total amount of approx. PLN 626 million , justifying that, on the basis of the provisions of the law binding in the European Union and jurisdiction of the Provincial Administrative Courts, the activities carried out by ZE PAK S.A are not subject to excise duty. Particular applications were examined at the levels of: the Customs Office in Kalisz, the Customs Chamber in Poznań, and currently the Provincial Administrative Court in Poznań, and the Supreme Administrative Court.

In connection with the rulings of the Administrative Courts in cases of other power companies concerning overpaid excise duty, ZE PAK S.A., in cooperation with a tax advisor, analyzed resolution I GPS 1/11 of the Supreme Administrative Court of 22 June 2011 where the Supreme Administrative Court recognized that the transfer of tax in the price excludes the possibility of refunding overpayment. From the substantiation of this resolution a risk arises that the tax authorities will refuse to refund overpayments, indicating that the tax proceedings is not relevant for this type of claims. Then it will be possible to seek them under civil law, which makes the prescription a very important issue (on the grounds of civil law, this term is 3 years). In connection with the above, ZE PAK S.A., on 10 February 2012, filled with the District Court Warsaw Śródmieście a summons for the State Treasury to conciliatory hearing, in the amount of PLN 626 405 829.00 and thereby stopped the period of prescription. The conciliatory settlement was not reached since, at the hearing on 16 April 2012, case ref. no. VI Co 311/12, the representatives of the State Treasury did not consent to settlement. Simultaneously, the Company, waiting for the results of the tax proceedings concerning the previously submitted applications for overpayment, submitted in writing, on 14 September in 2012, with the Customs Chamber in Poznań additional explanations in the form of results of a detailed economic analysis, whose purpose was to demonstrate whether the Company suffered loss related with payment of the excise tax to which it was not obliged. The Company is of the opinion that the submitted document applies to the overpayment applications from the whole period covered by the proceedings, i.e. January 2006 – February 2009. Eventually, all the applications came to trials either in the Provincial Administrative Court or the Supreme Administrative Court. The procedures before the Provincial Administrative Court in Poznań, which had fixed dates for trails at 27 and 28 November 2013, were suspended upon request of the Court. The reason for the suspension is a resolution of 7 judges of the Supreme Administrative Court, which was supposed to be adopted at the request of the President of the Supreme Administrative Court, at the beginning of December 2013 and was finally adopted. This resolution applies to the tax authorities' possibility of ruling on overpayment issues without prior adjudication by a decision of the amount of tax liability in right amount. As a consequence of this resolution, the Customs Office will most likely initiate examination proceedings for the applications not covered by prescription, i.e. December 2008 – February 2009. The Company will take further actions depending on the provisions of the decisions.

On 1 March 2009, the Act of 6 December 2008 on excise duty came into effect; pursuant to it, the sale of electric energy to an entity which is not its end consumer is not subject to excise duty.

s) Other agreements not included in the balance sheet

As at 31 December 2013 and as at 31 December 2012, the Company did not have important agreements not included in the balance sheet.

7. Structure of revenues and expenses, corporate income tax

a) General and territorial structure of revenues from sale of products, goods and services.

NET REVENUES FROM SALE OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	31-12-2013	31-12-2012
- Electricity	1 469 230 045,24	1 534 363 426,52
- including: from related parties	462 833 376,54	465 033 618,54
- Energy certificates of origin	55 696 976,57	129 895 557,49
- including: from related parties	15 800,00	0,00
- Exchange of EUAs for CERs		19 137 381,47
- Heat	58 465 147,67	54 255 096,70
- including: from related parties	82 313,60	32 750,50
- Services	109 072 424,51	106 652 316,66
- including: from related parties	106 948 008,42	104 628 586,49
Total net revenues from sale of products	**1 692 464 593,99**	**1 844 303 778,84**
- including: from related parties	569 879 498,56	569 694 955,53

NET REVENUES FROM SALE OF PRODUCTS (TERRITORIAL STRUCTURE)	31-12-2013	31-12-2012
a) country	1 692 464 593,99	1 825 166 397,31
- including: from related parties	569 879 498,56	569 593 977,76
b) export		19 137 381,47
Total net revenues from sale of products	**1 692 464 593,99**	**1 844 303 778,78**
- including: from related parties	569 879 498,56	569 593 977,76

NET REVENUES FROM SALE OF GOODS AND MATERIALS (MATERIAL STRUCTURE - TYPES OF ACTIVITIES)	in PLN	
	31-12-2013	31-12-2012
- sale of electricity	79 442 006,14	166 797 061,44
- including: from related parties	0,00	26 773 704,76
- Other materials	4 777 961,03	5 087 128,12
- including: from related parties	4 260 328,90	4 374 206,46
-		
Total net revenues from sale of goods and materials	**84 219 967,17**	**171 884 189,56**
- including: from related parties	4 260 328,90	31 147 911,22

NET REVENUES FROM SALE OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	31-12-2013	31-12-2012
a) country	84 219 967,17	171 884 189,56
- including: from related parties	4 260 328,90	31 147 911,22
b) export		
Total net revenues from sale of goods and materials	**84 219 967,17**	**171 884 189,56**
- including: from related parties	4 260 328,90	31 147 911,22

b) Information about the abandoned activities in the accounting period or anticipated for abandonment in the next period

Zespół Elektrowni Pątnów Adamów Konin S.A. did not abandon any activities within the financial period ended 31 December 2013.

c) Other operating income

	31 December 2013	31 December 2012
Gain on disposal of non-financial fixed assets	0,00	3 256 241,11
Subsidies	518 556,00	490 358,00
Other operating income, including:	11 798 368,27	8 575 737,22
- termination of revaluation write-offs	41 212,57	1 857,53
- write-down of properties as well as intangible assets and classified as investments	0,00	
- termination of provision	1 084 178,00	4 183 604,64
-refunded, remitted taxes		
- received refunds of costs of opposition proceedings	2 700,00	
- under inventory differences	362 381,52	
- compensations and contractual penalty fees	10 134 610,59	4 301 217,25
- other	173 285,59	89 057,80
Total other operating income	**12 316 924,27**	**12 322 336,33**

d) Other operating costs

	31 December 2013	31 December 2012
Loss on disposal of non-financial fixed assets	41 455,70	
- loss on disposal of fixed assets and intangible assets	41 455,70	
- loss on disposal of properties as well as intangible assets classified to investments		
Revaluation of non-financial assets, including:	2 216 359,46	35 050 553,23
- write-down against inventory	2 216 359,46	35 050 553,23
- receivables write-off		
- write-down of properties as well as intangible assets and classified as investments		
Other operating costs, including:	8 961 110,12	15 516 132,69
- created provisions under property liquidation	270 788,80	
- donations	372 876,25	
- written-off receivables		
- costs of liquidation of fixed assets		565 000,00
- costs of litigation	437 866,00	
- costs of inventory liquidation	87 095,78	
- compensations under failures of devices	1 780 025,29	
- creation of provision for likely costs and losses		5 361 968,28
- power damages		762 760,06
- paid damages and penalties		3 084 572,82
- abandoned fixed assets under construction		62 399,09
- fee for use of the environment for previous years	2 357 286,00	
- paid equivalent for electricity for retired persons and pensioners	3 136 635,00	2 975 613,00
- other	518 537,00	2 703 819,44
Total other operating costs	**11 218 925,28**	**50 566 685,92**

e) Financial revenues

FINANCIAL REVENUES UNDER DIVIDENDS AND PROFIT-SHARING	in PLN	
	31-12-2013	31-12-2012
a) from related parties, including:	171 062 892,77	52 674 184,99
- from subsidiaries	171 062 892,77	52 674 184,99
- from joint subsidiaries		
- from affiliates		
- from significant investor		
- from shareholder of joint subsidiary		
- from the parent company		
b) from other entities	51 673,00	54 026,00
Total financial revenues under dividends and profit-sharing	**171 114 565,77**	**52 728 210,99**

FINANCIAL REVENUES UNDER INTEREST	31-12-2013	31-12-2012
a) under granted loans	1 877 105,59	3 468 734,65
- from related parties, including:	1 877 105,59	3 468 734,65
- from subsidiaries	1 877 105,59	3 468 734,65
- from joint subsidiaries		
- from affiliates		
- from significant investor		
- from shareholder of joint subsidiary		
- from the parent company		
- from other entities		
b) other interest	2 213 600,13	11 213 780,74
- from related parties, including:		
- from subsidiaries		
- from joint subsidiaries		
- from affiliates		
- from significant investor		
- from shareholder of joint subsidiary		
- from the parent company		
- from other entities	2 213 600,13	11 213 780,74
Total financial revenues under interest	**4 090 705,72**	**14 682 515,39**

OTHER FINANCIAL REVENUES	31-12-2013	31-12-2012
a) exchange rate gains	340 818,96	0,00
- realized	283 019,37	0,00
- unrealized	57 799,59	0,00
b) terminated provisions (under)	49 102,64	497 734,12
- refund of additional capital contributions		450 000,00
- interest on untimely payments	49 102,64	47 734,12
c) other, including:	951 862,64	20 648 924,36
gain on disposal of investment		20 648 924,36
- revaluation of the granted loan	951 862,64	
Total other financial revenues	**1 341 784,24**	**21 146 658,48**

f) Financial costs

FINANCIAL COSTS UNDER INTEREST	31-12-2013	31-12-2012
a) on credits and loans	5 980 831,09	10 891 798,14
- for related parties, including:		
- for subsidiaries		
- for joint subsidiaries		
- for affiliates		
- for significant investor		
- for shareholder of joint subsidiary		
- for the parent company		
- for other entities	5 980 831,09	10 891 798,14
b) other interest	1 023 152,63	20 716,69
- for related parties, including:		
- for subsidiaries		
- for joint subsidiaries		
- for affiliates		
- for significant investor		
- for shareholder of joint subsidiary		
- for the parent company		
- for other entities	1 023 152,63	20 716,69
Total financial costs under interest	**7 003 983,72**	**10 912 514,83**

OTHER FINANCIAL COSTS	31-12-2013	31-12-2012
a) exchange rate losses, including:	0,00	1 584 423,91
- realized		1 147 513,25
- unrealized		436 910,66
b) created provisions (under)	781 872,00	1 066 010,52
- discount of provision for property liquidation	781 872,00	1 066 010,52
c) other, including:	89 617,70	1 668 835,41
- receivables write-offs	56 153,49	20 971,49
- write-down of investment		1 590 079,83
- other	33 464,21	57 784,09
Total other financial costs	**871 489,70**	**4 319 269,84**

g) Corporate income tax – current

		31 December 2013	31 December 2012
1)	**Financial result before taxation**	**247 073 208,76**	**327 732 484,70**
2)	**Costs and losses not acknowledged by tax regulations as deductible costs, including fixed:**	**4 465 450,18**	**3 864 159,92**
	- donations under income deductions	84 000,00	500 000,00
	- other donations	251 095,00	277 224,00
	- depreciation of fixed assets from subsidies	100 365,27	100 365,25
	- provisions for Trade Unions	63 125,52	61 287,00
	- employees delegated to trade unions	194 031,52	193 123,20
	- depreciation write-downs under wear of a car with value exceeding EUR 20 000	182 025,40	390 646,85
	- civil liability and comprehensive motor insurance premiums for car value above ECU 20000	11 220,52	8 544,32
	- paid compensation		94 823,55
	-costs of representation	725 927,43	975 999,59
	- interest on budgetary liabilities	1 017 264,00	3 114,00
	- payments for PFRON (National Disabled Persons Rehabilitation Fund)	1 253 271,00	1 245 083,00
	- costs of the Supervisory Council	535 278,59	3 034,85
	- written-off receivables+ VAT	10 151,65	8 889,98
	- bereavement pay		
	- VAT paid in EUR to domestic supplier	2 694,28	2 024,33
	- VAT not subject to refund		
	- costs of restructuring	35 000,00	
3)	**Costs and losses not acknowledged by tax regulations as deductible costs, including temporary (+):**	**143 794 673,89**	**137 903 046,15**
	- booked interest on credits and loans	1 562 165,26	447 400,08
	- exchange of EUAs for CERs for use in the next year		7 006 183,18
	- receivables write-off		
	- provision for annual bonus	12 746 019,60	14 283 406,01
	- provision for receivables		31 545,37
	- difference between tax and balance sheet depreciation	-40 476 142,05	-14 755 058,18
	- booked audit costs	135 200,00	255 000,00
	- provision for holiday, long-service prizes	20 116,13	13 033 640,62
	- revaluation of materials	1 650 817,39	603 629,81
	- unpaid remuneration under mandatory contracts	69 542,30	32 088,21
	- Social Security (ZUS) premiums for remuneration for May and June this year	2 479 994,57	2 557 165,43
	- accruals green certificates	925 800,62	746 589,44
	- accruals red certificates		19 651,81
	- accruals yellow certificates		177 607,08
	- accruals purple certificates	22 920,00	14 183,40
	- accruals white energy	186 853,00	

	- provision for CO2 allowances	128 066 074,88	
	- selling cost of green certificates	35 263 400,77	111 628 942,05
	- provision for property liquidation	1 052 660,80	1 652 011,80
	- valuation of cash in hand and at bank in foreign currencies	89 250,62	147 050,21
	- unpaid contribution to MFŚS		22 009,83
4)	**Revenues, which, according to tax regulations, are not treated as the taxation base (-)**	**235 273 669,51**	**153 063 134,41**
	- revenue from green and red certificates	53 914 914,23	95 738 271,05
	- revenue in the amount of depreciation write-down	518 556,00	490 358,00
	- booked interest on granted loans	343 901,86	429 558,32
	- valuation of account and settlements		
	- dividend received	171 114 565,77	52 728 210,99
	- valuation of loan for Pątnów II - principal amount	4 599 108,11	3 646 657,41
	- valuation of loan for Pątnów II (interest)	-1 859,71	-1 271,65
	- booked contractual penalty fee RAFAKO	4 721 188,00	
	- booked interest on the account	63 295,25	31 350,29
5)	**Tax revenues, not included in the profit/loss of the financial year (+)**	**2 621 383,14**	**10 464 550,48**
	- paid contractual penalty fee	2 191 824,82	
	- paid interest on granted loans booked in the previous years	429 558,32	2 240 221,19
	- sales of test production		8 224 329,29
6)	**Other changes in the tax base provided for in tax regulations**	**-165 257 392,23**	**-95 391 467,31**
	- paid remuneration and Social Security (ZUS) premiums for the previous year	-2 589 253,64	-2 243 798,37
	- termination of provision for receivables	-41 212,57	-1 857,53
	- paid annual bonus	-13 298 088,21	-15 017 697,81
	- test production costs (dedicated boiler)		-16 840 043,35
	- correcting entry of evaluation of the granted loan Pątnów II (interest)	-1 271,65	-6 725,77
	- correcting entry of evaluation of the granted loan Pątnów II (principal amount)	3 646 657,41	12 867 696,36
	- correcting entry of evaluation of foreign currency and settlements	-147 050,21	289 860,45
	- terminated provision for social property	-122 008,78	-123 045,14
	- interest received to the account, booked in the previous year	31 350,29	941 538,46
	- payment for audit	-255 000,00	-215 000,00
	- terminated provision for employee benefits	-1 388 650,00	
	- paid interests on credits and loans, booked in the previous years	-270,64	-87 618,20
	- liquidation of fixed assets (tax value and balance sheet value)	-112 514,55	-31 601,07
	- purchased yellow certificates to cover the obligation for the previous year	-173 194,49	-172 825,83
	- fee for purple certificates for the previous year	-14 183,35	-2 960,80
	- terminated provision for fees for colour certificates	-4 412,64	-43 527,56
	- sustained costs of liquidation of fixed assets – used provision	-2 550 000,00	-3 400 800,00
	- sustained costs of reclamation – used provision	-100 000,00	-1 630 000,00
	- paid fee for operating lease	-77 709,24	-231 625,87
	- costs under CERs cancellation	-763 675,89	-57 345 734,28

	- terminated provision for holiday		
	- paid contribution to MFŚS for 2012	-22 009,83	
	- purchase of EUAs, CERs, ERUs	-147 274 894,24	
	- termination of shares write-off		-7 625 505,00
	- refund of additional capital contribution		-450 000,00
	- provision for contractual penalty fee KWB		-4 017 885,00
	- refund of costs previously deemed non tax deductible costs		-2 311,00
	TOTAL: result	**-2 576 345,77**	**231 509 639,53**
7)	**Basis for taxation rounded up to full PLN**	**0,00**	**231 509 640,00**
	Donations		**500 000,00**
	Basis for taxation rounded up to full PLN	**0,00**	**231 009 640,00**
	Income tax according to CIT-8 tax return	**0,00**	**43 891 832,00**
	Adjustment for previous years	**-1 186 076,38**	**-1 555 775,00**
	Tax on dividend	**9 818,00**	**10 265,00**
8)	**Total income tax – current part**	**-1 176 258,38**	**42 346 322,00**
9)	**Change in deferred tax**	**16 392 668,52**	**10 373 411,94**
10)	**Income tax in the income statement**	**15 216 410,14**	**52 719 733,94**

h) Deferred tax asset and provision.

As at 31.12.2013

Item	Title	Asset	Provision
1)	**Costs and losses which, in the future, will decrease or increase the basis for taxation, including:**		
	annual bonus	2 640 713,00	
	provision for costs of audit	25 688,00	
	provision for long-service prizes, energy equivalent, retirement bonuses, bereavement pays	16 431 571,26	
	provision for holiday	275 504,89	
	booked interest on credits and loans	180 765,41	
	provision for materials	741 071,84	
	Accruals green certificates	175 902,11	
	Accruals red certificates		
	Accruals white energy	35 502,07	
	Accruals purple certificates	4 354,80	
	provision for property liquidation	2 825 683,19	
	sustained costs of fixed asset compensations liquidation Pątnów Power Plant	208 240,00	
	provision for financial assets	2 220 367,60	
	provision for receivables	4 950 762,67	
	tax depreciation and balance sheet depreciation of fixed assets		56 785 115,22
	revaluation of fixed assets -	97 108,11	
	valuation of cash (foreign currencies) and foreign currency account, settlements	16 957,62	
	Social Security (ZUS) remuneration premiums	471 198,97	
	unpaid remunerations – mandatory contracts	13 213,04	
	costs related to future disposal of assets	3 349,52	
	provision for reclamation	568 080,29	
	tax subsidy and balance sheet subsidy of fixed assets in sale and lease back	262 233,79	
	Booked contribution to MFŚS		
	contractual penalty fee Elektrim Megadex	416 446,72	
	provision for CO2 allowances	24 332 554,23	
	purchased EUAs, CERs, ERUs		27 982 229,91
	loss tax for 2013	489 505,70	
2)	**revenues that will increase the basis for taxation in the future**		
	booked interest on granted loan, deposits		77 014,11
	valuation of loan		873 830,54
	green and red certificates in stock		23 846 094,56
	booked contractual penalty fee RAFAKO		897 025,72
	valuation of cash (foreign currencies) and foreign currency account, settlements		
	TOTAL:	**57 386 774,83**	**110 461 310,06**
	Amount of deferred income tax		**53 074 535,23**

As at 31 December 2012

Item	Title	Asset	Provision
1)	**costs and losses which, in the future, will decrease or increase the basis for taxation**		
	including:		
	annual bonus	2 745 606,05	-
	provision for costs of audit	48 450,00	-
	provision for long-service prizes, energy equivalent, retirement bonuses, bereavement pays	16 695 414,76	-
	provision for holiday	271 682,83	-
	booked interest on credits and loans	393 249,68	-
	provision for materials	427 416,55	-
	Accruals green certificates	141 851,99	-
	Accruals red certificates	3 733,84	-
	Accruals yellow certificates	33 745,35	-
	Accruals purple certificates	2 694,85	-
	provision for property liquidation	3 110 177,65	-
	sustained costs of fixed asset compensations liquidation Pątnów Power Plant	208 240,00	-
	provision for financial assets	2 220 367,60	-
	provision for receivables	4 957 181,02	-
	tax depreciation and balance sheet depreciation of fixed assets	-	49 582 514,73
	revaluation of fixed assets -	120 289,79	-
	valuation of cash (foreign currencies) and foreign currency account, settlements	27 939,54	-
	Social Security (ZUS) remuneration premiums	485 861,43	-
	unpaid remunerations – mandatory contracts	6 096,76	-
	costs related to future disposal of assets	3 349,51	-
	provision for reclamation	587 080,29	-
	tax subsidy and balance sheet subsidy of fixed assets in sale and lease back	304 879,47	-
	purchased CERs for use in 2012	1 331 174,80	-
	Booked contribution to MFŚS	4 181,87	-
2)	**revenues that will increase the basis for taxation in the future**	-	-
	including:	-	-
	booked interest on granted loan, deposits	-	89 259,84
	valuation of loan	-	692 864,91
	green and red certificates in stock	-	20 447 892,84
	TOTAL:	**34 130 665,63**	**70 812 532,32**
	Amount presented deferred income tax	**-**	**36 681 866,71**

i) Data about costs by type

COSTS BY TYPE		31-12-2013	31-12-2012
a)	depreciation	89 029 962,70	74 773 225,14
b)	materials and energy	975 648 508,93	1 017 603 650,18
c)	external services	221 524 486,92	251 864 477,52
d)	taxes and fees	211 588 914,57	75 342 912,08
e)	remuneration	95 738 126,78	96 324 505,36
f)	social insurance and other benefits	28 791 763,84	29 048 391,52
g)	other costs by type (under)	15 721 797,20	15 549 090,15
-	property insurance	14 343 472,52	12 139 664,80
-	business trips	173 355,90	304 767,04
-	costs of representation	472 596,24	791 293,51
-	expenses of the Supervisory Council	535 278,59	2 980,64
-	other	197 093,95	2 310 384,16
Total costs by type		**1 638 043 560,94**	**1 560 506 251,95**
Change in inventory of products and prepayments		170 466,99	9 429 800,13
Cost of manufacture of products for own needs of the entity (negative value)		-452 449,90	-429 662,26
Selling costs (negative value)		2 846 732,91	2 724 716,07
Overheads (negative value)		39 985 061,74	49 630 683,67
Cost of manufacturing sold products		1 594 929 783,38	1 517 150 990,08

j) Information about extraordinary gains and losses.

In the financial period, no extraordinary gains and losses were recorded.

k) Explanatory notes to the cash flow statement

Liabilities	31 December 2013	31 December 2012
Balance sheet change in long-and short-term liabilities	1 748 114,68	-98 297 534,85
Change in long- and short-term credits and loans	32 022 105,38	57 468 425,00
Change in lease liabilities	77 709,24	139 792,56
Change in liabilities under fixed assets under construction	-54 003 097,10	37 574 308,85
Change in liabilities in the cash flow statement	**-20 155 167,80**	**-3 115 008,44**

Provisions	31 December 2013	31 December 2012
Balance sheet change in provisions	134 195 782,22	-35 130 059,69
Provision under CERs cancellation	7 006 183,18	50 339 551,10
Change in provisions in the cash flow statement	**141 201 965,40**	**15 209 491,41**

Investment activities	31 December 2013	31 December 2012
Gain/loss on disposal of non-financial fixed assets	41 455,70	-3 256 241,11
Gain/loss on disposal of investment	0,00	-20 648 924,36
Abandoned investment	10 151,65	62 399,09
Revaluation of fixed assets	-122 008,78	-123 045,14
Revaluation of shares	0,00	-7 625 505,00
Refund of additional capital contribution	0,00	-450 000,00
Change in liabilities in the cash flow statement	**-70 401,43**	**-32 041 316,52**

Receivables	31 December 2013	31 December 2012
Balance sheet change in receivables	30 676 314,72	-11 603 728,99
Dividend	2 000 000,00	
Change in receivables in the cash flow statement	**32 676 314,72**	**-11 603 728,99**

	Cash - balance	Cash - CF	Value of foreign exchange differences
31.12.2012	47 851 209,51	47 998 259,72	-147 050,21
31.12.2013	157 763 032,37	157 852 282,99	-89 250,62
Change	**-109 911 822,86**	**-109 854 023,27**	**-57 799,59**

8. Information about average employment in groups of employees

Specification	2013	2012
1. Employees on direct production positions	**931,00**	**944,50**
Operation employees	931,00	944,50
2. Service employees	**258,00**	**257,00**
Material management employees	12,00	12,00
Other employees	246,00	245,00
3. Management employees	**67,50**	**64,00**
Management Board	3,00	4,25
Administration (Proxies)	19,75	16,75
Managers	44,75	43,00
4. Other employees	**0,00**	**1,00**
TOTAL	**1 256,50**	**1 266,50**

9. Information about remuneration of statutory auditor or entity authorized to audit financial statements

Specification	31 December 2013	31 December 2012
1. Mandatory audits of financial statements	337 279,00	210 000,00
2. Auditor's services related to IPO		2 896 200,00
3. Other services	403 581,00	153 000,00
Total:	**740 860,00**	**3 259 200,00**

10. Remunerations, together with remuneration from profit, paid to members of the Management Board and supervisory bodies of the Company (Supervisory Council)

Specification	31 December 2013	31 December 2012
1. Remuneration of members of the Management Board	**2 629 918,99**	3 802 217,74
2. Remuneration of members of the Supervisory Council	1 594 377,64	516 295,15
Total:	**4 224 296,63**	**4 318 512,89**

11. Loans granted to members of the board of directors and supervisory bodies of the Company (Supervisory Council)

In the financial year and in the previous year, members of the Company's Management Board and supervisory bodies were not granted any loans

12. Transactions with members of the Company's Management Board and supervisory bodies

In the financial year, the Company did not conclude significant transactions with members of the Management Board and supervisory bodies, and with their spouses, relatives or kinsmen in a straight line to the second degree or related under care, adoption or custody, with an executive or member of supervisory bodies of the entity or with companies where they are significant shareholders (stockholders or partners).

13. Transactions with related Companies, which are not covered by the consolidated statement.

Entity	*Sale*	*Purchase*	*Receivables*	*Liabilities*
Elektrim S.A.	0,00	0,00	0,00	0,00
PAI MEDIA S.A.	0,00	0,00	0,00	0,00
Elektrim Magadex S.A.	0,00	0,00	0,00	2 191 824,82
Megadex Serwis Sp. z o.o.	0,00	57 101 040,58	0,00	1 760 194,95
Energia-Nova S.A.	0,00	1 242,00	0,00	0,00
Polkomtel sp. z o.o.	79 867,19	223 743,34	8 431,01	42 650,06
Centernet S.A.	0,00	0,00	0,00	0,00
WKS Śląsk Wrocław S.A.	0,00	0,00	0,00	0,00
Laris Investments sp. z o.o.	0,00	200 081,08	0,00	364,35
Total	**79 867,19**	**57 526 107,00**	**8 431,01**	**3 995 034,18**

14. Transactions with equity-linked Companies which are covered by the consolidated statement.

31 December 2013	PAK Serwis sp. z o.o.	El PAK sp. z o.o.	Infranstruktura sp. z o.o.	PAK-Holdco sp. z o.o.	Elektrownia Pątnów II sp. z o.o.	PAK Centrum Usług Informatycznych sp. z o.o.	PAK Centrum Badań Jakości sp. z o.o.	PAK Górnictwo sp. z o.o.	Energoinwest Serwis sp. z o.o.	PAK KWB Konin S.A.	PAK KWB Adamów S.A.	Elektrim Volt S.A.	TOTAL
Purchases	101 463 505,66	34 040 651,76	12 546 348,00	0,00	45 010,65	5 054 497,27	9 572 290,50		1 535 186,00	454 849 616,90	311 740 684,37		**930 847 791,11**
Sales	6 274 734,62	975 906,76	14 201 325,38	4 638,84	88 765 814,40	847 639,07	723 121,50	124 303,18	34 680,54	175 508,38	49 499,24	462 113 971,52	**574 291 143,43**
Interest - financial costs													**0,00**
Interest - financial revenues					1 877 105,59								**1 877 105,59**
Received dividends and profit-sharing	27 686 305,40	2 585 576,09	1 597 821,31	128 815 083,69	0,00	700 000,00	1 028 106,28					8 650 000,00	**171 062 892,77**
Exchange rate differences - costs													**0,00**
Exchange rate differences - revenues					2 208 249,68								**2 208 249,68**
Trade receivables	1 454 694,92	35 959,91	1 436 109,57	476,25	9 462 824,38	164 737,43	51 263,03	5 474,58	5 300,20	47 374,31	3 496,69	26 621 934,78	**39 289 646,05**
Trade liabilities	20 579 686,62	5 980 667,59	1 314 382,92	0,00	3 209,56	1 230 865,93	1 926 633,87		403 699,53	22 875 444,52	22 819 290,59	199 763,20	**77 333 644,33**
Granted loans					105 651 517,77								**105 651 517,77**
Loans received													**0,00**
Other receivables					7 312 565,33								**7 312 565,33**
Advances granted										10 391 927,32			**10 391 927,32**
Other liabilities	558 403,20	227 525,40				513 796,49						301 103,72	**1 600 828,81**

15. Carbon dioxide allowances.

On 1 January 2013, a subsequent settlement period 2013 – 2020 concerning CO2 allowances began. The basic assumption of this period is granting the Company free EUAs resulting from heat production, though the power sector was covered additionally by the possibility of derogation. The derogation arising out from Article 10c of the ETS Directive consists in granting additional free allowances subject to sustaining capital expenditures on investments included in the National Investment Plan.

On 26 September 2013, the Ministry of Economy, in consultation with the Ministry of Environment, presented a list of systems generating electricity that are covered by the EU ETS along with free carbon dioxide allowances in the settlement period 2013 – 2020. The presented list is consistent with the Poland's Application for temporary allocation of free emission allowances for modernization of electric energy generation, on this basis of Article 10c, passage 5 of Directive 2003/87/EC of the European Parliament and of the Council (the so-called derogation application) that complies with the requirements of the Commission Decision of 13 July 2012 C (2012) 4609.

The table below presents the volumes of free CO2 allowances that can be granted to the Company's systems that generate electricity.

Operator	System code according to KPRU III	2013 (in tons)	2014 (in tons)	2015 (in tons)	2016 (in tons)	2017 (in tons)	2018 (in tons)	2019 (in tons)	2020* (in tons)
Pątnów I Power Plant	PL-0021-05	3 624 320	3 350 223	2 912 158	2 216 534	1 677 877	1 337 214	994 681	2 445
Adamów Power Plant	PL-0023-05	2 176 736	2 010 426	1 748 088	1 334 657	1 014 045	810 985	607 774	22 270
Konin Power Plant	PL-0022-05	1 300 056	1 194 104	1 035 587	793 852	604 769	482 922	363 442	30 999
Total		7 101 112	6 554 753	5 695 833	4 345 043	3 296 691	2 631 121	1 965 897	55 714

* In 2020, allocation of free CO2 allowances, granted under derogation for electric energy generators, will be ceased completely. In consequence, in 2020, the Company will be entitled only to substantially lower limits of free allowances granted in connection with heat production.

Granting free CO2 allowances for the period 2013 – 2020, in accordance with Article 10c of the ETS Directive is subject to fulfilment by the entity receiving allowances the specified level of capital expenditures declared in the National Investment Plan (KPI), attached to the derogation application. ZE PAK SA, in December 2013, filed with the Ministry of Environment a material and financial report on sustained capital expenditures on tasks submitted to KPI for the period from 25 June 2009 until 30 June 2012, requesting thereby about 1 722 084 free EUAs for the first year of the period 2013-2020.

On 24 February 2014, the European Commission approved free allocation of CO2 allowances, however, only the ones resulting from Article 10a of the ETS Directive and are dedicated for systems generating heat and for other part industry. Under this allocation, PAK expects only 168 630 EUAs. The second pool of allowances granted to Poland are these resulting from Article 10c of the ETS Directive, namely allowances for the power sector. At the moment, the date of starting allowances resulting from Article 10c is not known, owing to inquiries sent in this case by the EC to Poland with a request for explanations concerning the calculations contained in the material and financial reports of the system parts. According to current information it results that it is likely that allowances concerning 2013 will be issued until April 2014. In 2013, the Company, in order to fulfil the obligation to cancel CO2 emissions for 2013, having surplus of EUAs from the period KPRU II, in the volume of 3.5 million EUAs, purchased 7.07 million EUAs. At the same time, using the market situation with

persisting low level of prices for EUAs and CERs and ERUs, it purchased additionally 1.3 million tons of allowances that will be used for cancellation for the year 2014.

The following tables present carbon dioxide allowances granted under the National Allocation Plan for CO2 Emission Allowances, purchased on the secondary market along with breakdown into part used for internal purposes and sold in the periods ended 31 December 2013 and 31 December 2012.

CO2 allowances in the year ended 31 December 2013

(in tons)		***Zespół Elektrowni Pątnów – Adamów – Konin S.A.***
	CO2 emission*	10 596 756
EUAs	Balance as at 1.01.2013	12 883 785
	Purchased	8 035 261
	Cancellation **	(9 360 653)
	Sale	–
	Exchange	–
	Balance as at 31.12.2013	11 558 393
CERs	Balance as at 1.01.2013	4 528
	Purchased	146 070
	Cancellation **	(4 528)
	Sale	–
	Exchange	–
	Balance as at 31.12.2013	146 070
ERUs	Balance as at 1.01.2013	493 967
	Purchased	146 070
	Cancellation **	(493 967)
	Sale	–
	Exchange	–
	Balance as at 31.12.2013	146 070

** Emission for the period of 12 months (verified data).*

***Physical cancellation of allowances for a given year takes place in the first months of the next year.*

Carbon dioxide allowances in the year ended 31 December 2012

(in tons)		*Zespół Elektrowni Pątnów – Adamów – Konin S.A.*
	CO2 emission*	9 859 148
EUAs	Balance as at 1.01.2012	22 134 186
	Purchased	–
	Cancellation **	(7 981 849)
	Sale	(100 000)
	Exchange	(1 168 552)
	Balance as at 31.12.2012	12 883 785
CERs	Balance as at 1.01.2012	1 752 829
	Purchased	–
	Cancellation **	(2 422 886)
	Sale	–
	Exchange	674 585
	Balance as at 31.12.2012	4 528
ERUs	Balance as at 1.01.2012	–
	Purchased	–
	Cancellation **	–
	Sale	–
	Exchange	493 967
	Balance as at 31.12.2012	493 967

16. Dividend payment

In the current period, the Company did not pay dividend.

17. Consolidated financial statement

The ZE PAK S.A. Corporate Group, where the Company is parent company, will prepare as at 31 December 2013 consolidated financial statement, including statements of the following companies:

Item	Name	Seat	Profile of activities	Involvement
1.	PAK SERWIS sp. z o.o.	Konin	construction and installation and repair services	100% of shares
2.	EL PAK sp. z o.o.	Konin	repair services of electric appliances and automation	100% of shares
3.	PAK GÓRNICTWO sp. z o.o.	Konin	coal extraction	100% of shares, including 9% indirect share through PAK Centrum Badań Jakości
4.	„Elektrownia Pątnów II" sp. z o.o.	Konin	construction of the power unit 464 MW	100% of shares, including indirect participation through PAK HOLDCO
5.	PAK HOLDCO sp. z o.o.	Konin	exercising the rights conferred by shares in the Pątnów II Power Plant	100% of shares
6.	PAK INFRASTRUKTURA sp. z o.o.	Konin	power systems management services	100% of shares
7.	ENERGOINWEST SERWIS sp. z o.o.	Konin	construction and installation and repair services	100% of shares in PAK SERWIS
8.	CENTRUM USŁUG INFORMATYCZNYCH sp. z o.o.	Konin	complex IT services	100 % of shares
9	PAK Centrum Badań Jakości sp. z o.o.	Konin	tests, measurements and chemical analyses	100 % of shares
10.	PAK KWB KONIN S.A.	Konin	coal extraction	85% of shares
11.	PAK KWB ADAMÓW	Adamów	coal extraction	85% of shares
12.	ELEKTRIM VOLT S.A.	Warsaw	sale of electricity	100% of shares

Konin, 18 March 2014

Management Board of Zespół Elektrowni Pątnów - Adamów – Konin SA

Prepared by: