Independent Auditor's Review Report on the Condensed Financial Statements for the 6 month period ended 30 June 2015

To the Supervisory Board and Shareholders' Meeting of Zespół Elektrowni Pątnów – Adamów – Konin S.A.

1. We have reviewed the accompanying condensed half year financial statements of Zespół Elektrowni Pątnów – Adamów – Konin S.A. ('the Company') located in Konin, Kazimierska 45 street including the balance sheet as at 30 June 2015, the profit and loss account, the statement of changes in equity, the cash flow statement for the period from 1 January 2015 to 30 June 2015 and other explanatory notes ('the condensed financial statements').

The scope and format of the accompanying condensed financial statements for the 6 month period ended 30 June 2015 is prescribed by the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments – 'the Decree on current and periodic information').

- 2. The Company's Management Board is responsible for the compliance of the condensed financial statements with the required applicable accounting policies. Our responsibility was to issue a report on these consolidated financial statements, based on our review.
- 3. We conducted our review in accordance with the provisions of the law binding in Poland and national auditing standards issued by the National Council of Statutory Auditors in Poland. These standards require that we plan and perform our review to obtain moderate assurance as to whether the financial statements are free of material misstatement. The review was mainly based on applying analytical procedures to the financial data, inspection of accounting records and discussions with the management of the Company as well as its employees. The scope¹ of a review differs significantly from an audit of financial statements, the objective of which is to express an opinion on whether financial statements comply with the required applicable accounting policies, and on the truth and fairness² of the financial statements. Consequently, the review does not enable us to obtain sufficient assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

¹ Translation of the following expression in Polish language: "zakres i metoda"

² Translation of the following expression in Polish language: *"rzetelności i jasności"*

4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed financial statements are not in accordance with the required applicable accounting principles set out in the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments), the appropriate related regulations and also in accordance with requirements prescribed by the Decree on current and periodic information.

on behalf of Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. Rondo ONZ 1, 00-124 Warsaw Reg. No 130

Key Certified Auditor

Robert Klimacki Certified auditor No. 90055

Warsaw, 31 August 2015

Zespół Elektrowni Pątnów – Adamów – Konin S.A.

Condensed financial statement for the 6 months period ended 30 June 2015

together with independent auditors review report

This is a translation of the document issued originally in Polish language. The Polish original should be referred to in matters of interpretation.

Statement made in PLN thousand

١.	Fina	ancial Statement	Δ
	1.	Balance sheet as of 30 June 2015	
	1. 2.	Profit and Loss Account for the period from 1 January 2015 to 30 June 2015	
	2. 3.	Cash Flow Statement for the period from 1 January 2015 to 30 June 2015	
		Changes in Equity Statement as of 30 June 2015	
	4.		
II.		roduction to the statement	
	1.	General information about the Company	
	2.	Composition of the Management Board	12
	3.	Description and clarification of differences in the disclosed data and significant differences regarding the adopted accounting principles (policy) between the statement and the comparable data as well as the statement and the comparable data developed acc. to the IAS.	13
	4.	Assumption of continuation of economic activity	15
	5.	Merger of commercial companies	15
	6.	Accepted principles (policy) of accounting	15
	7.	Changes in the accounting principles (policy)	16
	8.	Comparability of financial data for the preceding period with the statement for the current period	16
	9.	Error adjustment	
III.		ditional information and clarifications	
	1.	Events of the accounting year not specified in the balance sheet and the profit & loss	1,
	1.	account	17
	2.	Events of previous years recognised in the financial statement	17
	3.	Significant events of the current period	17
	4.	Events after the balance sheet date not recognised in the financial statement	17
	5.	Seasonality of the activities	17
	6.	Balance sheet	
		a) Fixed assets.	
		b) Intangible assets	22
		c) Inventory	
		d) Long-term investments	26
		e) Share capital	
		f) Equity	
		g) Provisions	
		h) Liabilities acc. to items in the balance sheet	
			2

) ()	i)	Overdraft facility and investment loans	36
	j)	Loans granted	41
	k)	Lease agreements in PLN thousand	44
	I)	Structure of deliveries, works and services receivables acc. to the date of their	
		formation	
	m)	Prepayments and accruals and future periods revenues	46
	n)	List of groups and liabilities secured on the entity's assets	48
	o)	Contingent liabilities, including guarantees and sureties granted by the entity	50
	p)	Contingent receivables including guarantees and sureties received by the entity	50
	q)	Legal proceedings	51
	r)	Other agreements not recognised in the balance sheet	53
7.	Stru	acture of revenues and costs, corporate income tax	53
	a)	Material and territorial structure of product, goods and services sales revenues	53
	b)	Information on operations discontinued in the accounting year or to be discontinued in the next year	53
	c)	Other operating revenues	54
	d)	Other operating costs	54
	e)	Financial income	55
	f)	Financial costs	56
	g)	Corporate income tax – current	57
	h)	The asset and deferred tax provision	58
	i)	Cost data by type	61
	j)	Information on extraordinary profits and losses	61
	k)	Explanatory notes to the cash flow statement	61
8.		nsactions with related Companies that are not recognised by the consolidated incial statement.	63
9.		nsactions with the capital-related Companies that are recognised by the solidated financial statement	64
10.	CO2	2 allowances	66
11.	Div	idend payment	67
12.	Cor	nsolidated financial statement	68

I. Financial Statement

1. Balance sheet as of 30 June 2015

I. II D 2. G 3. C 4. P II. T 4. P II. T 4. C 4. C 5. C 4. C 5. C 5. C 5. C 5. C 1. T 5. C 6. C 6. C 7. C 7. C 7. C 8. C 9. C 9	Jon-current assets ntangible assets Development expenses Goodwill Other intangible assets Prepayments for intangible assets Property, plant and equipment Grangible fixed assets angible fixed assets angible fixed assets buildings, premises and constructions buildings, premises construction in progress prepayments for construction in progress cong-term receivables prom affiliates	3 586 924 197 417 0 197 417 0 2 139 547 1 254 405 1 250 573 431 675 386 2 029 2 309 872 300 12 842	3 430 881 199 867 0 199 867 0 1 999 969 1 285 911 1 252 589 378 691 208 1 790 2 283 693 396	3 159 532 102 643 0 102 643 0 102 643 0 1 811 272 1 332 370 1 245 606 221 721 051 1 403 2 450
1. D 2. G 3. C 4. P 11. T 1. T 4. D 6 6 6 7 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8	Development expenses Goodwill Other intangible assets Property, plant and equipment Gangible fixed assets () land (including perpetual usufruct) () buildings, premises and constructions () plant and machinery () motor vehicles () other Construction in progress Prepayments for construction in progress Cong-term receivables	0 0 197 417 0 2 139 547 1 254 405 1 250 573 431 675 386 2 029 2 309 872 300	0 199 867 0 1 999 969 1 285 911 1 252 589 378 691 208 1 790 2 283	0 0 102 643 0 1 811 272 1 332 370 1 245 606 221 721 051 1 403
 G G G G F G G	Goodwill Other intangible assets Prepayments for intangible assets Property, plant and equipment Fangible fixed assets () land (including perpetual usufruct) () buildings, premises and constructions () plant and machinery () motor vehicles () other Construction in progress Prepayments for construction in progress Cong-term receivables	0 197 417 0 2 139 547 1 254 405 1 250 573 431 675 386 2 029 2 309 872 300	0 199 867 0 1 999 969 1 285 911 1 252 589 378 691 208 1 790 2 283	0 102 643 0 1 811 272 1 332 370 1 245 606 221 721 051 1 403
 G. C. A. P. J. T. T. T. T. T. T. C. C. C. C. C. T. T.	Other intangible assets Prepayments for intangible assets Property, plant and equipment Fangible fixed assets () land (including perpetual usufruct) () buildings, premises and constructions () plant and machinery () motor vehicles () other Construction in progress Prepayments for construction in progress cong-term receivables	197 417 0 2 139 547 1 254 405 1 250 573 431 675 386 2 029 2 309 872 300	199 867 0 1 999 969 1 285 911 1 252 589 378 691 208 1 790 2 283	102 643 0 1 811 272 1 332 370 1 245 606 221 721 051 1 403
 P P T T a b c d e c d d e c d d e a a a a a 	Prepayments for intangible assets Property, plant and equipment Gangible fixed assets) land (including perpetual usufruct) b) buildings, premises and constructions) plant and machinery 1) motor vehicles e) other Construction in progress Prepayments for construction in progress ong-term receivables	0 2 139 547 1 254 405 1 250 573 431 675 386 2 029 2 309 872 300	0 1 999 969 1 285 911 1 252 589 378 691 208 1 790 2 283	0 1 811 272 1 332 370 1 245 606 221 721 051 1 403
 II. P I. T a b c c d d e e e e e e e a a 	Property, plant and equipment angible fixed assets) land (including perpetual usufruct)) buildings, premises and constructions) plant and machinery 1) motor vehicles 2) other Construction in progress Prepayments for construction in progress ong-term receivables	2 139 547 1 254 405 1 250 573 431 675 386 2 029 2 309 872 300	1 999 969 1 285 911 1 252 589 378 691 208 1 790 2 283	1 811 272 1 332 370 1 245 606 221 721 051 1 403
1. T a b c d e e 2. C 2. C 3. P III. L 1. F 7. L 1. F 1. P 2. Ir 3. L 3. L a a	angible fixed assets) land (including perpetual usufruct)) buildings, premises and constructions) plant and machinery I) motor vehicles e) other construction in progress Prepayments for construction in progress ong-term receivables	1 254 405 1 250 573 431 675 386 2 029 2 309 872 300	1 285 911 1 252 589 378 691 208 1 790 2 283	1 332 370 1 245 606 221 721 051 1 403
a b c c d e e 2. C 3. P III. L 1. F C F II. L 1. F IV. L 1. P II. 2. II. 2. C 3. P J 0 2. C 3. P 1. C 2. C 3. P 1. C 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 1. C 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 1. C 1. C 3. P 1. C 1. C 3. P 2. C 3. P 1. C 1. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. P 2. C 3. C 3. P 2. C 3. C 3. C 3. C 3. C 3. C 3. C 3. C	 and (including perpetual usufruct) buildings, premises and constructions plant and machinery motor vehicles other construction in progress repayments for construction in progress cong-term receivables 	1 250 573 431 675 386 2 029 2 309 872 300	1 252 589 378 691 208 1 790 2 283	1 245 606 221 721 051 1 403
b c d e 2. C 3. P III. L 1. F 2. F IV. L 1. P 2. Ir 3. L 3. L a	 buildings, premises and constructions plant and machinery motor vehicles other construction in progress repayments for construction in progress ong-term receivables 	573 431 675 386 2 029 2 309 872 300	589 378 691 208 1 790 2 283	606 221 721 051 1 403
c, d e 2. C 3. P III. L 1. F 2. F IV. L 1. P 2. Ir 3. L a -) plant and machinery) motor vehicles) other Construction in progress Prepayments for construction in progress ong-term receivables	675 386 2 029 2 309 872 300	691 208 1 790 2 283	721 051 1 403
d e 2. C 3. P 111. L 1. F 2. F 1V. L 1. P 2. Ir 3. L 3. L 4	 a) motor vehicles b) other construction in progress b) prepayments for construction in progress cong-term receivables 	2 029 2 309 872 300	1 790 2 283	1 403
e 2. C 3. P 111. L 1. F 2. F 1V. L 1. P 2. Ir 3. L 3. L) other Construction in progress Prepayments for construction in progress ong-term receivables	2 309 872 300	2 283	
2. C 3. P III. L 1. F 2. F IV. L 1. P 2. Ir 3. L a -	Construction in progress Prepayments for construction in progress ong-term receivables	872 300		2 450
3. P III. Lu 1. F 2. F IV. Lu 1. P 2. Ir 3. Lu a	repayments for construction in progress ong-term receivables		693 396	z 450
 III. L F F IV. L I. P Ir Ir A 	ong-term receivables	12 842	050 050	446 613
1. F 2. F IV. L 1. P 2. Ir 3. L a -			20 662	32 289
2. F IV. Lu 1. P 2. Ir 3. Lu a	rom affiliates	0	0	0
IV. Lo 1. P 2. Ir 3. Lo a -		0	0	0
1. P 2. Ir 3. L a -	rom other entities	0	0	0
2. Ir 3. L a -	ong-term investments	1 244 916	1 224 779	1 238 141
3. L a -	Property	0	0	0
a -	ntangible assets	0	0	0
-	ong-term financial assets	1 244 916	1 224 779	1 238 141
) in affiliates	1 244 765	1 224 628	1 237 990
-	shares	1 168 739	1 147 444	1 147 444
	other securities	0	0	0
-	loans granted	76 026	77 184	90 546
-	other long-term financial assets	0	0	0
b) in other entities	151	151	151
-	shares	151	151	151
-	other securities	0	0	0
-	loans granted	0	0	0
-	other long-term financial assets	0	0	0
4. C	Other long-term investments	0	0	0
V. L	ong-term prepayments and deferred costs	5 044	6 266	7 476
1. D	Deferred tax assets	0	0	0
	Other prepayments and deferred costs	5 044	6 266	7 476
в. с	Current assets	450 430	519 817	530 447
l Ir	nventories	186 755	180 519	182 512
1. R	law materials	53 390	42 509	47 494
2. S	emi-finished goods and work-in-progress	0	0	0
	inished goods	0	0	0
	Goods	117 602	135 722	131 728
	nventory prepayments	15 763	2 288	3 290
	hort-term receivables	141 671	149 294	140 463
	Receivables from affiliates	57 806	45 426	60 532
)trade receivables, due in:	42 422	38 759	56 022
	· · · · · · · · · · · · · · · · · · ·	42 422	38 759	
-	up to 12 months			56 022

ota	Il assets	4 037 354	3 950 698	3 689 979
	Short-term deferred costs	2 268	515	4 417
v.	Short-term prepayments and deferred costs	2 268	515	4 417
	Other short-term investments	0	0	0
	- other monetary assets	0	0	0
	- other cash and cash equivalents	0	0	0
	- cash on hand and cash at bank	96 134	173 782	186 791
	c) cash and other monetary assets	96 134	173 782	186 791
	- other short-term financial assets	0	0	0
	- loans granted	0	0	0
	- other securities	0	0	0
	- shares	0	0	0
	b) in other entities	0	0	0
	- other short-term financial assets	0	0	10 201
	- loans granted	16 080	15 707	16 264
	- other securities	7 522	0	0
	- shares	23 002	0	10 204
	a) in affiliates	23 602	15 707	16 264
	Short-term financial assets	119 736	189 489	203 055
_	Short-term investments	119 736	189 489	203 055
	c) other d) submitted to court	12 515 0	14 588 0	9 943 0
	insurance and other debtors	14 464	31 272	22 554
	b) taxation, subsidy, customs duty, social security, health			
	- over 12 months	0	0	0
	- up to 12 months	56 886	58 008	47 434
	a)trade receivables, due in:	56 886	58 008	47 434
	Receivables from other entities	83 865	103 868	79 931
	b) other	15 384	6 667	4 510

Konin, 31 August 2015

Prepared by

LIAB	ILITIES AND EQUITY (in PLN thousand)	As of 30.06.2015 (unaudited)	As of 31.12.2014	As of 30.06.2014 (unaudited)
Α.	Equity	2 937 594	2 995 960	2 953 272
ι.	Share capital	101 647	101 647	101 647
п.	Unpaid share capital (negative value)	0	0	0
ш.	Treasury shares (negative value)	0	0	0
IV.	Supplementary capital	2 542 058	2 398 399	2 398 396
v.	Revaluation reserve	286 224	286 229	286 232
VI.	Other reserves	5 877	5 877	5 877
VII.	Accumulated profits (losses) from previous years	-834	-834	-834
VIII.	Net profit (loss) for the period	2 622	204 642	161 954
IX.	Deductions from net profit during the period (negative value)	0	0	0
в.	Liabilities and provisions for liabilities	1 099 760	954 738	736 707
Ι.	Provisions for liabilities	217 365	241 429	237 800
1.	Deferred tax liability	62 685	71 878	60 390
2.	Provision for retirement benefits and similar obligations	11 642	27 325	92 786
	- long-term	11 281	10 969	86 351
	- short-term	361	16 356	6 435
3.	Other provisions	143 038	142 226	84 624
	- long-term	16 992	17 141	22 103
	- short-term	126 046	125 085	62 521
н.	Long-term liabilities	508 532	338 049	199 053
1.	To affiliates	749	339	104
2.	To other entities	507 783	337 710	198 949
	a) loans	497 793	325 713	180 055
	b) debt securities issued	0	0	0
	c) other financial liabilities	0	0	3
	d) other	9 990	11 997	18 891
III.	Short-term liabilities	323 232	342 105	246 461
1.	To affiliates	93 919	104 576	99 588
	a)trade creditors, payable in:	85 471	93 172	80 902
	- up to 12 months	85 471	93 172	80 902
	- over 12 months	0	0	0
	b) other	8 448	11 404	18 686
2.	To other entities	223 274	232 795	141 527
	a) loans	52 307	27 921	10 792
	b) debt securities issued	0	0	
	c) other financial liabilities	4	18	31
	d)trade liabilities payable in:	31 008	28 092	29 484
	- up to 12 months	31 008	28 092	29 484
	- over 12 months	0	0	0
	e) advance payments received	98	35	37
	f) bills of exchange payable	0	0	0
	g) taxation, customs duty and social security creditors	17 200	75 132	19 193
	h) payroll	4 050	4 037	3 613
	i) other	118 607	97 560	78 377
3.	Special funds	6 039	4 734	5 346
IV.	Accruals and deferred income	50 631	33 155	53 393
1.	Negative goodwill		0	0
2.	Other accruals and deferred income	50 631	33 155	53 393
	- long-term	15 396	15 562	15 448
	- short-term	35 235	17 593	37 945
Tota	l equity & liabilities	4 037 354	3 950 698	3 689 979

Konin, 31 August 2015

2. Profit and Loss Account for the period from 1 January 2015 to 30 June 2015

Profit and loss account	01.01.2015- 30.06.2015 (unaudited)	01.01.2014 - 30.06.2014 (unaudited)
Net sales of finished goods, goods for resale and raw	700 546	005 (70)
materials, of which:	798 516	805 673
-from affiliates	269 112	265 242
Net sales of finished goods	742 709	764 533
Net sales of goods for resale and raw materials	55 807	41 140
Cost of finished goods, goods for resale and raw materials sold, of which:	781 272	739 635
-to affiliates	267 151	260 430
Cost of finished goods sold	731 532	700 783
Cost of goods for resale and raw materials sold	49 740	38 852
Gross profit (loss) on sales	17 244	66 038
Selling expenses	1 341	1 569
Administrative expenses	16 860	19 243
Profit (loss) on sales	-957	45 226
Other operating income	1 040	3 629
Gains on the sale of non-financial non-current assets	96	39
Grants	166	259
Other	778	3 331
Other operating expenses	45 377	8 170
Loss on the sale of non-financial non-current assets	0	0
Impairment of non-financial assets	43 760	4 397
Other	1 617	3 773
Operating profit (loss)	-45 294	40 685
Finance income	44 148	130 781
Dividends and shares in profits, of which:	42 947	128 796
- from affiliates	42 898	128 796
Interest, of which:	1 190	1658
- from affiliates	666	833
Gains on the sale of investments	000	0
Revaluation of investments	0	325
Other	11	2
Finance costs	5 415	1 203
	5 415 1 453	408
Interest, of which:	1435	
- from affiliates		0
Loss on the sale of investments	0	0
Impairment of investments Other	1 385 2 577	0 795
Gross profit (loss) on ordinary activities	-6 561	170 263
Result on extraordinary items		
Extraordinary gains		
Extraordinary losses		470.000
Gross profit (loss)	-6 561	170 263
Taxation	-9 183	8 309
Corporate profits tax	-9 183	8 309
Other tax charges		
Net profit (loss)	2 622	161 954

Konin, 31 August 2015

Prepared by

3. Cash Flow Statement for the period from 1 January 2015 to 30 June 2015

1. Net profit (loss) 2 622 161 95 1. Adjustments, total -50 981 142 30 147 30 47 06 2. Foreign exchange gains (losses) 1849 -29 3 142 30 -29 3. Interest and shares in profits -42 161 -129 20 -216 -33 5. Change in investing activities -216 -33 -37 -39 22 -30<	Cash flow statement	01.01.2015- 30.06.2015 (unaudited)	01.01.2014 - 30.06.2014 (unaudited)
II. Adjustments, total-50 981-1.32 30.1. Depredication.1.74 702. Foreign exclanage gains (losses).1.8493. Interest and shares in profits.4.2 1612. Jack erest and shares in profits.4.2 1612. Change in provisions.6.23 075. Change in provisions.6.23 076. Change in receivables.23 0577. Change in receivables.23 0578. Change in short-term liabilities, except for loans and borrowings.4.64 6429. Change in prepayments, accruals and deferred income.1.17 10210. Other adjustments.1.17 1028. Cash flow from operating activities (1211).4.8 3599. Cash erist prepayments, accruals and deferred income.1.17 10210. Other adjustments.1.27 94511. Sale of intragible assets and tangible fixed assets.1.128. Cash flow from investing activities.01. Sale of intragible assets, of which:.27 9452. Sale of investments in property and intangible assets.00.02. Sale of investing inforts.00.00.00.00.00.00.00.00.00.00.00.01. Sale of innacial assets of which:.29 4950.00.00.00.00.00.00 <td< td=""><td>A. Cash flow from operating activities</td><td></td><td></td></td<>	A. Cash flow from operating activities		
1. Depreciation 41 743 47 06 2. Foreign exchange gains (losses) 1849 -29 2. Interest and shares in profits 42 161 129 22 4. Profit (loss) on investing activities 216 -33 5. Change in provisions 6237 9222 7. Change in receivables 23 057 307 8. Change in investing activities (except for loans and borrowings -64 642 -52 66 9. Change in provisions -117 102 -80 78 8. Change in investing activities (EIII) -48 339 29 44 9. Change in provision investing activities (EIII) -48 35 29 45 10. Other adjustments -117 102 -80 78 8. Cash flow from operating activities (EIII) -48 35 29 45 11. Net cash flow from operating activities (EIII) -48 35 29 45 12. Sale of investing activities 0 -4 13. Ford financial assets, of which: 27 945 124 30 15. also for investing activities 0 -4 2. also of investing activities 0 -4 2. also of investing activities 0 -4 2. alsof of investi	I. Net profit (loss)	2 622	161 954
2. Foreign exchange gains (losses)1 849-293. Interest and shares in profits-24 1611.29224. Profit (loss) on investing activities216-35. Change in inventories-6 23 792236. Change in inventories-6 23 792237. Change in receivables23 05737078. Change in stort-term liabilities, except for loans and borrowings-64 642-52 669. Change in prepayments, actruals and deferred income17 01715 20010. Other adjustments-117 102280 788. Change ins flow from operating activities (L11)-48 35929 648. Cash flow from investing activities (L11)-28 057124 3001. Sale of intangible assets and tangible fixed assets112663. Foor financial assets, of which:27 945124 124a. Ja in diffiates27 945124 124b) in other entities044- entities044- entities044- entities044- entities044- entities044- entities044- entities044- entities26 94942- other044- entities044- entities044- entities044- entities044- entities044- entities044- entities29 49546 <td< td=""><td>II. Adjustments, total</td><td>-50 981</td><td>-132 306</td></td<>	II. Adjustments, total	-50 981	-132 306
3. Interest and shares in profits 4. 21 1 1 22 22 4. 20 4. Profit (loss) on investing activities 21 6 3. 5. Change in provisions 52 79 74 58 6. Change in viewtories 62 37 30 70 70 70 12 20 22 70 4. Set 64 64 22 30 57 30 70 70 70 15 20 50 6. Change in viewtories 64 64 22 52 66 9. Change in prepayments, accurals and deferred income 10 70 17 15 20 10 Other adjustments 1.17 102 4.80 78 22 44 70 100 100 70 70 70 70 70 70 70 70 70 70 70 70 7	1. Depreciation	41 743	47 061
4. Profit (loss) on investing activities216-315. Change in provisions92 7974 586. Change in investories-6 23792 227. Change in receivables23 0573078. Change in hort-term liabilities, except for loans and borrowings-6 64 6252 669. Change in prepayments, accruals and deferred income17 01715 2010 Other adjustments-117 102-80 788. Cash flow from investing activities (±11)-88 7828 057124 3001. Sale of intangible assets and tangible fixed assets112602. Sale of intangible assets and tangible fixed assets112602. Sale of intangible assets, of which:27 945124 2303. Form financial assets, of which:27 945124 24b) in affiliates0-0-04. Other entities0-0-04. Other investing inflows0-0-04. Other investing inflows0-0-04. Other investing inflows0-0-04. Other investing outflows0-0-04. Oth	2. Foreign exchange gains (losses)	1 849	-297
5. Change in provisions 95 279 74 58 6. Change in inventories -6 237 9 222 7. Change in receivables 23 057 3 07 8. Change in short-term liabilities, except for loans and borrowings -64 642 -52 66 9. Change in prepayments, accruals and deferred income 17 017 15 20 10. Other adjustments -111 102 -80 78 11. Net cash flow from operating activities (Etil) -48 359 29 64 8. Cash flow from investing activities (Etil) -48 359 29 64 1. Sale of intangible assets and tangible fixed assets 112 67 3. From financial assets, of which: 27 945 124 23 a) in affinities 29 945 124 18 b) in other entities 0 0 - repayment of long-term loans granted 0 0 - other 0 0 0 - other 0 0 0 - Or financial assets 21 94 95 0 0 - repayment of long-term loans granted 0 0 0 - Other investing inflows 0 0 0 0	3. Interest and shares in profits	-42 161	-129 224
6. Change in inventories -6 237 -9 22 7. Change in receivables 23 057 307. 8. Change in short-term liabilities, except for loans and borrowings -66 642 -52 66. 9. Change in preparyments, actuals and deferred income 17 017 15 200 10 Other adjustments -117 102 -60 78. 8. Cah flow from operating activities (ttll) 48 359 28 057 124 300 8. Cah flow from investing activities (ttll) 48 359 28 057 124 300 1. Sale of investments in property and intangible assets 10 0 0 0 3. Form financial assets, of which: 27 945 124 180 0 0 0 3. Form financial assets 0 0 0 0 0 0 a sile of financial assets 0 0 0 0 0 0 - repayment of long-term loans granted 0 0 0 0 0 0 - other 0 0 0 0 0 0 0 0 0 0	4. Profit (loss) on investing activities	216	-39
7. Change in receivables 23 057 3 07 8. Change in short-term liabilities, except for loans and borrowings -46 642 -52 66 9. Change in prepayments, accruals and deferred income 117 102 -80 78 10. Other adjustments -117 102 -80 78 11. Net cash flow from operating activities (itil) -48 359 29 64 8. Cash flow from investing activities 112 102 -60 1. Sale of intragible assets and tangible fixed assets 112 102 -60 2. Sale of investments in property and intangible assets 0 0 -60 3. From financial assets, of which: 27 945 124 138 -114 130 a) in affiliates 27 945 124 138 -10 -40 a) in affiliates 27 945 124 138 -10 -40	5. Change in provisions	95 279	74 581
8. Change in short-term liabilities, except for loans and borrowings -64 642 -52 66 9. Change in prepayments, accruals and deferred income 17 017 15 20 10 Other adjustments -17 17 102 -80 78 10 Other adjustments -81 78 29 64 8. Cash flow from investing activities (Lt1) -88 359 29 64 8. Cash flow from investing activities (Lt1) -88 359 29 64 9. Sale of intangible assets and tangible fixed assets 0 0 1. Sale of intancial assets, of which: 27 945 124 138 2. Sale of innacial assets, of which: 27 945 124 138 b) in other entities 0 0 0 - eduditiancial assets 0 0 0 - eduditiancial assets 0 0 0 - eduditiancial assets 0 0 0 0 - eduditiancial assets 0 0 0 0 0 - eduditiancial assets 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 <	6. Change in inventories	-6 237	-9 220
9. Change in prepayments, accruals and deferred income 17 017 15 20 10 Other adjustments 117 102 -80 78. 11. Net cash flow from investing activities (i±ll) 48 359 29 64. 8. Cash flow from investing activities (i±ll) 28 057 124 30 1. Sale of intangible assets and tangible fixed assets 0 0 1. Sale of investments in property and intangible assets 0 0 3. From financial assets, of which: 27 945 124 13. b) in affiliates 27 945 124 13. b) in affiliates 0 0 0 cividends and shares in profits 0 0 0 l. nottflows 26 46 434 220044 220 44 220 44 24 24	7. Change in receivables	23 057	3 074
9. Change in prepayments, accruals and deferred income 17 017 15 20 10 Other adjustments 117 102 -80 78. 11. Net cash flow from investing activities (i±ll) 48 359 29 64. 8. Cash flow from investing activities (i±ll) 28 057 124 30 1. Sale of intangible assets and tangible fixed assets 0 0 1. Sale of investments in property and intangible assets 0 0 3. From financial assets, of which: 27 945 124 13. b) in affiliates 27 945 124 13. b) in affiliates 0 0 0 cividends and shares in profits 0 0 0 l. nottflows 26 46 434 220044 220 44 220 44 24 24	8. Change in short-term liabilities, except for loans and borrowings	-64 642	-52 669
10 Other adjustments -117 102 -80 78 III. Net cash flow from operating activities (1211) -48 359 29 64 B. Cash flow from investing activities 28 057 124 30 1. Sale of intangible assets and tangible fixed assets 112 66 2. Sale of investments in property and intangible assets 0 0 3. from financial assets, of which: 27 945 124 138 b) in other entities 0 0 44 -sale of financial assets 0 0 0 -sale of financial assets 0 0 0 0 -sale of financial assets 0		17 017	15 209
III. Net cash flow from operating activities -48 359 29 64 B. Cash flow from investing activities -12 430 I. Inflows 28 057 124 300 1. Sale of intangible assets and tangible fixed assets -112 67 2. Sale of investments in property and intangible assets -27 945 124 18 a) in affiliates 27 945 124 18 b) in other entities -0 -4 - sale of financial assets, of which: 27 945 124 18 b) in other entities -0 -4 - sale of financial assets -0 -4 - repayment of long-term loans granted -0 -4 - repayment of long-term loans granted -0 -4 1. Notflows -26 633 220 44 1. Purchase of intangible assets and tangible fixed assets 216 939 -20 2. Investments in property and intangible assets -0 -0 3. For financial assets, of which: 29 495 -0 -0 1. Notflows -218 377 -96 14 -0 -0 1. Notflows from insue of shares, issue of other capital instruments and additional -0 -0			-80 782
B. Cash flow from investing activities 28 057 124 300 1. Sale of intangible assets and tangible fixed assets 112 66 2. Sale of investments in property and intangible assets 0 0 3. Form financial assets, of which: 27 945 124 138 a) in affiliates 27 945 124 138 b) in other entities 0 0 - sale of financial assets 0 0 - sale of shares in profits 0 0 - repayment of long-term loans granted 0 0 - other 0 0 0 4. Other investing inflows 0 0 0 1. Purchase of intangible assets and tangible fixed assets 216 939 220 444 2. Unvestments in property and intangible assets 216 939 220 444 3. For financial assets, of which: 29 495 0 0 9. In affiliates 29 495 0 0 0 0 1. Purchase of financial assets 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	-		29 648
Inflows 28 057 124 300 1. Sale of intangible assets and tangible fixed assets 112 663 2. Sale of investments in property and intangible assets 0 0 3. from financial assets, of which: 27 945 1224 23 a) in affiliates 27 945 124 183 b) in other entities 0 0 0 - sale of financial assets 0 0 0 0 - dividends and shares in profits 0 <td< td=""><td></td><td></td><td></td></td<>			
1. Sale of intangible assets and tangible fixed assets112662. Sale of investments in property and intangible assets003. From financial assets, of which:27 945124 23a) in affiliates27 945124 18b) in other entities00c) sale of financial assets00c) dividends and shares in profits00c) dividends and shares in profits00c) enter entities00c) enter entities00c) other001. Outflows246 634220 4411. Purchase of intangible assets and tangible fixed assets216 939220 4412. Investments in property and intangible assets216 939220 4423. For financial assets, of which:29 495002. Investments in property and intangible assets0003. For financial assets, of which:29 4950001. Net cash flow from investing activities (I-III)-218 37796 142002. Cash flow from financing activities (I-III)-218 37796 1420003. Issue of shares, issue of other capital instruments and additional00002. Lonas and credits209 000191 00000003. Issue of debt securities0000003. Issue of debt securities00000003. Issue of debt secu	-	28 057	124 300
2. Sale of investments in property and intangible assets 0 0 3. From financial assets, of which: 27 945 124 23 a) in affiliates 27 945 124 18 b) in other entities 0 04 - sale of financial assets 0 0 - sale of financial assets 0 0 - repayment of long-term loans granted 0 0 - repayment of long-term loans granted 0 0 - other 0 0 0 4. Other investing inflows 0 0 0 1. Outflows 246 434 2200 44! 220 44! 1. Purchase of intangible assets and tangible fixed assets 216 939 220 44! 2. Investments in property and intangible assets 29 495 0 3. For financial assets, of which: 29 495 0 0 1. outflows 29 495 0 0 0 1. outgrase of financial assets 0 0 0 0 0 1. outgrase of financial assets 0 0 0 0 0 0 0 0 0 0			69
3. From financial assets, of which: 27 945 124 23 a) in affiliates 27 945 124 18 b) in other entities 0 0 - sale of financial assets 0 0 - dividends and shares in profits 0 0 - dividends and shares in profits 0 0 - repayment of long-term loans granted 0 0 - other 0 0 0 - other 0 0 0 1. Outflows 216 939 220 444 220 444 2. Investments in property and intangible fixed assets 216 939 220 444 2. Investments in property and intangible assets 216 939 220 444 2. Investments in property and intangible assets 29 9495 0 3. For financial assets, of which: 29 9495 0 0 . purchase of financial assets 0 0 0 0 0 . long-term loans granted 0 0 0 0 0 0 0 . long-term loans granted 0 0 0 0 0 0 0 0		0	0
a) in affiliates27 945124 180b) in other entities044- sale of financial assets044- dividends and shares in profits044- repayment of long-term loans granted00- interest received00- other00- other investing inflows00- other investing inflows001. Outflows246 434220 4442. Investments in property and intangible assets216 939220 4442. Investments in property and intangible assets216 93902. Investments in property and intangible assets0003. For financial assets, of which:29 495000000001. purchase of financial assets00001. purchase of financial assets00001. purchase of financial assets00001. purchase of financial assets00002. long-term loans granted00003. So financial asset of other capital instruments and additional payment to capital0002. Loans and credits209 000191 0000003. Sue of debt securities000004. Other innecial inflows000002. Loans and credits209 000191 000000		27 945	124 231
b in other entities 0 44 - sale of financial assets 0 0 - dividends and shares in profits 0 0 - dividends and shares in profits 0 0 - repayment of long-term loans granted 0 0 - interest received 0 0 0 - other 0			124 186
- sale of financial assets 0 0 - dividends and shares in profits 0 0 - repayment of long-term loans granted 0 0 - interest received 0 0 - other 0 0 - Other 0 0 1. Outflows 246 434 220 443 1. Purchase of intangible assets and tangible fixed assets 216 939 220 443 2. Investments in property and intangible assets 216 939 220 443 2. Investments in property and intangible assets 219 935 0 a) in affiliates 29 495 0 0 b) in other entities 0 0 0 0 - purchase of financial assets 0	·		45
- dividends and shares in profits 0 44 - repayment of long-term loans granted 0 0 - interest received 0 0 - other 0 0 0 - other investing inflows 0 0 0 I. Outflows 246 434 220 443 220 443 2. Investments in property and intangible fixed assets 216 939 220 443 2. Investments in property and intangible assets 29 495 0 3. For financial assets, of which: 29 495 0 0 a) in affiliates 29 495 0			0
repayment of long-term loans granted 0 0 - interest received 0 0 - other 0 0 - other 0 0 4. Other investing inflows 0 0 10. Outflows 246 434 220 443 1. Purchase of intangible assets and tangible fixed assets 216 939 220 443 2. Investments in property and intangible assets 29 495 0 2. Investments in property and intangible assets 29 495 0 2. Investments in property and intangible assets 29 495 0 3. For financial assets, of which: 29 495 0 0 a) in affiliates 29 495 0 <td< td=""><td></td><td></td><td>45</td></td<>			45
- interest received 0 0 - other 0 0 - other 0 0 I. Outer investing inflows 0 0 I. Outflows 246 434 220 443 1. Purchase of intangible assets and tangible fixed assets 216 939 220 443 2. Investments in property and intangible assets 29 495 0 3. For financial assets, of which: 29 495 0 a) in affiliates 29 495 0 0 b) in other entities 0 0 0 0 - purchase of financial assets 0			0
- other 0 0 4. Other investing inflows 0 0 10. Outflows 246 434 220 443 1. Purchase of intangible assets and tangible fixed assets 216 939 220 443 2. Investments in property and intangible assets 21 29 495 0 2. Investments in property and intangible assets 29 495 0 0 3. For financial assets, of which: 29 495 0 </td <td></td> <td></td> <td>0</td>			0
A. Other investing inflows00II. Outflows246 434220 4431. Purchase of intangible assets and tangible fixed assets216 939220 4432. Investments in property and intangible assets216 939220 4432. Investments in property and intangible assets29 49503. For financial assets, of which:29 4950a) in affiliates29 49500b) in other entities000- purchase of financial assets000- long-term loans granted0004. Other investing outflows00010. Net cash flow from investing activities (I-II)-218 377-96 142C. Cash flow from financing activities (I-III)-218 377-96 1421. Inflows209 000191 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits0003. Issue of debt securities0004. Other financial inflows00010. Il Outflows19 33895 0551. Re-acquisition of own shares0002. Dividends and other payments to shareholders000			0
II. Outflows246 434220 4431. Purchase of intangible assets and tangible fixed assets216 939220 4432. Investments in property and intangible assets29 49503. For financial assets, of which:29 4950a) in affiliates29 4950b) in other entities00- purchase of financial assets00- long-term loans granted004. Other investing outflows0011. Net cash flow from investing activities (I-II)-218 377-96 143C. Cash flow from financing activities001. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits0003. Issue of debt securities0004. Other financial inflows0003. Issue of debt securities0004. Other financial inflows0003. Issue of debt securities0004. Other financial inflows0001. Re-acquisition of own shares0002. Dividends and other payments to shareholders0002. Dividends and other payments to shareholders000	4. Other investing inflows		0
2. Investments in property and intangible assets 3. For financial assets, of which: a) in affiliates b) in other entities - purchase of financial assets - purchase of financial assets - long-term loans granted 4. Other investing outflows 10. Net cash flow from investing activities (I-II) C. Cash flow from financing activities I. Inflows C. Cash flow from financing activities I. Inflows 1. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital 2. Loans and credits 3. Issue of debt securities 4. Other financial inflows 1. Sue of debt securities 4. Other financial inflows 1. Re-acquisition of own shares 2. Dividends and other payments to shareholders 0 (1) 2. Dividends and other payments to shareholders 0 (1) 2. Dividends and other payments to shareholders 0 (1) 2. Dividends and other payments to shareholders 0 (1) 3. Issue of other paym	II. Outflows	246 434	220 449
2. Investments in property and intangible assets3. For financial assets, of which:29 495a) in affiliates29 495b) in other entities0- purchase of financial assets0- long-term loans granted04. Other investing outflows011. Net cash flow from investing activities (I-II)-218 377-96 142-96 14212. Loans and credits013. Issue of shares, issue of other capital instruments and additional02. Loans and credits03. Issue of debt securities04. Other financial inflows013. Issue of debt securities014. Other financial inflows015. Inflows02. Dividends and other payments to shareholders015. Dividends and other payments to shareholders016. Dividends and other payments to shareholders017. Dividends and other payments to shareholders018. Dividends and other payments to shareholders019. Dividends and other payments to shareholders010. Dividends and other payments to shareholders017. Dividends and other payments to shareholders018. Dividends and other payments to shareholders019. Dividends and other payments to shareholders017. Dividends and other payments to shareholders018. Dividends and other payments to shareholders019. Dividends and other payments to shareholders010. Dividends and other payments to shareholders0 <td>1. Purchase of intangible assets and tangible fixed assets</td> <td></td> <td>220 449</td>	1. Purchase of intangible assets and tangible fixed assets		220 449
a) in affiliates29 4950b) in other entities00- purchase of financial assets00- long-term loans granted004. Other investing outflows0011. Net cash flow from investing activities (I-II)-218 377-96 148C. Cash flow from financing activities1. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities0004. Other financial inflows00010 utflows19 33895 05701. Re-acquisition of own shares0002. Dividends and other payments to shareholders0002. Dividends and other payments to shareholders000			
a) in affiliates29 4950b) in other entities00- purchase of financial assets00- long-term loans granted004. Other investing outflows0011. Net cash flow from investing activities (I-II)-218 377-96 148C. Cash flow from financing activities1. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities0004. Other financial inflows00010 utflows19 33895 05701. Re-acquisition of own shares0002. Dividends and other payments to shareholders0002. Dividends and other payments to shareholders000		29 495	0
 purchase of financial assets purchase of financial assets long-term loans granted O O	a) in affiliates	29 495	0
- long-term loans granted 0 4. Other investing outflows 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	b) in other entities	0	0
4. Other investing outflows00III. Net cash flow from investing activities (I-II)-218 377-96 149C. Cash flow from financing activities-218 377-96 149I. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities0004. Other financial inflows0001. Re-acquisition of own shares0002. Dividends and other payments to shareholders0001. Re-acquisition of own shares0002. Dividends and other payments to shareholders000	- purchase of financial assets	0	0
4. Other investing outflows00III. Net cash flow from investing activities (I-II)-218 377-96 149C. Cash flow from financing activities-218 377-96 149I. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities0004. Other financial inflows0001. Re-acquisition of own shares0002. Dividends and other payments to shareholders0001. Re-acquisition of own shares0002. Dividends and other payments to shareholders000	- long-term loans granted	0	0
C. Cash flow from financing activities209 000191 0001. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities0004. Other financial inflows00011 Outflows19 33895 0511. Re-acquisition of own shares0002. Dividends and other payments to shareholders000	4. Other investing outflows	0	0
I. Inflows209 000191 0001. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities0004. Other financial inflows00011 Outflows19 33895 0501. Re-acquisition of own shares0002. Dividends and other payments to shareholders000	III. Net cash flow from investing activities (I-II)	-218 377	-96 149
1. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital002. Loans and credits209 000191 0003. Issue of debt securities004. Other financial inflows0011 Outflows19 33895 051. Re-acquisition of own shares002. Dividends and other payments to shareholders00	C. Cash flow from financing activities		
payments to capital02. Loans and credits209 0003. Issue of debt securities04. Other financial inflows011 Outflows19 3381. Re-acquisition of own shares02. Dividends and other payments to shareholders0	I. Inflows	209 000	191 000
2. Loans and credits209 000191 0002. Loans and credits003. Issue of debt securities004. Other financial inflows0011 Outflows19 33895 051. Re-acquisition of own shares002. Dividends and other payments to shareholders00	1. Net inflows from issue of shares, issue of other capital instruments and additional		
3. Issue of debt securities04. Other financial inflows011 Outflows19 3381. Re-acquisition of own shares02. Dividends and other payments to shareholders0	payments to capital	0	0
4. Other financial inflows0II Outflows19 33895 051. Re-acquisition of own shares002. Dividends and other payments to shareholders00	2. Loans and credits	209 000	191 000
II Outflows19 33895 051. Re-acquisition of own shares002. Dividends and other payments to shareholders00	3. Issue of debt securities	0	0
1. Re-acquisition of own shares02. Dividends and other payments to shareholders0	4. Other financial inflows	0	0
2. Dividends and other payments to shareholders 0	II Outflows	19 338	95 057
	1. Re-acquisition of own shares	0	0
3. Outflows due to appropriation of profit other than payments to shareholders 0	2. Dividends and other payments to shareholders	0	0
	3. Outflows due to appropriation of profit other than payments to shareholders	0	0

4. Repayment of loans and borrowings	10 714	90 951
5. Redemption of debt securities		
6. Relating to other financial liabilities	46	15
7. Finance lease payments		
8. Interest paid	8 578	4 091
9. Other financing outflows		
III. Net cash flow from financing activities (I-II)	189 662	95 943
D. Total net cash flow (A.III±B.III±C.III)	-77 074	29 442
E. Balance sheet change in cash and cash equivalents, of which:	-77 648	29 028
- change in cash and cash equivalents due to foreign exchange gains/losses	-464	-28
F. Cash and cash equivalents at the beginning of the period	173 239	157 852
G. Cash and cash equivalents at the end of the period (F±D), of which:	96 055	186 908
- of restricted use	5 174	14 042

Konin, 31August 2015 Prepared by

4. Changes in Equity Statement as of 30 June 2015

Changes in Equity Statement		01.01.2015- 30.06.2015 (unaudited)	01.01.2014 - 31.12.2014	01.01.2014 - 30.06.2014 (unaudited)
	Equity at the beginning of the period (OB) - adjustments of fundamental errors	2 995 960	2 825 878	2 825 878
	Equity at the beginning of the period (OB), after adjustments	2 995 960	2 825 878	2 825 878
1.	Share capital at the beginning of the period	101 647	101 647	101 647
1.1.	Changes in share capital			
	a) increases			
	b) decreases			
	-redemption of treasury shares			
1.2.	Share capital at the end of the period	101 647	101 647	101 647
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	0	0	C
•••	a) increases	·	•	
	b) decreases			
	-redemption of own shares			
3.1.	Treasury shares at the end of the period	0	0	(
4.	Supplementary capital at the beginning of the period	2 398 399	2 200 508	2 200 50
4.1.	Changes in Supplementary capital			
	a) increases (due to)	143 659	197 891	197 88
	- share premium			
	- statutory profit appropriation			
	- profit appropriation (in excess of statutory amounts)	143 654	197 297	197 297
	- tangible assets sales and liquidation	5	594	592
	b) decreases			
4.2.	Supplementary capital at the end of the period	2 542 058	2 398 399	2 398 39
5.	Revaluation reserve at the beginning of the period	286 229	286 823	286 823
5.1.		-5	-594	-59
0.1	a) increases	0	001	
	b) decreases (due to)	5	594	59:
	- disposal of tangible fixed assets	5	594	59:
	- revaluation adjustment	5	554	
5.2.	Revaluation adjustment Revaluation reserve at the end of the period	286 224	286 229	286 232
-				
6.	Other reserves at the beginning of the period	5 877	5 877	5 873
6.1.	Changes in other reserves			
	a) increases			
	b) decreases			
6.2.	Other reserves at the end of the period	5 877	5 877	5 877
	Accumulated profits from previous years at the beginning of			
7.	the period	204 642	231 857	231 857
7 1	Accumulated profits from previous years at the beginning of	204 642	221 057	224.055
7.1.	the period	204 642	231 857	231 857
	 adjustments of fundamental errors Accumulated profits from previous years at the beginning of 			
	Accumulated profits from previous years at the beginning of			
7.2	the period, after adjustments	204 642	231 857	231 85

	Equity at the end of the period (CB)	2 937 594	2 995 960	2 953 272
	b) net loss			
	a) net profit	2 622	204 642	161 954
8.	Net result	2 622	204 642	161 954
7.6	period	-834	-834	-834
	Accumulated losses from previous years at the end of the			
	b) decreases			
	- transfer of prior year losses			
	a) increases (due to)			
7.5	Accumulated losses from previous years at the beginning of the period, after adjustments			
	- adjustments of fundamental errors			
7.4	the period	-834	-834	-834
	Accumulated losses from previous years at the beginning of			
7.3.	period	0	0	(
	Accumulated profits from previous years at the end of the	00 500	54 500	54 500
	- dividend payment	60 988	34 560	34 56
	- transfer of profit to Supplementary capital	143 654	197 297	197 297
	 appropriation of profit from previous years b decreases (due to) 	204 642	231 857	231 85

Konin, 31 August 2015 Prepared by

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's registered office is in Konin at Kazimierska 45.

The Company is entered into the Register of Entrepreneurs under the KRS number 0000021374 assigned on 21 June 2001.

The Company operated under the NIP number: 665-00-01-645 assigned on 17 September 1993, and the REGON symbol: 310186795.

The duration of the Company is indefinite.

ZE PAK S.A. is parent company to Zespół Elektrowni Pątnów- Adamów- Konin Capital Group.

According to Articles of Association the main scope of activities are:

- 1. production and distribution of electricity
- 2. production and distribution of heat (steam and hot water)

2. Composition of the Management Board

In the reporting period, the Company's Management Board composition was as follows:

Katarzyna Muszkat	President of the Management Board
Anna Striżyk	Vice-President of the Management Board
Piotr Jarosz	Vice-President of the Management Board
Sławomir Sykucki	Vice-President of the Management Board

During the reporting period and till the day of issuing of this report there were no changes in composition of the Management Board.

3. Description and clarification of differences in the disclosed data and significant differences regarding the adopted accounting principles (policy) between the statement and the comparable data as well as the statement and the comparable data developed acc. to the IAS.

The Company is the parent company of the Capital Group, which is obliged to develop a consolidated financial statement in accordance with IFRS standards approved by the EU ("IFRS"). The Company did not prepare and does not prepare an individual financial statement in accordance with IFRS.

The main potential differences between the IFRS and the PRS developed with the assumption of using the IFRS based on the IFRS 1 guidelines and adoption of the financial data resulting from the consolidated financial statement of the ZE PAK Group are presented below. The date of transition of the ZE PAK SA Group to the IFRS is 1 January 2009.

If the financial statement was developed in accordance with the IFRS, the main differences between the accounting principles adopted for the enclosed statement and the IFRS, with the assumption that the date of transition to the IFRS is 1 January 2009, would be especially related to the following aspects:

- 1. Tangible fixed assets
- a) Valuation of the tangible fixed assets

According to the IFRS 1, as of the date of the first application of the IFRS, the body can make a fair value quotation of the fixed assets and recognise their fair value as the assumed cost at this date. The Company established the assumed cost of the selected tangible fixed assets by assignment of the fair value of these assets as of 1 January 2009, i.e. the assumed date of transition to the application of the IFRS.

b) Allotment of renovation components

The International Financial Reporting Standards project the allotment within the scope of fixed assets of components, provided that their use period differs from the use period of a given fixed asset. The components are depreciated during their usability period. According to the IFRS, the specific component consists of renovations and periodical inspections. In relation to the above, the Company has allotted components of values planned to be transferred to the renovation costs, as well as depreciation of the components in the period until the projected commencement of the next renovation. The recognition of this adjustment also resulted in the need to charge the deferred tax.

c) Valuation of land and perpetual usufruct

According to the PRS, the perpetual usufruct of land is subject to depreciation, and the depreciation writedowns are recognised in the income statement in the prime cost item.

For the purpose of the IFRS, due to the unspecified period of economic use of the perpetual usufruct of land, the Company would eliminate the recognised depreciation write-downs.

d) Capitalisation of external financing costs

According to the PRS, the Company recognised in the capital work in progress all the costs of servicing liabilities incurred in order to finance them along with the exchange rate differences that took place.

For the purpose of the IFRS, the Company would make an adjustment of the capitalised exchange rate differences on the liabilities incurred in foreign currencies, consisting in the adaptation of the value of these exchange rate differences to the value, in which they comprise the adjustment of the interest costs.

Furthermore, the Company would execute the capitalisation of external financing costs on the liabilities of general nature, used for the financing of capital work in progress.

Due to the above fact, in the financial statement developed according to the IFRS, the Company would capitalise the external financing costs in the value not higher than the financing costs, which would occur if the liabilities were incurred in the functional currency, i.e. PLN.

The areas of differences between the PRS and the IFRS described below were identified during the process of development of the Group's consolidated financial statement according to the IFRS and do not include the potential adjustments of the IFRS in relation to transactions with affiliated entities, which were eliminated in the scope of the Group's financial statement.

The International Accounting Standards Board (IASB) introduced many changes into the current accounting principles and issued new standards. New standards and changes to the current standards are still in the works. Furthermore, these standards are subject to the approval process by the EU. In relation to the above, it is possible that the standards, according to which the Company will develop its first financial statement compliant with the IFRS, which can include data from the past years, will differ from the standards used for the development of the below explanatory note describing the differences between the IFRS and the Polish accounting standards.

Furthermore, only a complete financial statement embracing the statement on the financial position, total income statement, statement of changes in the equity, as well as the cash flow statement, and the comparative data and explanatory notes can present the full and reliable view of the Company's financial position, the results of its activities and cash flows in accordance with the IFRS.

The presentation of some of the items in the financial statements according to the Polish accounting standards and the IFRS can differ. The differences in the presentation will not affect the equity and the Company's net result.

The components of particular items in the financial statement, as well as the scope of additional information to the financial statement compliant with the Polish accounting standards and the IFRS can differ substantially.

	Balance sheet value	Balance sheet value	Mala a dia tang ant	
Adjustment as of 30.06.2015	Acc. PAR	Acc. MSSF	Value adjustment	
Tangible fixed assets	2 126 705	2 500 394	373 689	
Equity	2 937 594	3 238 506	300 912	
Deferred tax provision	62 685	133 247	70 562	

The following table presents the differences as of 30 June 2015 (unaudited data):

Description of the effects of disclosed differences in net profit and equity:

	30.06.2015
PSR net profit	2 622
Adjustment of the tangible fixed assets	-36 295
IAS 19 adjustment – Actuarial profits/losses	6

	30.06.2015
PSR capital	2 937 594
Adjustment of the tangible fixed assets	300 912
IAS 19 adjustment – Actuarial profits/losses	6

4. Assumption of continuation of economic activity

The financial statement was developed with the assumption of continuing business activity by the Company in the near future, at least 12 months after the balance sheet date, i.e. after 30 June 2015.

As of signature of this financial statement, The Company's Board states that there are no facts and premises, which would affect the opportunity to continue activities by the Company.

5. Merger of commercial companies

In the reporting period, for which the financial statements were developed, there was no merger pursuant to Article 492, paragraph 1, point 1 of the Code of Commercial Companies with other commercial company.

6. Accepted principles (policy) of accounting

The Company operates on the basis of following legal acts:

- 1. The Act on accounting of 29 September 1994 (consolidated text Journal of Laws no. 2013, item 330, as amended hereinafter "UoR", "the Act"),
- 2. The Corporate Income Tax Law of 15 February 1992 (Journal of Laws of 2000, no. 54, item 654) as amended,
- 3. The Resolution of the Minister of Finance of 19 February 2009 on the current and periodical information submitted by issuers of stocks, as well as conditions for the recognition as equally important of information required by the regulations of the law of a country not comprising a Member State (Journal of Laws of 2009, no. 33, item 259) as amended,

4. The Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text Journal of Laws of 2009 no. 185, item 1439 as amended).

The Company introduced following ordinances to be used in the scope of methods of assets and liabilities quotation:

- 1. The ordinance no 35 of the ZE PAK S.A. in Konin President of 01 July 2003 in case of the management of the physical assets of the fixed asset,
- 2. The ordinance no 34 of the ZE PAK S.A. in Konin President of 01 July 2003 in case of the Corporate Chart of Accounts for ZE PAK S.A.

The financial statement was developed in accordance with the historical expense convention which was modified in terms of:

- intangible assets,
- tangible assets,
- investments in subsidiary entities and other long-term investments,
- other short-term investments (excluding cash and financial assets),
- financial instruments.

7. Changes in the accounting principles (policy)

The financial statements for the current and preceding period was developed using the identical accounting principles (policy) as well as the methods 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 made no changes to the accounting principles or error adjustments, thus it was not obligated to present numerical information ensuring comparability of the financial statement data for the previous year with the statement for the current period.

9. Error adjustment

The current period featured no adjustments of errors, which would affect the comparability of the financial data for the preceding period with the data of the financial statement for the current period.

Konin, 31 June 2015

Prepared by:

III. Additional information and clarifications

1. Events of the accounting year not specified in the balance sheet and the profit & loss account

In the reporting period, until the date of development of this financial statement, i.e. until 31 August 2015, there were no events after the balance sheet date, which were not recognised, and should have been recognised, in the books of account and the financial statement for the period concluded on 30 June 2015.

2. Events of previous years recognised in the financial statement

Until the date of development of the financial statement for the period concluded on 30 June 2015, i.e. until 31 August 2015, there were no other significant events regarding the previous years, which should be recognised (but were not recognised) in the financial statement for the accounting year.

3. Significant events of the current period

Until the date of development of the financial statement for the period concluded on 30 June 2015, i.e. until 31 August 2015, there were no other significant events regarding the current period, which would require additional disclosure in this financial statement.

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

Until the date of development of the financial statement for the period concluded on 30 June 2015, i.e. until 31 August 2015, there were no events, which were not recognised in this financial statement.

5. Seasonality of the activities

The Company's activities are not seasonal; therefore the presented results are not subject to substantial fluctuation throughout the year

6. Balance sheet

a) Fixed assets.

CHANGES IN FIXED ASSETS (ACC. GROUPS BY TYPE)

	ANGES IN FIXED ASSETS (ACC. GROUPS BY TYPE)										
	In PLN thousand										
	Period ended 30 June 2015	- Land (including fight of perpetual usufruct)	- buildings, premises and engineering constructions on land and water	- technical devices and machinery	- means of transport	- other fixed assets	Total fixed assets				
a)	gross value of fixed assets at the beginning of the period	1 361	1 293 822	3 148 322	3 849	11 529	4 458 883				
b)	increase (including)	0	3 465	5 404	525	351	9 745				
	purchase			74	2	28	104				
	adoption from investment						0				
	transfers		3 465	5 330	58	323	9 176				
	other				465		465				
c)	decrease (including)	0	0	1 659	784	324	2 767				
	liquidation, sale, transfer			1 659	784	324	2 767				
d)	gross value of fixed assets at the end of the period	1 361	1 297 287	3 152 067	3 590	11 556	4 465 861				
e)	cumulated depreciation at the beginning of the period	109	704 444	2 457 114	2 059	9 246	3 172 972				
f)	increase (including)	2	19 412	21 217	278	325	41 234				
	depreciation of the period	2	19 412	21 217	278	325	40 909				
	transfers						0				
g)	decrease (including)	0	0	1 650	776	324	2 750				
	liquidation, sale			1 650	776	324	2 750				
	other						0				
h)	cumulated depreciation at the end of the period	111	723 856	2 476 681	1 561	9 247	3 211 456				
i)	impairment at the beginning of the period						0				
-	increase						0				
-	decrease						0				
j)	impairment at the end of the period						0				
k)	net value of fixed assets at the end of the period	1 250	573 431	675 386	2 029	2 309	1 254 405				

CH	ANGES IN FIXED ASSETS (ACC. GROUPS BY TYPE)						
			In PLN thousand				
	Period ended 31 December 2014	- Land (including fight of perpetual usufruct)	- buildings, premises and engineering constructions on land and water	- technical devices and machinery	- means of transport	- other fixed assets	Total fixed assets
a)	gross value of fixed assets at the beginning of the period	1 371	1 293 269	3 141 494	3 216	10 266	4 449 616
b)	increase (including)	8	3 307	7 376	1 189	1 503	13 383
	purchase		9	1 854	7	321	2 191
	adoption from investment		2 082	5 438	951	1 182	9 653
	transfers						0
	other	8	1 216	84	231		1 539
c)	decrease (including)	18	2 754	548	556	241	4 117
	liquidation, sale, transfer	18	2 754	548	556	241	4 117
d)	gross value of fixed assets at the end of the period	1 361	1 293 822	3 148 322	3 849	11 528	4 458 882
e)	cumulated depreciation at the beginning of the period	104	668 020	2 398 173	2 238	8 747	3 077 282
f)	increase (including)	5	38 706	59 487	361	740	99 299
	depreciation of the period	5	38 706	59 487	361	740	99 299
	transfers						0
	other						0
g)	decrease (including)	0	2 282	546	540	242	3 610
	liquidation, sale		2 282	546	540	242	3 610
	other						0
h)	cumulated depreciation at the end of the period	109	704 444	2 457 114	2 059	9 245	3 172 971
i)	impairment at the beginning of the period						0
-	increase						0
-	decrease						0
j)	impairment at the end of the period						0
k)	net value of fixed assets at the end of the period	1 252	589 378	691 208	1 790	2 283	1 285 911

СН	ANGES IN FIXED ASSETS (ACC. GROUPS BY TYPE)						
			In PLN thousand				
	Period ended 30 June 2014	- Land (including fight of perpetual usufruct)	- buildings, premises and engineering constructions on land and water	- technical devices and machinery	- means of transport	- other fixed assets	Total fixed assets
a)	gross value of fixed assets at the beginning of the period	1 370	1 293 269	3 141 494	3 216	10 266	4 449 615
b)	increase (including)	0	1 313	3 917	571	1 299	7 100
	purchase		9	1 491	1	262	1 763
	adoption from investment						0
	transfers		1 304	2 426	570	1 037	5 337
	other						0
c)	decrease (including)	18	2 747	235	346	136	3 482
	liquidation, sale, transfer	18	2 747	235	346	136	3 482
	other						0
d)	gross value of fixed assets at the end of the period	1 352	1 291 835	3 145 176	3 441	11 429	4 453 233
e)	cumulated depreciation at the beginning of the period	104	668 020	2 398 173	2 238	8 747	3 077 282
f)	increase (including)	3	19 870	26 187	147	368	46 575
	depreciation of the period	3	19 870	26 187	147	368	46 575
	transfers						0
	other						0
g)	decrease (including)	0	2 276	235	347	136	2 994
	liquidation, sale		2 276	235	347	136	2 994
	other						0
h)	cumulated depreciation at the end of the period	107	685 614	2 424 125	2 038	8 979	3 120 863
i)	impairment at the beginning of the period		511				511
-	increase						0
-	decrease		511				511
j)	impairment at the end of the period						0
k)	net value of fixed assets at the end of the period	1 245	606 221	721 051	1 403	2 450	1 332 370

	30.	06.2015	31	.12.2014	30	.06.2014
specification	Fixed assets under construction	Prepayments for fixed assets under construction	Fixed assets under construction	Prepayments for fixed assets under construction	Fixed assets under construction	Prepayments for fixed assets under construction
Initial value						
Initial balance	693 396	20 662	220 951	43 010	220 951	43 010
Increase (including):	188 381	0	484 480	3 908	231 791	3 908
Purchase	188 381		484 480	3 908	231 791	3 908
Other						
Transfer from investment						
Decrease (including)	9 477	7 820	12 035	26 256	6 129	14 629
Liquidation	9 477	7 820	11 859	26 256	6 129	14 629
Sale			176			
Other						
Closing balance	872 300	12 842	693 396	20 662	446 613	32 289
Depreciation						
Initial balance						
Closing balance	0	0	0	0	0	0
Impairment IB						
Impairment CB						
Net value						
Initial balance	693 396	20 662	220 951	43 010	220 951	43 010
Closing balance	872 300	12 842	693 396	20 662	446 613	32 289

b) Intangible assets

CHA	NGES IN INTANGIBLE ASSETS (ACC. GROUPS BY TYPE)							
			In PLN th	ousand				
		а	b		С	d	e	
Peri	od ended 30 June 2015	Research and development	Goodwill		icenses and similar es, including:	Other intangible	Prepayments for intangible	Total intangible assets
		costs			- software	assets	assets	
a)	Gross value of intangible assets at the beginning of the period			18 027	194	196 219		214 246
b)	Increase (including)	0	0	300	0	117 102	0	117 402
	Purchase					117 102		117 102
	Transfers			300				300
c)	Decrease (including)	0	0	155	155	119 344	0	119 499
	Liquidation			155	155	119 344		119 499
d)	Gross value of intangible assets at the end of the period	0	0	18 172	39	193 977	0	212 149
e)	Cumulated depreciation at the beginning of the period			14 379	194			14 379
f)	increase (including)	0	0	508	0	0	0	508
	Depreciation of the period			508				508
g)	decrease (including)	0	0	155	155	0	0	155
	Liquidation			155	155			155
h)	Cumulated depreciation at the end of the period	0	0	14 732	39		0	14 732
i)	Impairments at the beginning of the period							0
-	Increase							0
-	Decrease							0
1)	Impairment at the end of the period	0	0	0	0	0	0	0
k)	Net value of intangible assets at the end of the period	0	0	3 440	0	193 977	0	197 417

CH	ANGES IN INTANGIBLE ASSETS (ACC. GROUPS BY TYPE)							
			In PLN th	ousand				
		а	b		С	d	е	
Pei	riod ended 31 December 2014	Research and development	Goodwill	patents, licer values, inclue	nses and similar ding:	Other intangible	Prepayments for intangible	Total intangible assets
		costs			- software	assets	assets	
a)	Gross value of intangible assets at the beginning of the period			28 248	194	147 275		175 523
b)	Increase (including)	0	0	2 236	0	177 011	0	179 247
	Purchase			30		177 011		177 041
	Transfers			2 206				2 206
c)	Decrease (including)	0	0	12 457	0	128 066	0	140 523
	Liquidation			12 457		128 066		140 523
d)	Gross value of intangible assets at the end of the period	0	0	18 027	194	196 220	0	214 247
e)	Cumulated depreciation at the beginning of the period			25 876	194			25 876
f)	increase (including)	0	0	921	0	0	0	921
	Depreciation of the period			921				921
g)	decrease (including)	0	0	12 417	0	0	0	12 417
	Liquidation			12 417				12 417
h)	Cumulated depreciation at the end of the period	0	0	14 380	194	0	0	14 380
i)	Impairments at the beginning of the period							0
-	Increase							0
-	Decrease							0
1)	Impairment at the end of the period	0	0	0	0	0	0	0
k)	Net value of intangible assets at the end of the period	0	0	3 647	0	196 220	0	199 867

СН	ANGES IN INTANGIBLE ASSETS (ACC. GROUPS BY TYPE)							
			In PLN th	ousand				
		а	b		С	d	е	
Pe	riod ended 30 June 2014	Research and development	Goodwill	patents, licer values, inclu	nses and similar ding:	Other intangible	Prepayments for intangible	Total intangible assets
		costs			- software	assets	assets	
a)	Gross value of intangible assets at the beginning of the period			28 054	194	147 275		175 329
b)	Increase (including)	0	0	817	0	80 730	0	81 547
	Purchase			817		80 730		81 547
	Transfers							0
c)	Decrease (including)	0	0	0	0	128 066	0	128 066
	Liquidation					128 066		128 066
-	Other							0
d)	Gross value of intangible assets at the end of the period	0	0	28 871	194	99 939	0	128 810
e)	Cumulated depreciation at the beginning of the period			25 681	194			25 681
f)	increase (including)	0	0	486	0	0	0	486
	Depreciation of the period			486				486
g)	decrease (including)	0	0	0	0	0	0	0
	Liquidation							0
h)	Cumulated depreciation at the end of the period	0	0	26 167	194	0	0	26 167
i)	Impairments at the beginning of the period							0
-	Increase							0
-	Decrease							0
٦)	Impairment at the end of the period	0	0	0	0	0	0	0
k)	Net value of intangible assets at the end of the period	0	0	2 704	0	99 939	0	102 643

c) Inventory

Specification		In PLN thousand		
specification	30-06-2015	31-12-2014	30-06-2014	
1. materials	53 390	42 509	47 494	
Production fuel	20 090	19 126	12 695	
Auxiliary materials	37 132	27 215	38 699	
· Write-down	-3 832	-3 832	-3 900	
2. Goods	117 602	135 722	131 728	
· Green certificates	186 625	161 601	145 999	
· Red certificates	1 005	822	366	
· Write-down	-70 028	-26 701	-14 637	
3. Advance payments for deliveries	15 763	2 288	3 290	
Total	186 755	180 519	182 512	

Certificates of origin of energy due to the energy production from renewable energy sources, gas, and peak load co-generation are presented according to fair value on the end of the month when it was produced. As of 30 June 2015, according to entries in the book of accounts, the Company possessed 1 094 780,160 MWh of ownership units from green certificates produced. However, not all ownership units had approval certificates issued by the Energy Regulatory Office (URE). In the I half of 2015 Company received overdue certificates for 2013 in amount of 106 522,800 MWh and overdue certificates for the IV quarter of 2014 in amount of 83 791,577 MWh. At the balance day the Company expects for receiving certificates of origin for production in 2015 in amount of 94 703,989 MWh – submitted notice for production in IV and V 2015 and not submitted for VI 2015. During reporting period Group produced in renewable sources and presented in balance sheet green certificates in prices from the end of each month i.e. in prices from range 106,51 – 155,52 PLN/MWh, but highest prices ware from the beginning of 2015. Presented in the balance sheet as at 30 June 2015 impairment in amount of PLN 70 020,2 thousand concerns fair value of green certificates as inventory as of 30 June 2015 equal to price of single certificate at the level of 106,51 PLN/MWh, to those certificates which Group still poses.

d) Long-term investments

		In PLN thousand					
LO	NG TERM FINANCIAL ASSETS	30-06-2015	31-12-2014	30-06-2014 1 237 990			
a)	In subsidiaries	1 244 765	1 224 628				
-	Shares	1 168 739	1 147 444	1 147 444			
-	Debentures						
-	Other securities (by type)						
-	Granted loans	76 026	77 184	90 546			
-	Other long term financial assets (by type)						
b)	In jointly-controlled entities	0	0	0			
-	Shares						
-	Debentures						
-	Other securities (by type)						
-	Granted loans						
-	Other long term financial assets (by type)						
c)	In affiliates	0	0	0			
-	Shares						
-	Debentures						
-	Other securities (by type)						
d)	In significant shareholder	0	0	0			
-	Shares						
-	Debentures						
-	Other securities (by type)						
-	Granted loans						
-	Other long term financial assets (by type)						
e)	In shareholder of jointly-controlled entity	0	0	0			
-	Shares						
-	Debentures						
-	Other securities (by type)						
-	Granted loans						
-	Other long term financial assets (by type)						
f)	In parent company	0	0	0			
-	Shares						
-	Debentures						
-	Other securities (by type)						
-	Granted loans						
-	Other long term financial assets (by type)						
g)	In other entities	151	151	151			
-	Shares	151	151	151			
-	Debentures						
-	Other securities (by type)						
-	Granted loans						
-	Other long term financial assets (by type)						
То	tal long-term financial assets	1 244 916	1 224 779	1 238 141			

As of 30.06.2015 in PLN thousand

Full name of entity, subsidiary	01 January 2015	increase	decrease	30 June 2015	% of possessed equity
"PAK SERWIS" sp. z o.o. Konin	9 985			9 985	100%
"EL PAK" sp. z o.o. Konin	1 857			1 857	100%
"PAK INFRASTRUKTURA" sp. z o.o. Konin	60 393			60 393	100%
"PAK HOLDCO" sp. z o.o. Konin	750 550			750 550	100%
PAK Centrum Usług Informatycznych w likwidacji sp. z o.o.	600		600	0	100%
PAK Centrum Badań Jakości w likwidacji sp. z o.o.	100		100	0	100%
PAK Górnictwo sp. z o.o.	28 200			28 200	100 %
PAK Kopalnia Węgla Brunatnego Konin S.A.	109 264	11 583		120 847	94,10%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	67 995	10 412		78 407	98,15%
PAK - Volt S.A.	118 500			118 500	100%
Total	1 147 444	21 995	700	1 168 739	-
Impairment			-	-	-
BALANCE SHEET VALUE	1 147 444	21 995	700	1 168 739	-

As of 31.12.2014 in PLN thousand

Full name of entity, subsidiary	01 January 2014	increase	decrease	31 December 2014	% of possessed equity
"PAK SERWIS" sp. z o.o. Konin	9 985			9 985	100%
"EL PAK" sp. z o.o. Konin	1 857			1 857	100%
"PAK INFRASTRUKTURA"	co 202			co 202	100%
sp. z o.o. Konin	60 393			60 393	
"PAK HOLDCO" sp. z o.o. Konin	750 550			750 550	100%
PAK Centrum Usług Informatycznych w likwidacji sp. z o.o.	600			600	100%
PAK Centrum Badań Jakości w likwidacji sp. z o.o.	100			100	100%
PAK Górnictwo sp. z o.o.	28 200			28 200	91%
PAK Kopalnia Węgla Brunatnego Konin S.A.	109 264			109 264	85%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	67 995			67 995	85%
PAK - Volt S.A.	118 500			118 500	100%
TOTAL	1 147 444	0,00	0,00	1 147 444	-
Impairment			-		-
BALANCE SHEET VALUE	1 147 444	0,00	0,00	1 147 444	-

As of 30.06.2014 in PLN thousand

Full name of entity, subsidiary	01 January 2014	increase	decrease	30 June 2014	% of possessed equity
"PAK SERWIS" sp. z o.o. Konin	9 985			9 985	100%
"EL PAK" sp. z o.o. Konin	1 857			1 857	100%
"PAK INFRASTRUKTURA"	60 393			60 393	100%
sp. z o.o. Konin	00 393			00 393	
"PAK HOLDCO" sp. z o.o. Konin	750 550			750 550	100%
PAK Centrum Usług Informatycznych w likwidacji sp. z o.o.	600			600	100%
PAK Centrum Badań Jakości w likwidacji sp. z o.o.	100			100	100%
PAK Górnictwo sp. z o.o.	28 200			28 200	91%
PAK Kopalnia Węgla Brunatnego Konin S.A.	109 264			109 264	85%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	67 995			67 995	85%
PAK - Volt S.A.	118 500			118 500	100%
TOTAL	1 147 444	0,00	0,00	1 147 444	-
Impairment			-	-	-
BALANCE SHEET VALUE	1 147 444	0,00	0,00	1 147 444	-

In PLN thousand								
Full name of entity Other entities	30-06-2015	31-12-2014	30-06-2015					
Zakłady Pomiarowo-Badawcze Energetyki "Energopomiar" sp. z o.o., Gliwice	200	200	200					
Impairments								
Zakłady Pomiarowo-Badawcze Energetyki								
"Energopomiar" sp. z o.o., Gliwice	-49	-49	-49					
Total long-term	151	151	151					

e) Share capital

As of 30.06.2015

Presentation of shareholders	Number of shares	The value of one share in PLN	Percentage share in the share capital	Number of votes	Percentage share in the number of votes
Zygmunt Solorz Żak (indirect)through: Elektrim S.A., Embud Sp. z o.o.,IPOPEMA 116 FIZ Aktywów Niepublicznych, Trigon XIX FIZ, Argumenol Investment Company Limited	26 200 867	6 200 867 2,00 51,55%		26 200 867	51,55%
ING Otwarty Fundusz Emerytalny	5 068 410	2,00	9,97%	5 068 410	9,97%
Other	19 554 270	2,00	38,48%	19 554 270	38,48%
Total	50 823 547		100,0%	50 823 547	100%

As of 31.12.2014

Presentation of shareholders	Number of shares	The value of one share in PLN	Percentage share in the share capital	Number of votes	Percentage share in the number of votes
Zygmunt Solorz Żak (indirect) through: Elektrim S.A., Embud Sp. z o.o., Argumenol Investment Company Limited	26 200 867	2,00	51,55%	26 200 867	51,55%
ING Otwarty Fundusz Emerytalny	5 068 410	2,00	9,97%	5 068 410	9,97%
Other	19 554 270	2,00	38,48%	19 554 270	38,48%
Total	50 823 547		100,0%	50 823 547	100%

As of 30.06.2014

Presentation of shareholders	Number of shares	The value of one share in PLN	Percentage share in the share capital	Number of votes	Percentage share in the number of votes
Zygmunt Solorz Żak (indirect) through: Elektrim S.A., Embud Sp. z o.o., Polsat Media B.V., Anokymma Limited	26 200 867	2,00	51,55%	26 200 867	51,55%
ING Otwarty Fundusz Emerytalny	5 382 005	2,00	10,59%	5 382 005	10,59%
Other	19 240 675	2,00	37,86%	19 240 675	37,86%
Total	50 823 547		100,0%	50 823 547	100%

According to the Company's knowledge, on the basis of orders submitted by the shareholders.

f) Equity

	In PLN thousand								
Specification	1 January 2015	Disposal of re- estimated fixed assets	Redemption of treasury shares	Creation of the reserve capital	Distribution of 2014 profit	Profit of current period	30 June 2015		
1. Share capital	101 647						101 647		
2. Treasury shares	0						0		
3. Supplementary capital	2 398 399	5			143 654		2 542 058		
4. Revaluation reserve	286 229	-5					286 224		
5. Other reserves (privatisation fund)	5 877						5 877		
6. Profit from previous years	-834						-834		
7. Net profit	204 642				-204 642	2 622	2 622		
TOTAL	2 995 960	0	0	0	-60 988	2 622	2 937 594		

	In PLN thousand									
Specification	1 January 2014	Disposal of re- estimated fixed assets	Redemption of treasury shares	Creation of the reserve capital	Distribution of 2013 profit	Profit of current period	31 December 2014			
1. Share capital	101 647						101 647			
2. Treasury shares	0						0			
3. Supplementary capital	2 200 508	594			197 297		2 398 399			
4. Revaluation reserve	286 823	-594					286 229			
5. Other reserves (privatisation fund)	5 877						5 877			
6. Profit from previous years	-834						-834			
7. Net profit	231 857				-231 857	204 642	204 642			
TOTAL	2 825 878	0	0	0	-34 560	204 642	2 995 960			

	In PLN thousand								
Specification	1 January 2014	Disposal of re- estimated fixed assets	Distribution of 2013 profit	Dividend	Profit for current period	30 June 2014			
1. Share capital	101 647					101 647			
2. Treasury shares						0			
3. Supplementary capital	2 200 508	591	197 297			2 398 396			
4. Revaluation reserve	286 823	-591				286 232			
5. Other reserves (privatisation fund)	5 877					5 877			
6. Profit from previous years	-834					-834			
7. Net profit	231 857		-197 297	-34 560	161 954	161 954			
TOTAL	2 825 878	0	0	-34 560	161 954	2 953 272			

g) Provisions

сц	CHANGE IN DEFFERED TAX PROVISIONS		In PLN thousand	
Сп	ANGE IN DEFFERED TAX PROVISIONS	30-06-2015	31-12-2014	30-06-2014
1.	Deffered tax provision at the beginning of the period, including:	71 878	53 075	53 075
a)	To profit	71 878	53 075	53 075
b)	To share capital			
c)	To goodwill or negative goodwill			
2.	Increase		18 803	7 315
3.	Decrease	9 193		
4.	Deffered tax provision at the end of the period, total	62 685	71 878	60 390
a)	To profit	62 685	71 878	60 390
b)	To share capital			
c)	To goodwill or negative goodwill			

СН	ANGE IN LONG-TERM PROVISION FOR RETIREMENT	In PLN thousand				
BE	NEFITS AND SIMILAR (BY TYPE)	30-06-2015	31-12-2014	30-06-2014		
a)	At the beginning of the period	10 969	79 820	79 820		
-	provision for jubilee benefits		27 791	27 791		
-	provision for retirement bonuses	8 416	7 355	7 355		
-	provision for death benefits	2 553	2 312	2 312		
-	provision for energy equivalent		42 362	42 362		
b)	increase (including)	312	1 302	6 531		
-	provision for jubilee benefits			4 061		
-	provision for retirement bonuses	239	1 061	1 002		
-	provision for death benefits	73	241	169		
-	provision for energy equivalent			1 299		
c)	Consumption of provision					
d)	Reversal of provision (including)		70 153			
-	provision for jubilee benefits		27 791			
-	provision for energy equivalent		42 362			
e)	At the end of the period	11 281	10 969	86 351		
-	provision for jubilee benefits			31 852		
-	provision for retirement bonuses	8 655	8 416	8 357		
-	provision for death benefits	2 626	2 553	2 481		
-	provision for energy equivalent			43 661		

CHANGE IN SHORT-TERM PROVISION FOR RE	TIREMENT	In PLN thousand				
BENEFITS AND SIMILAR (BY TYPE)		30-06-2015	31-12-2014	30-06-2014		
a) At the beginning of the period		16 356	6 662	6 662		
- provision for jubilee benefits		15 826	3 018	3 018		
- provision for retirement bonuses		530	338	338		
- provision for death benefits						
- provision for energy equivalent			3 306	3 306		
b) increase (including)		0	13 000	0		
- provision for jubilee benefits			12 808			
- provision for retirement bonuses			192			
- provision for death benefits			0			
- provision for energy equivalent						
c) Consumption of provision		15 383				
- provision for jubilee benefits		15 383				
d) Reversal of provision (including)		612	3 306	227		
- provision for jubilee benefits		443		110		
- provision for retirement bonuses		169		11		
- provision for death benefits						
- provision for energy equivalent			3 306	106		
e) At the end of the period		361	16 356	6 435		
- provision for jubilee benefits		0	15 826	2 908		
- provision for retirement bonuses		361	530	327		
- provision for death benefits		0	0	0		
- provision for energy equivalent		0	0	3 200		

CHANGE IN OTHER LONG-TERM PROVISIONS (BY TYPE)		In PLN thousand			
		30-06-2015	31-12-2014	30-06-2014	
a)	At the beginning of the period	17 141	21 751	21 751	
-	Reclamation provision	2 470	4 042	4 042	
-	Liquidation provision	14 671	17 709	17 709	
b)	increase (including	1 540		352	
-	Reclamation provision				
-	Liquidation provision	1 540		352	
c)	Consumption of provision (including)		17		
-	Reclamation provision		17		
-	Liquidation provision				
d)	Reversal of provision (including)	1 689	4 593		
-	Reclamation provision	1 689	1 555		
-	Liquidation provision		3 038		
e)	At the end of the period	16 992	17 141	22 103	
-	Reclamation provision	781	2 470	4 042	
-	Liquidation provision	16 211	14 671	18 061	

CHANGE IN OTHER SHORT-TERM PROVISIONS (BY TYPE)		In PLN thousand		
		30-06-2015	31-12-2014	30-06-2014
a)	At the beginning of the period	125 085	129 978	129 978
-	CO2 allowances provision	122 030	128 066	128 066
	URE penalty provision	1 500	1 500	1 500
-	Reclamation provision	1 555	342	342
-	Liquidation provision		70	70
-	KWB Konin agreement penalty			
b)	increase (including)	120 304	123 585	60 804
-	CO2 allowances provision	120 304	122 030	60 804
-	Reclamation provision		1 555	
-	Liquidation provision (reclassification from long- term)			
c)	Consumption of provision (including)	119 343	128 408	128 261
-	CO2 allowances provision	119 343	128 066	128 066
-	Reclamation provision		342	195
-	Liquidation provision			
d)	Reversal of provision (including)		70	
-	CO2 allowances provision			
-	Reclamation provision			
-	Liquidation provision		70	
-	KWB Konin agreement penalty			
e)	At the end of the period	126 046	125 085	62 521
-	CO2 allowances provision	122 991	122 030	60 804
-	URE penalty provision	1 500	1 500	1 500
-	Reclamation provision	1 555	1 555	147
-	Liquidation provision	0	0	70

h) Liabilities acc. to items in the balance sheet

		In PLN thousand			
	SHORT-TERM LIABILITIES	30-06-2015	31-12-2014	30-06-2014	
a)	for subsidiaries	80 695	93 938	87 696	
-	credits and loans, including:				
-	of a long-term repayment period				
-	debt stocks liabilities				
-	dividends				
-	other financial liabilities, including:				
-	deliveries and services of the maturity date:	72 367	87 176	73 941	
-	up to 12 months	72 367	87 176	73 941	
-	over 12 months				
-	advance payments received for deliveries				
-	bill of exchange liabilities				
-	other (by type)	8 328	6 762	13 755	
b)	for co-subsidiaries	0	0	0	
c)	for associates	13 224	10 638	11 892	
-	credits and loans, including:				
-	of a long-term repayment period				
-	debt stocks liabilities				
-	dividends				
-	other financial liabilities, including:				
-	deliveries and services of the maturity date:	13 104	5 996	6 961	
-	up to 12 months				
-	over 12 months				
-	advance payments received for deliveries				
-	bill of exchange liabilities				
-	other (by type)	120	4 642	4 931	
d)	for a significant shareholder	0	0	C	
e)	for a shareholder of the co-subsidiary	0	0	C	
f)	for a parent company	0	0	0	
g)	for other entities	223 274	232 795	141 528	
-	credits and loans, including:				
-	of a long-term repayment period	52 307	27 921	10 792	
-	debt stocks liabilities				
-	dividends	60 988		34 560	
-	other financial liabilities, including:				
-	deliveries and services of the maturity date:	31 008	28 092	29 484	
-	up to 12 months	31 008	28 092	29 484	
-	over 12 months				
-	advance payments received for deliveries	98	35	37	
-	bill of exchange liabilities				

-	taxes, duties, insurances and other provisions	17 200	75 132	19 193
-	remunerations	4 050	4 037	3 613
-	lease agreement liabilities	4	18	31
-	other	147	21	27
-	capital work in progress acquisition liabilities	51 940	93 120	38 191
-	the State Fund for Rehabilitation of Disabled Persons (PFRON) liabilities	122	113	111
-	security deposits	155	145	258
-	the Intercompany Social Insurance Fund (MFŚS) liabilities	3 858	2 829	3 893
-	deductions from the pay roll	1 397	1 332	1 338
h)	special funds (by title)	6 039	4 734	5 346
-	the Company Social Fund	5 984	4 679	5 291
-	the Staff Fund	55	55	54
Tot	al short-term liabilities	323 232	342 105	246 461

LONG-TERM LIABILITIES WITH A REPAYMENT PERIOD	In PLN thousand						
REMAINING FROM THE BALANCE SHEET DATE	30-06-2015	31-12-2014	30-06-2014				
a) over 1 year to 3 years	163 733	101 544	57 863				
b) over 3 years to 5 years	140 192	89 556	54 428				
c) over 5 years	204 607	146 949	86 762				
Total long-term liabilities	508 532	338 049	199 053				

i) Overdraft facility and investment loans

Overdraft facilities as of 30.06.2015 in PLN thousand

From	No.	aubiaat	Creditor	(Agreement no.)	Credit	Credit amount	Inc	debtedness as at 30.06	.2015	- Repayment date
	NO.	subject	Creator	of	currency	Credit amount	Total	long-term	short-term	Repayment date
	1.	Overdraft facility	Bank Zachodni WBK S.A.	(1199/108/01) z 10.08.2001	PLN	5 000	-	-	-	30-11-2015
entities	2.	Overdraft facility	Bank Pekao SA	(88/2005) z 20.12.2005	PLN	80 000	-	-	-	30-09-2015
Other e	3.	Overdraft facility	PKO Bank Polski SA	(270- 1/10/RB/2006) z 25.08.2006	PLN	90 000	-	-	-	25-10-2015
	4.	Overdraft facility	ING Bank Śląski SA	z 28.03.2007	PLN	30 000	-	-	-	28-03-2016
					Total	205 000	-	-	-	

Investment loans as of 30.06.2015 in PLN thousand

						Ind	ebtedness as at 30.06.2	015	
ies	No.	subject	Bank	Agreement date	Currency	Total	long-term	short-term	Repayment date
r entities									
From other	Kredyt B	Refinancing of IOS investment facility repayment.	Consortium of banks: mBank, BGK, Millennium, PEKAO SA i PKO BP	13.03.2014r.	PLN	86 972	74 547	12 425	20-12-2023
					Total	86 972	74 547	12 425	

						Ind	ebtedness as at 30.06.2	 015	
ties	No	subject	Bank	Agreement date	Currency	Total	long-term	short-term	Repayment date
r entities									
From other	Kredyt A	Retrofit of units 1-4 in Patnów I Power Plant	Consortium of banks: mBank, BGK, Millennium, PEKAO SA i PKO BP	13.03.2014r.	PLN	463 128	423 246	39 882	20-12-2023
					Total	463 128	423 246	39 882	

Overdraft facilities as of 31.12.2014 in PLN thousand

From	No.	subject	Creditor	(Agreement no.)	Currence	Credit amount	Inc	debtedness as at 31.12	.2014	Denovment dete
	NO.	subject	Creator	of	Currency	Credit amount	Total	long-term	short-term	Repayment date
	1.	Overdraft facility	Bank Zachodni WBK S.A.	(1199/108/01) z 10.08.2001	PLN	5 000	-	-	-	30-11-2015
entities	2.	Overdraft facility	Bank Pekao SA		PLN	80 000	-	-	-	30-09-2015
Other e	3.	Overdraft facility	PKO Bank Polski SA	(270- 1/10/RB/2006) z 25.08.2006	PLN	90 000	-	-	-	25-10-2015
	4.	Overdraft facility	ING Bank Śląski SA	z 28.03.2007	PLN	30 000	-	-	-	28-03-2015
					Total	205 000	-	-	-	

Investment loans as of 31.12.2014 in PLN thousand

				Agreement date		Inde	ebtedness as at 31.12.2	014	
ies	No.	subject	Bank		Currency	Total	long-term	short-term	Repayment date
r entities									
From other	Kredyt B	Refinancing of IOS investment facility repayment.	Consortium of banks: mBank, BGK, Millennium, PEKAO SA i PKO BP	13.03.2014r.	PLN	89 638	79 362	10 276	20-12-2023
		•			Total	89 638	79 362	10 276	

						Inde	ebtedness as at 31.12.2	014	
	No.	subject	Bank	Agreement date	Currency	Total	long-term	short-term	Repayment date
entities									
From other er	Kredyt A	Retrofit of units 1-4 in Patnów I Power Plant	Consortium of banks: mBank, BGK, Millennium, PEKAO SA i PKO BP	13.03.2014r.	PLN	263 996	246 351	17 645	20-12-2023
					Total	263 996	246 351	17 645	

Overdraft facilities as of 30.06.2014 (unaudited) in PLN thousand

Friend	N	aubie et	Creditor	(Agreement no.)	C	Cue dit en eurot	Inde	btedness as at 30.06.	2014	
From	No.	subject	Creditor	of	Currency	Credit amount	Total	long-term	short-term	Repayment date
	1.	Overdraft facility	Bank Zachodni WBK S.A.	(1199/108/01) z 10.08.2001	PLN	5 000	-	-	-	30-11-2014
entities	2.	Overdraft facility	Bank Pekao SA	(88/2005) z 20.12.2005	PLN	80 000	-	-	-	30-09-2014
Other e	3.	Overdraft facility	PKO Bank Polski SA	(270- 1/10/RB/2006) z 25.08.2006	PLN	90 000	-	-	-	25-10-2014
	4.	Overdraft facility	ING Bank Śląski SA	z 28.03.2007	PLN	30 000	-	-	-	28-03-2015
					Total	205 000	-	-	-	

Investment loans as of 30.06.2014 in PLN thousand

			Bank	Agreement date		Ir	debtedness as at 30.06.20	014	Repayment date
From		subject			Currency	Total	long-term	short-term	
Other entities	1.	Refinancing of IOS investment facility repayment.	Consortium of banks: mBank, BGK, Millennium, PEKAO SA i PKO BP	13.03.2014r.	PLN	89 842	83.784	6.057	20-12-2023
					Total	89 842	83.784	6.057	

						Ir	ndebtedness as at 30.06.20	014	
From	No.	subject	Bank	Agreement date:	Currency	Total	long-term	short-term	Repayment date
									uule
Other entities	1.	Retrofit of units 1-4 in Patnów I Power Plant	Consortium of banks: mBank, BGK, Millennium, PEKAO SA i PKO BP	13.03.2014r.	PLN	101 006	96 271	4 735	20-12-2023
					Total	101 006	96 271	4 735	

j) Loans granted

As of 30.06.2015 in PLN/EUR thousand

Granted	No.	subject	Loan	Agreement	Currency	Loan amount	Assets as of		inclu	ding		Repayment
to	NO.	subject	granted to	date	currency	Loan amount	30-06-2015	Long-term		Short-term		date
									17 049 EUR		3 410 EUR	
		Construction			American	34 099 EUR	20 639 EUR	+1	-	+1	179 EUR	
	1.	Construction of 460 MW	Elektrownia Patnów II	12-11-2002	Amount in PLN			=	17 049 EUR	=	3 590 EUR	15-10-2020
ies		unit in Patnów II	Sp. z o.o.	12-11-2002	equal to EUR				71 513 PLN ³		14 302 PLN	15-10-2020
subsidiaries		Fathow II			LOIN	136 169 PLN ²	86 570 PLN ³	+1	_ 3	+1	754 PLN ³	
sqns								=	71 513 PLN ³	=	15 057 PLN ³	
		Construction	Elektrownia						4 513 PLN		903 PLN	
	2.	of 460 MW unit in	Pątnów II	13-03-2006	PLN	11 067 PLN	5 536 PLN	+1	-	+1	120 PLN	15-10-2020
		Pątnów II	Sp. z o.o.					=	4 513 PLN	=	1 023 PLN	
									76 026 PLN		15 205 PLN	
	Tota		Total	92 106 PLN		0,00 PLN	+1	875 PLN				
								76 026 PLN	=	16 080 PLN		

¹/ Interest accrued as of 30.06.2015.

²/ Loan value acc. to the exchange rates of the date of granting its instalments and capitalisation.
 ³/ Average EUR/PLN exchange rate according to the table of the National Bank of Poland as of

30.06.2015.,equal to 4,1944

As of 31.12.2014

Granted	No.	auhiaat	Loan	Agreement	Currency	Loan amount	Assets as of		inclu	ding		Repayment						
to	NO.	subject	granted to	date	currency	Loan amount	31-12-2014		Long-term	Short-term		date						
									17 049 EUR		3 410 EUR							
						34 099 EUR	20 514 EUR	+1	-	+1	55 EUR							
	1	Construction of 460 MW	Elektrownia	12 11 2002	Amount in PLN				17 049 EUR	=	3 465 EUR	15 10 2020						
ies	1.	unit in Patnów II	Pątnów II Sp. z o.o.	12-11-2002	equal to EUR				72 670 PLN ³		14 534 PLN	15-10-2020						
subsidiaries		rątiiow ii			LOK	136 164 PLN ²	87 437 PLN ³	+1	_ 3	+1	233 PLN ³							
sqns								=	72 670 PLN ³	=	14 767 PLN ³							
		Construction	Flatterin						4 514 PLN		903 PLN							
	2.	of 460 MW unit in	Elektrownia Pątnów II	13-03-2006	PLN	11 065 PLN	5 454 PLN	+1	-	+1	37 PLN	15-10-2020						
		Pątnów II				Pątnow II Sp. z o.o.				15 05 2000				=	4 514 PLN	=	940 PLN	
								77 184 PLN		15 437 PLN								
						Total	92 891 PLN		0,00 PLN	+1	270 PLN							
							77 184 PLN	=	15 707 PLN									

¹/ Interest accrued as of 31.12.2014.

 ²/ Loan value acc. to the exchange rates of the date of granting its instalments and capitalisation.
 ³/ Average EUR/PLN exchange rate according to the table of the National Bank of Poland as of 31.12.2014., equal to 4,2623.

As of 30.06.2014 (unaudited)

Granted	No.	auhiaat	Loan	Agreement	Cumpanau	Loan amount	Assets as of		inclu	ding		Repayment							
to	NO.	subject	granted to	date	Currency	Loan amount	30-06-2014		Long-term Short-		Short-term	date							
									20 459 EUR		3 410 EUR								
						34 099 EUR	34 099 EUR	34 099 EUR	34 099 EUR		34 099 EUR	34 099 EUR	24 109 EUR	+1	-	+1	240 EUR		
	1	Construction of 460 MW	Elektrownia	12 11 2002	Amount in PLN		=		20 459 EUR	=	3 650 EUR	15 10 2020							
ie.	1.	unit in Patnów II	Pątnów II Sp. z o.o.	12-11-2002	equal to EUR				85 130 PLN ³		14 188 PLN	15-10-2020							
subsidiaries		rątiow i			EUK	136 164 PLN ²	136 164 PLN ²	100 316 PLN ³	+1	_ 3	+1	998 PLN ³							
sqns								=	85 130 PLN ³	=	15 186 PLN ³								
		Construction							5 416 PLN		903 PLN								
	2.	of 460 MW unit in	Elektrownia Pątnów II	13-03-2006	PLN	11 065 PLN	6 494 PLN	+1	-	+1	175 PLN	15-10-2020							
		Pątnów II		•	•		Pątnow II Sp. z o.o.									5 416 PLN	=	1 078 PLN	
									90 546 PLN		15 091 PLN								
						Total	106 810 PLN		0,00 PLN	+1	1 173 PLN								
									90 546 PLN	=	16 264 PLN								

¹/ Interest accrued as of 30.06.2014.

 ²/ Loan value acc. to the exchange rates of the date of granting its instalments and capitalisation.
 ³/ Average EUR/PLN exchange rate according to the table of the National Bank of Poland as of 30.06.2014, equal to 4,1609

k) Lease agreements in PLN thousand

From	No.	subject	Financing party	Agreement of:	Currency	Ir	debtedness as at 30.06.2	015	Repayment
FIOIII	NO.	subject	Financing party	Agreement of.	currency	total	Long-term	Short-term	date
	1.	VOLKSWAGEN PASSAT	Energo-Utech SA	5 May 2012 r. nr 15/O/ENUT/2012	PLN	4	-	4	20-04-2015
Other o	2.	VOLKSWAGEN PASSAT	Polkomtel Sp. z o.o. 13 March 2015r.		PLN	392	328	64	20-09-2015
entities	3.	AUDI A6	Polkomtel Sp. z o.o.	17 October 2014r.	PLN	210	164	46	02-11-2018
	4.	VOLKSWAGEN GOLF	Polkomtel Sp. z o.o.	13 March 2015r.	PLN	61	52	9	18-03-2019
		•			Total	668	544	123	

From	No.	subject	Financing party	Agroomont of	curronay	In	debtedness as at 31.12.2	014	Repayment
From	NO.	subject	Financing party	Agreement of:	currency	total	Long-term	Short-term	date
Q	1.	VOLKSWAGEN PASSAT	Energo-Utech SA	5 May 2012 r. nr 15/O/ENUT/2012	PLN	7	-	7	20-04-2015
Other entities	2.	VOLKSWAGEN PASSAT	Energo-Utech SA	15 October 2012 r. nr 37/O/ENUT/2012	PLN	11	-	11	20-09-2015
Sa	3.	AUDI A6	Polkomtel Sp. z o.o.	17 October 2014r.	PLN	231	189	41	02-11-2018
					Total	249	189	60	

From	No.	subject		A	Curronau	In	014	Repayment	
From No.		subject	Financing party	Agreement of:	Currency	total	Long-term	Short-term	date
Other entities	1.	VOLKSWAGEN PASSAT	Energo-Utech SA	5 May 2012 r. nr 15/O/ENUT/2012	PLN	17	-	17	20-04-2015
er ties	2.	VOLKSWAGEN PASSAT	Energo-Utech SA	15 October 2012 r. nr 37/O/ENUT/2012	PLN	17	3	14	20-09-2015
					Total	34	3	31	

l) Structure of deliveries, works and services receivables acc. to the date of their formation

SU	PPLIES AND SERVICES RECEIVABLES (GROSS) FROM THE DATE OF		In PLN thousand	
BA	LANCE DAY TILL REPAYMENT DATE:	30-06-2015	31-12-2014	30-06-2014
a)	Up to 1 month	97 241	96 604	95 912
b)	1 to 3 months	1 143	-1 406	7 540
c)	3 to 6 months		41	3
d)	6 months to 1 year		41	3
e)	Over 1 year			
f)	Overdue	34 026	33 846	35 116
To	tal supplies and services receivables (gross)	132 410	129 126	138 574
g)	Impairment in supplies and services receivables	32 363	32 361	35 118
To	tal supplies and services receivables (net)	100 047	96 765	103 456

m) Prepayments and accruals and future periods revenues

с 11	ORT-TERM PREPAYMENTS		In PLN thousand	
эп	ORI-TERINI PREPATIVIENTS	30-06-2015	31-12-2014	30-06-2014
a)	Prepayments, including:	2 268	515	4 417
-	Magazine subscriptions		12	
-	Property liquidation	886	147	254
-	Prepayment for TGE participation in 2015		146	
-	Payment for protection of trade mark	5	6	6
-	Payment for support of IT system		105	14
-	Cost of license incorporation	99	99	
-	Property insurance			2 775
-	Write-off for ZFŚS	1 278		1 368
b)	Other prepayments			
То	tal short-term prepayments	2 268	515	4 417

	NG-TERM PREPAYMENTS		In PLN thousand	
10	NG-TERIVI PREPATIVIEN IS	30-06-2015	31-12-2014	30-06-2014
a)	Prepayments, including:	1 773	3 066	3 919
-	Reclamation	0	1 394	1 394
-	Liquidation	1 329	1 179	2 525
-	Cost of license incorporation	444	493	0
b)	Other prepayments, including:	3 271	3 200	3 557
-	Financing costs, deferred cost	3 271	3 200	3 557
То	tal long-term prepayments	5 044	6 266	7 476

~		li	n PLN thousand	
01	HER PREPAYMENTS AND ACCRUALS	30-06-2015	31-12-2014	30-06-2014
a)	Accruals	34 821	17 151	36 378
-	Long-term (by type)			
-	Short-term (by type)	34 821	17 151	36 378
	Provision for annual bonus	8 335	13 924	7 830
	Provision for unused leave	3 239	1 754	3 253
	Provision for current year costs	0	120	
	Payment for commercial use of environment	22 789		24 768
	Duty of redemption of certificates of origin – "green certificates"	282	852	512
	Duty of redemption of certificates of origin – "red certificates"	47	69	
	Duty of redemption of certificates of origin – gas payment "violet"	16	30	15
	Duty of redemption of certificates of origin – "white energy"	0	281	
	Duty of redemption of certificates of origin – gas payment "yellow"	113	121	
b)	Deffered income	15 810	16 004	17 015
-	Long-term (by type)	15 396	15 562	15 448
	Deffered grant	1 802	1 968	1 854
	Difference between the net value of assets transferred in the form of contributions in-kind and their fixed prices, specified in the agreement	13 594	13 594	13 594
-	Short-term (by type)	414	442	1 567
	Deffered grant	332	332	519
	Insurance company compensations	74	102	1 040
	Other	8	8	8
То	tal other prepayments	50 631	33 155	53 393

n) List of groups and liabilities secured on the entity's assets

					childy 5 uss				
		As of 30 Ju	une 2015 in PLN	I/EUR ti	nousand	As of 31 Dece	mber 2014 in P	LN/EUR	thousand
No.	Secured assets	credit/loan amount	security amount	curren cy	security amount expressed in % of the assets	credit/loan amount	security amount	curren cy	security amount expressed in % of the assets
1.	Registered and financial pledge	1 200 000	2 040 000	PLN	50,51%	1 200 000	2 040 000	PLN	51,65%
1.1	Registered pledge on a set of ZE PAK's assets (power units no. 1-4 in the Pątnów Power Plant) for mBank in relation to the credit of PLN 1.2 billion of 13.03.2014 ⁵	1 200 000	2 040 000	PLN	50,51%	1 200 000	2 040 000	PLN	51,65%
1.2	Registered pledge on bank accounts of ZE PAK SA for mBank in relation to the credit of PLN 1.2 billion of 13.03.2014 ⁵	1 200 000	2 040 000	PLN	50,51%	1 200 000	2 040 000	PLN	51,65%
1.3	Financial pledge on cash on the ZE PAK SA's bank accounts in the following banks: mBank, BGK, PEKAO SA, PKO BP, Millennium in relation to the credit of PLN 1.2 billion of 13.03.20148 ⁵	1 200 000	2 040 000	PLN	50,51%	1 200 000	2 040 000	PLN	51,65%
	Registered and financial pledge on shares in	131 784	400 000	EUR	10 050/ ⁴	145 763	400 000	EUR	F4 700/ ⁴
2.	subsidiaries	0,00	339 750	PLN	49,95% ⁴	15 000	339 750	PLN	51,76% ⁴
2.1	Registered 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	131 784	400 000	EUR	41,54% ²	145 763	400 000	EUR	43,16% ³
	the guarantor of the "Pątnów II" project) ¹	0,00	339 750	PLN	8,41%	15 000	339 750	PLN	8,60%
3.	Mortgage	-	-	PLN	-	-	-	PLN	-
3.1	Contractual joint capped rate and ordinary mortgage on real estates in Konin for mBank in relation to the credit of PLN 1.2 billion of 13 March 20147 ⁵	1 200 000	2 040 000	PLN	50,51% ⁶	1 200 000 000,00	2 040 000	PLN	51,65% ⁶

1/ Securities of the syndicated loan of EUR 240.00 million and the loan of PLN 226.00 million for Elektrowni Pątnów II sp. z o.o. The syndicated loan was granted by the following banks: PEKAO S.A., BRE BANK S.A. and EBOR. The loan was granted by NFOŚiGW. 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

2/ Percentage share in the conversion of EUR 400,000,000.00 into PLN according to the average EUR/PLN exchange rate of 30 June 2015 amounting to 4,1944 3/ Percentage share in the conversion of EUR 400,000,000.00 into PLN according to the average EUR/PLN exchange rate of 31 December 2014 amounting to 4,2623

4/ Total share of the amounts of security of EUR 400,000,000.00 and PLN 339,750,000.00 $\,$

5/ Securities of the syndicated loan of PLN 1.2 billion for ZE PAK SA granted by mBank, BGK, Millennium, PKO BP and PEKAO SA, signed on 13 March 2014

6/ The amounts of this securities cannot be aggregated, as they regard a single credit, of which the maximum amount of security is PLN 2.040 million.

		As of 30 June 2014 in PLN/EUR thousand						
No.	Secured assets	credit/loan amount	security amount	currency	security amount expressed in % of the assets			
1.	Registered and financial pledge	191 000	2 040 000	PLN	55,34%			
1.1	Registered pledge on the power unit no. 3 at the Pątnów Power \mbox{Plant}^1							
1.2	Registered pledge on the power unit no. 4 at the Pątnów Power Plant ¹	0,00	0,00	PLN	0,00%			
1.3	Registered and financial pledge on rights and cash from the A and B bank account agreements of ZE PAK in PEKAO S.A. and PKO BP S.A. ¹		-,					
1.4	Registered and financial pledge on rights and cash from the IOS bank account agreements of ZE PAK in PKO BP ¹	0,00	0,00	PLN	0,00%			
1.5	Registered pledge on a set of moveable assets comprising the Fume Desulphurisation System in the Pątnów Power Plant 1	0,00	0,00	PLN	0,00%			
1.6	Registered pledge on a set of ZE PAK's assets (power units no. 1-4 in the Pątnów Power Plant) for mBank in relation to the credit of PLN 1.2 billion of 13.03.2014 ⁸	191 000	2 040 000	PLN	55,34%			
1.7	Registered pledge on bank accounts of ZE PAK SA for mBank in relation to the credit of PLN 1.2 billion of 13.03.2014 ⁸	191 000	2 040 000	PLN	55,34%			
1.8	Financial pledge on cash on the ZE PAK SA's bank accounts in the following banks: mBank, BGK, PEKAO SA, PKO BP, Millennium in relation to the credit of PLN 1.2 billion of 13.03.20148 ⁸	191 000	2 040 000	PLN	55,34%			
		159 450	400 000	EUR	54 DC0/7			
2.	Registered and financial pledge on shares in subsidiaries	30 000	339 750	PLN	54,36%′			
2.1	Registered 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	159 445	400 000	EUR	45,15% ³			
	S.A. (ZE PAK as the guarantor of the "Pątnów II" project) ²	30 000	339 750	PLN	9,22%			
3.	Mortgage	-	-	PLN	-			
3.1	Contractual joint capped rate and ordinary mortgage on lots with the land registry number KW 72269 and KW 72270 in Konin Pątnów and Kamienica in the Kazimierz Biskupi Commune for PEKAO S.A. and PKO BP S.A. ¹	0,00	0,00	PLN	0,00% ⁶			
3.2	Contractual joint mortgage established on real estates in Konin and Kazimierz Biskupi Commune, for which the District Court in Konin keeps the land registry of the following numbers: KN1N/00072269/2, KN1N1/00072270/2, KN1N/00073272/3, KN1N/00073273/0, KN1N/00091529/2 for mBank in relation to the credit of PLN 1.2 billion of 13 March 2014 ⁸	191 000	2 040 000	PLN	55,34%			

1/ Security of the syndicated loan of PLN 306 million for PAK Odsiarczanie sp. z o.o. for PKO BP S.A. and PEKAO S.A. On 30 November 2011, as result of a merger between ZE PAK S.A. and PAK Odsiarczanie Sp. z o.o., the loan was taken over by ZE PAK SA. On 2 January 2014, the loan was fully repaid by ZE PAK SA.

2/ Securities of the syndicated loan of EUR 240.00 million and the loan of PLN 226.00 million for Elektrowni Pątnów II sp. z o.o. The syndicated loan was granted by the following banks: PEKAO S.A., BRE BANK S.A. and EBOR. The loan was granted by NFOŚiGW. 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 the conversion of EUR 400,000,000.00 into PLN according to the average EUR/PLN exchange rate of 30 June 2014 amounting to 4,1609

4/ Percentage share in the conversion of EUR 400,000,000.00 into PLN according to the average EUR/PLN exchange rate of 31 December 2013 amounting to 4,1472

5/ The amounts of this securities cannot be aggregated, as they regard a single credit, of which the maximum amount of security is PLN 240 million.

6/ The amounts of this securities cannot be aggregated to point 3, as they regard only one loan, which the maximum amount of security is PLN 2.040 million.

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

8/ Securities of the syndicated loan of PLN 1.2 billion for ZE PAK SA granted by mBank, BGK, Millennium, PKO BP and PEKAO SA, signed on 13 March 2014.

o) Contingent liabilities, including guarantees and sureties granted by the entity										
CONTINGENT LIABILITIES TO RELATED ENTITIES (BY TYPE)	In	PLN thousand								
CONTINGENT LIABILITIES TO RELATED ENTITIES (BT TTPE)	30-06-2015	31-12-2014	30-06-2014							
a) Granted guarantees and warranties:	175 339	184 072	174 072							
- to subsidiaries	175 339	184 072	174 072							
- to jointly-controlled entities		-	-							
- to affiliates		-	-							
- to significant shareholder		-	-							
- To shareholder of jointly-controlled entity		-	-							
- to parent company		-	-							
b) other (by type)	1 130	1 130	1 130							
- to employees	1 130	1 130	1 130							
- to subsidiaries		-	-							
- to jointly-controlled entities		-	-							
- to affiliates		-	-							
- to significant shareholder		-	-							
- to shareholder of jointly-controlled entity		-	-							
- tor parent company		-	-							
Total contingent liabilities to related entities	176 469	185 202	175 202							

liabiliti includir ----

CONTINGENT LIABILITIES TO OTHER ENTITIES (BY TYPE)		In PLN thousand		
		30-06-2015	31-12-2014	30-06-2014
a)	Granted guarantees and warranties	0	0	0
b)	Other contingent liabilities	4 520 000	4 520 000	2 120 000
То	tal contingent liabilities to other entities	4 520 000	4 520 000	2 120 000

p) Contingent receivables including guarantees and sureties received by the entity

CONTINGENT RECEIVABLES FROM RELATED ENTITIES (BY In PLN thousand					
ТΥ	PE)	30-06-2015	30-06-2015 31-12-2014		
a)	Received guarantees and warranties, including:	3 080	470	470	
-	from subsidiaries	3 080	470	470	
-	from jointly-controlled entities				
-	from affiliates				
-	from significant shareholder				
-	from shareholder of jointly-controlled entity				
-	from parent company				
b)	Other (by type)				
-	from subsidiaries				
-	from jointly-controlled entities				
-	from affiliates				
-	from significant shareholder				
-	from shareholder of jointly-controlled entity				
-	from parent company				
То	tal contingent receivables from related entities	3 080	470	470	

CONTINGENT RECEIVABLES FROM OTHER ENTITIES (BY		In PLN thousand		
TY	PE)	30-06-2015	31-12-2014	30-06-2014
a)	Received guarantees and warranties	375 685	383 055	349 098
b)	Received bills	31 310	31 372	31 280
То	tal contingent receivables from other entities	406 995	414 427	380 378

q) Legal proceedings

Proceedings due to failure to perform obligation to maintain stocks of fuel

On 17 September 2008 and 29 May 2009, the URE President initiate proceedings due to impose a pecuniary penalty on the ZE PAK SA Company due to failure to perform obligation to maintain stocks of fuel securing continuity of supplies of electricity and heat to recipients on 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 01 March 2009.

On the basis of the decision of the President of the Energy Regulatory Office of 28 December 2010, ZE PAK SA was imposed the pecuniary penalty due to failure to perform obligation to maintain stocks of fuel in the quantity securing continuity of supplies of electricity and heat to recipients in 2008 and 2009 in the amount of PLN 1,500 thousand. The Company redeemed the provision to pay the penalty in full. On 17 January 2011, the Company appealed against the URE President before the Regional Court of Warsaw – SOKiK.

On 30 January 2014, the SOKiK decided about a dismissal of the company's appeal against the URE President's decision. After getting acquainted with the justification to the SOKiK's judgment, on 30 April 2014, the Company appealed before the Court of Appeal of Warsaw.

On 13 May 2015, the Court of Appeal in Warsaw dismissed the Company's appeal against the judgement of the Court for Protection of Competition and Consumers ("SOKiK") of 30 January 2014, which resulted in upholding the decision of the President of ERO. The Company expects delivery of the judgement of the Court of Appeal with justification, and upon analysis, it will make a decision concerning a cassation appeal filing to the Supreme Court.

Proceedings in case of the excise tax excess payment

In light of the regulations mandatory within the European Union, especially regulations of Article 21 paragraph 5 of the Energy Directive, in relation to Article 6 paragraph 1 of the Horizontal Directive, after 1 January 2006, the object of excise tax is sale of energy at the last stage of trade, i.e. sale by the distributor to the final recipient (consumer). Taxation with this tax does not cover an earlier stage of trade, e.g. between the producer of electricity and its distributor. In this case, the tax obligation arises at the time of supply of electricity to the consumer.

Due to the above fact, pursuant to Article 75 § 1, in relation to Article 75 § 2 of the Act of 29 August 1997 – Tax Ordinance (Polish Journal of Laws of 1997; Dz. U. no. 137, item 926 as amended), ZE PAK S.A. submitted applications for stating overpayment of the excise tax for 2006, 2007, 2008 as well as January and February 2009 for the total amount of PLN 626,000 thousand, with the justification that pursuant to the regulations of the EU law and the judicial decisions of the Provincial Administrative Courts, the activities executed by ZE PAK S.A. are not subject to excise tax. Particular applications were recognised at the following levels: Customs Office in Kalisz, Customs Chamber in Poznań and currently the Provincial Administrative Court in Poznań as well as the Supreme Administrative Court.

In relation to the decisions of the Administrative Courts in the cases of other energy companies regarding the overpaid excise tax, ZE PAK S.A., in cooperation with a tax advisor, analysed the resolution I GPS 1/11 of the Supreme Administrative Court of 22 June 2011 where the Supreme Administrative Court recognised that the pass-through of tax to the price excludes the possibility of refunding the excess payment. The justification of the resolution allows for the assumption of the risk that tax authorities will dismiss any claims regarding the refunding of overpayments indicating that the tax proceeding is not appropriate for such type of claims. In such case, it is possible to seek them under civil law, as a result of which expiration (on the grounds of civil law this

term is 3 years) becomes a significant issue. In relation to the above fact, on 10 February 2012, ZE PAK S.A. submitted to the District Court of Warszawa Śródmieście a summons for the State Treasury for a conciliatory hearing for the amount of approx. PLN 626,460 thousand and thus stopped the statute of limitation. The conciliatory settlement was not reached since during the hearing of 16 April 2012, case ref. no. VI Co 311/12, the representatives of the Treasury did not agree to settle. Simultaneously, on 14 September 2012, while waiting for the results of the tax proceedings regarding the previously submitted applications for excess payment, the Company submitted in writing, to the Customs Chamber in Poznań, additional explanations in the form of results of a detailed economic study, the purpose of which was to demonstrate whether the Company suffered a loss related to the payment of the excise tax, to which it was not obligated. The Company is of the opinion that the submitted document also applies to other overpayment applications from the entire period embraced by the proceedings, i.e. between January 2006 and February 2009. Ultimately, all applications were included in the cause lists of the Provincial Administrative Court (WSA) and the Supreme Administrative Court (NSA). As of the date of development of this statement, the status of the proceeding is as follows:

- Twenty two cases for the period of January 2006 - November 2007 (excluding November 2006) are conducted from the start by the Head of the Customs Office, after they were returned from the Supreme Administrative Court. We included monthly economic analyses of punitive damage. On 18 August 2014, the Company received twenty two decisions of the Head of the Customs Office dismiss the statement of overpayment. On 1 September this year, the Company submitted 22 appeals against decisions of the Head of the Customs Office to Head of the Customs Chamber, and currently, after the negative decision of the Head of the Customs Office, complaints have been filed and we are waiting for the setting date of the hearing before the Provincial Administrative Court in Poznań,

- 14 proceedings for the period of December 2007 - February 2009 (excluding July 2008) is suspended in the Provincial Administrative Court. These proceedings also included economic analysis,

- the proceeding for November 2006 was concluded with a negative result in the Supreme Administrative Court of 8 December 2011

- the proceeding for July 2008 has reached the recognition of our cassation appeal by the Supreme Administrative Court. Unfortunately, at the hearing of 29 April 2015, the Supreme Administrative Court dismissed the Company's cassation appeal and pointed out that it fully agrees with the Provincial Administrative Court of Poznań in the judgement, against which the cassation appeal was submitted.

The Company will make further actions depending on the provisions of the issued decisions.

On 1 March 2009, the Act of 6 December 2008 on excise tax came into effect and pursuant to which sale of electric energy to an entity, which is not its final recipient is not subject to excise tax.

The proceeding due to the Company's failure to perform obligation of sales of electricity on commodity

exchanges

The proceeding due to impose a pecuniary penalty on the ZE PAK SA Company due to failure to disclose irregularities based on failure to perform obligations specified in Article 49a paragraph 1 of the Act – Energy Law, that is obligation to sale electricity produced in the period between 01 January 2011 and 31 December 2011 on commodity exchanges.

On 30 June 2014, the President of the Energy Regulatory Office ("the URE President") issued a decision, in which he concluded that the Company failed to perform obligation specified in Article 49a paragraph 1 of the Act – Energy Law that is obligation to sale electricity produced in the period between 01 January 2011 and 31 December 2011 on commodity exchanges and imposed the pecuniary penalty on the Company in the amount of PLN 204,250.

On 21 July 2014, the Company appealed against the URE President before the Regional Court of Warsaw – the Court for Protection of Competition and Consumers.

On 31 December 2014, the URE President, after consideration of the Company's appeal, issued a decision, in which he changed the appealed decision reducing the pecuniary penalty to PLN 10.000 thousand.

On 23 January 2015, the Company paid the pecuniary penalty in the reduced amount and did not appeal against the decision.

The case is completed.

r) Other agreements not recognised in the balance sheet

As of 30 June 2015 and of 31 December 2014, the Company possessed no significant agreements, which were not recognised in the balance sheet.

7. Structure of revenues and costs, corporate income tax

a) Material and territorial structure of product, goods and services sales revenues.

N	IET PRODUCT SALES REVENUES (MATERIAL STRUCTURE-TYPES	In PLN ti	nousand
0	OF ACTIVITIES)	30-06-2015	30-06-2014
-	Electricity	622 525	640 598
-	Certificates of origin of energy	27 395	34 546
1	Heat energy	33 192	30 856
I	Services	59 597	58 533
-	Goods and materials	55 807	41 140
Total sales revenue		798 516	805 673
-	Including: from related entities	269 112	265 242

b) Information on operations discontinued in the accounting year or to be discontinued in the next year

Zespół Elektrowni Pątnów Adamów Konin S.A. has not discontinued any operations during the accounting year concluded on 30 June 2015.

c) Other operating revenues

		In PLN thou	sand
от	HER OPERATING REVENUES	30-06-2015	30-06-2014
a)	Reversal of the provision (including)	295	0
-	Provision for employee benefits		
-	Impairment on fixed assets		
-	Provision for property liquidation		
-	Reclamation provision	295	
-	Impairment on materials		
-	"Violet" certificates of origin		
b)	Other, including:	745	3 629
-	Grants	166	259
-	Penalties		
-	Compensations from the insurance company	430	981
-	Surpluses		
-	Impairment on receivables	1	1
-	Profit on sale of non-financial assets	96	39
-	Return of litigation costs	1	
-	Other	51	2 349
To	tal other operating revenues	1 040	3 629

d) Other operating costs

		In PLN thousand	
01	HER OPERATING COSTS	30-06-2015	30-06-2014
a)	Creation of provision (on)	443	2 850
-	Liquidation of assets	443	
-	Losses and costs		2 850
b)	other, including:	44 934	5 320
-	Loss on sale of non-financial assets		
-	Failure of power equipment	90	
-	Donations	206	
-	Cost of proceedings	647	
-	Write-off in certificates of origin "green certificates"		4 398
-	Energy equivalent for pensioners	2	
-	Update of certificates of origin "green certificates"	43 753	
-	Update of certificates of origin "red certificates"	7	
-	Penalties		206
-	Other	229	716
To	tal other operating costs	45 377	8 170

e) Financial income

EIN	IANCIAL INCOME FROM DIVIDENDS AND SHARES IN PROFITS	In PLN thousand	
FIIN	IANCIAL INCOME FROM DIVIDENDS AND SHARES IN PROFILS	30-06-2015	30-06-2014
a)	From related entities, including:	42 898	128 796
-	Subsidiaries	42 898	128 695
-	Jointly-controlled entities		
-	Affiliates		
-	Significant shareholder		
-	Shareholder of jointly-controlled entity		
-	Parent company		
b)	Other entities	49	101
Tot	tal financial income from dividends and shares in profits	42 947	128 796

		In PLN thous	and
	FINANCIAL INCOME FROM INTEREST	30-06-2015	30-06-2014
a)	From granted loans to	601	833
-	Related entities, including:	601	833
-	Subsidiaries	601	833
-	Jointly-controlled entities		
-	Affiliates		
-	Significant shareholder		
-	Shareholder of jointly-controlled entity		
-	Parent company		
-	Other entities		
b)	Other interest	589	825
-	Related entities, including:		
-	Subsidiaries	65	
-	Jointly-controlled entities		
-	Affiliates		
-	Significant shareholder		
-	Shareholder of jointly-controlled entity		
-	Parent company		
-	Other entities	524	825
То	tal financial income from interest	1 190	1 658

		In PLN th	ousand
	OTHER FINANCIAL INCOME	30-06-2015	30-06-2014
a)	Exchange gains	0	0
-	Realized		
-	Unrealized		
b)	Consumed provisions (of which)	3	2
-	Return of additional equity		
-	Interest from overdue payments	3	2
c)	Other, including:	8	325
-	Profit on sale of investment		
-	Update of value of investment		325
-	Other	8	
Tot	al other financial income	11	327

f) Financial costs

-		In PLN thou	sand
FIN	ANCIAL COSTS DUE TO INTEREST	30-06-2015	30-06-2014
a)	Credits and loans	1 444	404
-	To related entities, including:		
-	Subsidiaries		
-	Jointly-controlled entities		
-	Affiliates		
-	Significant shareholder		
-	Shareholder of jointly-controlled entity		
-	Parent company		
-	Other entities	1 444	404
b)	Other interest	9	4
-	To related entities, including:		
-	Subsidiaries		
-	Jointly-controlled entities		
-	Affiliates		
-	Significant shareholder		
-	Shareholder of jointly-controlled entity		
-	Parent company		
-	Other entities	9	4
To	al financial costs due to interest	1 453	408

OTHER FINANCIAL COSTS		In PLN tho	usand
01	HER FINANCIAL COSTS	30-06-2015	30-06-2014
a)	Exchange losses, including:	1 909	443
-	Realized	1 442	414
-	Unrealized	467	29
b)	Creation of provision (of)	208	352
-	Discount provision for property liquidation	208	352
c)	Other, including:	1 845	0
-	Impairment in receivables		
-	Update of investment value	1 385	
-	Other	460	
То	tal other financial costs	3 962	795

g) Corporate income tax - current

~~~		In PLN thous	sand
00	RPORATE INCOME TAX CURRANT	30-06-2015	30-06-2014
1.	Gross Profit (loss)	-6 561	170 263
-	Costs and losses permanently not recognised by the tax laws for the acquisition costs (+)	1 278	1 291
-	Costs and losses temporarily not recognised by the tax laws for the acquisition costs (+)	163 941	83 259
-	Revenues not included in the tax base (-)	76 115	161 451
-	Tax revenues unrecognised in the result of the financial year (+)	0	4 931
-	Other changes in the tax base provided in the tax regulations	-141 615	- 92 337
4.	Income tax base	-59 072	5 956
	- gifts		10
5.	Income tax base		5 946
6.	Income tax	0	1 130
7.	Tax increases, foregones, exemptions, deductions and reductions	9	9
8.	Adjustment for the previous years		- 145
8.	Current income tax, including:	9	994
-	showed in the income statement	9	994
-	relating to items that increased or decreased the equity		
-	relating to items that decreased or increased goodwill or negative goodwill		

DEFERRED INCOME TAX SHOWED IN THE INCOME STATEMENT		In PLN th	nousand
U	EFERRED INCOME TAX SHOWED IN THE INCOME STATEMENT	30-06-2015	30-06-2014
-	decrease (increase) due to generation and reversal of temporary differences	-9 192	7 315
-	decrease (increase) due to a change in tax rates		
-	decrease (increase) due to the previously unrecognised tax loss, tax relief, or temporary difference of the previous period		
-	decrease (increase) due to the write-off of the deferred income tax assets or inability to use the provision for the deferred income tax		
-	other deferred tax components (by title)		
-			
Т	otal deferred income tax	-9 192	7 315

## h) The asset and deferred tax provision

#### As of 30.06.2015

No.	Subject	Assets	Provision
1)	costs and losses, which will reduce or increase the tax base in the future, including:		
	- annual bonus	1 584	
	provision for audit costs	0	
	provision for anniversary premiums, the energy equivalent, retirement benefits, survival benefits	2 212	
	provision for leave	615	
	accrued interest on credits and loans	30	
	provision for materials	728	
	RMB green certificates	54	
	RMB red certificates	9	
	RMB white energy	0	
	RMB purple certificates	3	
	RMB yellow certificates	22	
	provision for liquidation of assets	2 659	
	incurred costs of the liquidation of SMT El. Pątnów		
	provision for financial assets	2 220	
	provision for receivables	4 951	
	tax and balance sheet depreciation of fixed assets		62 437
	valuation of the cash and foreign exchange account, settlements	1	
	social security contributions (ZUS) from remuneration	511	
	unpaid remuneration – contracts of mandate	16	
	costs related to the future sale of assets	3	
	provision for reclamation	444	
	The tax and balance sheet subsidy of fixed assets in the sale-and-leaseback.	226	
	provision of CO2 emission allowances	23 368	
	purchased EUAs, CERs, ERUs		36 856
	tax loss for current period	9 277	
	tax loss for this year	11 224	
2)	the revenues, which will increase the tax base in the future		
	accrued interest on the granted loan, deposits		171
	loan valuation		932
	green and red certificates in stock		22 344
	paid commission on the credit settled in time		87
	valuation of the cash and foreign exchange account, settlements		15
	TOTAL:	60 157	122 842
	The presented amount, deferred income tax		62 685

### As of 31.12.2014

No.	Subject	Assets	Provision
1)	costs and losses, which will reduce or increase the tax base in the future, including:		
	- annual bonus	2 646	
	provision for audit costs	23	
	provision for anniversary premiums, the energy equivalent, retirement benefits, survival benefits	5 192	
	provision for leave	333	
	accrued interest on credits and loans	24	
	provision for materials	728	
	RMB green certificates	162	
	RMB red certificates	13	
	RMB white energy	53	
	RMB purple certificates	6	
	RMB yellow certificates	23	
	provision for liquidation of assets	2 536	
	incurred costs of the liquidation of SMT El. Pątnów		
	provision for financial assets	2 220	
	provision for receivables	4 951	
	tax and balance sheet depreciation of fixed assets		60 176
	impairment write-down of the fixed assets		
	valuation of the cash and foreign exchange account, settlements		
	social security contributions (ZUS) from remuneration	516	
	unpaid remuneration – contracts of mandate	17	
	costs related to the future sale of assets	3	
	provision for reclamation	499	
	The tax and balance sheet subsidy of fixed assets in the sale-and-leaseback.	238	
	Accrued write-off for MFŚS		
	the Elektrim Megadex contractual penalty	420	
	provision of CO2 emission allowances	23 186	
	purchased EUAs, CERs, ERUs		37 282
	tax loss for 2013.	134	
	tax loss for this year	9 142	
2)	the revenues, which will increase the tax base in the future		
	accrued interest on the granted loan, deposits		84
	loan valuation		1 196
	green and red certificates in stock		25 787
	accrued compensation for property damages		228
	paid commission on the credit settled in time		87
	valuation of the cash and foreign exchange account, settlements		103
	TOTAL:	53 065	124 943
	The presented amount, deferred income tax		71 878

### As of 30.06.2014 (unaudited)

No.	Subject	Assets	Provision
1)	costs and losses, which will reduce or increase the tax base in the future, including:		
	annual bonus	1 488	
	provision for audit costs		
	provision for anniversary premiums, the energy equivalent, retirement benefits, survival benefits	17 629	
	provision for leave	618	
	accrued interest on credits and loans	62	
	provision for materials	741	
	RMB green certificates	97	
	RMB red certificates		
	RMB white energy		
	RMB purple certificates	3	
	provision for liquidation of assets	2 917	
	incurred costs of the liquidation of SMT El. Pątnów		
	provision for financial assets	2 220	
	provision for receivables	4 951	
	tax and balance sheet depreciation of fixed assets		59 825
	impairment write-down of the fixed assets -		
	valuation of the cash and foreign exchange account, settlements	23	
	social security contributions (ZUS) from remuneration	447	
	unpaid remuneration – contracts of mandate	13	
	costs related to the future sale of assets	3	
	provision for reclamation	531	
	the tax and balance sheet subsidy of fixed assets in the sale-and-leaseback.	240	
	Accrued write-off for MFŚS		
	the Elektrim Megadex contractual penalty	937	
	provision of CO2 emission allowances	11 553	
	purchased EUAs, CERs, ERUs		18 989
	tax loss for 2013.	172	
2)	the revenues, which will increase the tax base in the future		
	accrued interest on the granted loan, deposits		257
	loan valuation		936
	green and red certificates in stock		25 028
	accrued RAFAKO contractual penalty		
	valuation of the cash and foreign exchange account, settlements		
	TOTAL:	44 645	105 035
	The presented amount, deferred income tax		60 390

## i) Cost data by type

		In PLN t	housand
	COST BY TYPE	30-06-2015	30-06-2014
a)	depreciation	41 743	47 061
b)	materials and energy consumption	392 900	406 838
c)	external services	85 077	91 993
d)	taxes and charges	137 475	78 048
e)	remuneration	67 818	50 496
f)	social security and other benefits	16 627	16 478
g)	other costs by type (for)	5 964	9 128
То	tal costs by type	747 604	700 042
cha	ange in inventories, products and prepayments	2 208	21 748
	e cost of manufacturing products for the own needs (negative ue)	-79	-195
Со	sts of sales (negative value)	-1 341	-1 569
Ov	erheads (negative value)	-16 860	-19 243
Со	st of manufacturing the sold products	731 532	700 783

## j) Information on extraordinary profits and losses

During the financial period, extraordinary profits or losses did not occur.

## k) Explanatory notes to the cash flow statement

Liabilities in PLN thousand	30-06-2015	30-06-2014
The balance sheet change in long-term and short-term liabilities	151 611	83 820
Change in credits as well as long-term and short-term loans	-196 466	-99 895
Change in lease liabilities	-419	15
Change in liabilities due to dividend	-60 988	-34 560
Change in liabilities due to the construction in accumulation	41 620	-2 049
Change in liabilities in the cash flows statement	-64 642	-52 669

Liabilities in PLN thousand	30-06-2015	30-06-2014
The balance sheet change in provisions	-24 064	-53 485
Provision due to the redemption of CERs	119 343	128 066
Change in provisions in the cash flows statement	95 279	74 581

Investment activity	30-06-2015	30-06-2014
Profit/loss on disposal of non-financial fixed assets	-96	-39
Profit/loss on disposal of investments	312	
Investment abandonment		
Disclosure of fixed assets		
Revaluation of fixed assets		
Payment return to the capital		
Profit (loss) on investment activities in the cash flow statement	216	-39

Receivables in PLN thousand	30-06-2015	30-06-2014
Change in balance of receivables	7 623	-1 491
Receivables due to dividends	15 434	4 565
Change in balance of receivables in CF Statement	23 057	3 074

Accruals and provisions in PLN thousand	30-06-2015	30-06-2014
Change in balance of long-term provisions	1 222	-3 430
Change in balance of short-term provisions	-1 752	-4 049
Change in balance of accruals	17 476	19 131
Cost of financing for activation	71	3 557
Change in accruals and provisions in CF Statement	17 017	15 209

# 8. Transactions with related Companies that are not recognised by the consolidated financial statement.

### 6 months period ended 30 June 2015

Entity	Sale	Purchase	Receivables	Liabilities
Elektrim S.A.				
PAI MEDIA S.A.				
Elektrim Magadex S.A.				
Megadex Serwis Sp. z o.o.	7	57 437	742	12 838
Energia-Nova S.A.				
Polkomtel sp. z o.o.	43	562	15	709
Centernet S.A.				
WKS Śląsk Wrocław S.A.				
Laris Investments sp. z o.o.		101		21
Total	49	58 100	757	13 568

#### 6 months period ended 30 June 2014

Entity	Sale	Purchase	Receivables	Liabilities
Elektrim S.A.				
PAI MEDIA S.A.				
Elektrim Magadex S.A.				
Megadex Serwis Sp. z o.o.	6	39 506		11 891
Energia-Nova S.A.				
Polkomtel sp. z o.o.	42	84	9	19
Centernet S.A.				
WKS Śląsk Wrocław S.A.				
Laris Investments sp. z o.o.		102		
Total	48	39 692	9	11 910

# 9. Transactions with the capital-related Companies that are recognised by the consolidated financial statement.

01-01-2015 - 30-06-2015	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. w likwidacji	PAK Centrum Badań Jakości sp. z o.o. w likwidacji	PAK Górnictwo sp. z o.o.	Energoinwest Serwis sp. z o.o.	PAK KWB Konin S.A.	PAK KWB Adamów S.A.	PAK Volt S.A.	EKO- Surowce sp. z o.o	EL PAK Serwis sp. z o.o.	AQUAKON sp. z o.o.	Total
Purchase	43 144	31 183	6 823		116				1 734	185 931	122 913	2	1 057		121	393 024
Sale	3 555	991	7 853	24	44 233			80	341	2 114	923	208 239	226	359	123	269 061
Interest - financial costs																0
Interest - financial income					601					65						666
Received dividends and shares in profits	12 000		3 096			1 618	-312					10 800				27 202
Foreign exchange rate differences - costs					1 385											1 385
Foreign exchange rate differences - income																0
Receivables due to deliveries, works and services	676	211	1 614		9 297			16	120	798	328	29 186	68	60	31	42 405
Liabilities due to deliveries, works and services	18 801	6 022	1 399		20				834	26 496	18 649	200	268		28	72 717
Granted loans					92 106											92 106
Received loans																0
Other receivables	12 384	3 000								7 522						22 906
Granted advance payments										12 195						12 195
Other liabilities	3 065	5 298			4								16			8 383

01-01-2014 - 30-06-2014	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.	PAK Volt S.A.	Total
Purchase	45 496	20 546	6 189		24	5 520	5 981		918	188 045	147 397		420 116
Sale	3 737	602	6 928	2	47 743	398	370	65	33	325	218	204 739	265 160
Interest - financial costs													0
Interest - financial income					833								833
Received dividends and shares in profits													0
Foreign exchange rate differences - costs													0
Foreign exchange rate differences - income					325								325
Receivables due to deliveries, works and services	698	128	1 419		25 728	73	69	7	17	209	135	27 527	56 010
Liabilities due to deliveries, works and services	19 279	9 731	1 269		14	50	1 728		404	21 250	19 989	200	73 914
Granted loans					106 810								106 810
Received loans													0
Other receivables													0
Granted advance payments										1 485			1 485
Other liabilities	4 887	3 224				4 334	1 414						13 859

## 10. CO2 allowances

Since 01 January 2013, the next reporting period of 2013 – 2020 concerning CO2 allowances has been applicable. This period's assumption is granting the Company the free EUA allowances resulting from the production of heat. Although, power engineering was additionally covered by the opportunity of derogation. Derogation resulting from Article 10c of the ETS Directive is based on granting additional free allowances, provided that declared investment expenses for investments reported to the National Investment Plan are paid.

In 26 September 2013, the Ministry of Economy, in consultation with the Ministry of Environment, submitted a list of installations producing electricity, which are covered by the EU ETS system with free allowances for carbon dioxide emissions in the reporting period 2013-2020. The presented list is consistent with the Polish Application on the transitional allocation of free allowances for the modernization of electricity generation based on Article 10c paragraph 5 of Directive 2003/87/EC of the European Parliament and of the Council (the so-called derogation application) that meets the requirements of the Commission Decision of 13 July 2012 C (2012) 4609.

The following table shows the obtainable quantities of free CO2 allowances for the installation of the Company generating electricity.

Operator	Installation code according to	2013	2014	2015	2016	2017	2018	2019	2020*
	KPRU III	(in tonnes)							
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, the complete liquidation of free allocation of CO2 allowances, granted under the derogation for electricity generators, will take place. As a result, in 2020, the Group will be entitled only to significantly lower limits of free allowances granted in connection with the heat production.

Granting of free CO2 emission allowances for the 2013 - 2020 period, in accordance with Article 10c of the ETS Directive, is conditioned by the fulfilment by an entity receiving emission allowances, a certain level of investment expenses, which were reported to the National Investment Plan (KPI), attached to the derogation application.

On 03 April 2014, the resolution of the Council of Ministers of 31 March 2014 on the list of systems other than producing electricity included in the system of greenhouse gases allowances trade in the reporting period commencing on 1 January 2013 and the number of allowances granted to them was issued. Thus, on 8 April this year, ZE PAK obtained free CO2 allowances for 2013 and 2014 resulting from the production of the electricity in the number of 312,468 EUAs.

Then, on 10 April 2014, the resolution of the Council of Ministers of 8 April 2014 on the list of systems producing electricity included in the system of greenhouse gases allowances trade in the reporting period commencing on 1 January 2013 and the number of allowances granted to them was issued. As a result, on 12 April this year, The Company obtained free CO2 allowances resulting from Article 10c (derogations) in the number of 1,682,800 EUAs.

After introduction of opportunity to exchange ERUs and CERs for equivalent EUAs into the EU ETS register, on 31 March this year, the Company exchanged ERUs into EUAs in the number of c. 0.44 million, remaining CERs in the number about 0.15 million for exchange into EUAs later.

On 14 April 2014, the allowances in the number of 10,596,756 tonnes for 2013 were redeemed.

In the four-quarter period of 2014, the Company purchased nearly 7.2 million EUAs (of which 2.9 million EUAs for 2015) and 0.29 million ERUs. Purchasing ERUs, the Company used the opportunity to purchase 11% EUAs in order to exchange them for cheaper CERs or ERUs (10% from the 2008-2012 period, and 1% from the 2013-2020 period) and, in the same time, finished exchange of EUA/CER units or ERUs in the 2013-2020 period.

In September 2014, the Company submitted the material and financial statement for the period between 01 July 2013 and 30 June 2014 on realisation of investment expenses incurred for tasks reported to the National Investment Plan and, at the same time, applied for 2,241,959 free EUAs.

In December 2014, the Company exchanged 0.15 million CERs (146,070 CERs) for EUAs.

After these operations as of 1 January 2015 balance of EUA account of the Company was equal to 10,7 million EUA.

In the I half of 2015 PAK purchased 3 994 000 EUA's. At the same time in April 2015 ZE PAK received "free" allocation of EUA's according to Art. 10 c in amount of 2 241 959 EUA (according to resolution of RM as of 13 April 2015 changing the resolution of RM as of 8 April 2014), which ware used to for redemption 2014 r. and 121 398 EUA free allowances according to Article 10a. (according to resolution of RM as of 10 April 2015 changing resolution of RM as of 31 March 2014), which are to be used in 2016 for redemption of 2015. At the end of April 2015 ZE PAK redeemed 10 085 564 EUA's as coverage of 2014 emissions. According to mentioned above balance of EUA as of 30.06 2015 is 6 969 205 EUA.

## 11. Dividend payment

On 29 June 2015 Ordinary General Meeting of the ZE PAK S.A. adopted a resolution No. 5 on distribution of net profit for the financial year 2014 in amount of PLN 204 642 thousand in presented below manner:

a) amount equal to PLN 60 988 thousand was allocated for dividend payment,

b) amount equal to PLN 143 654 thousand was allocated for supplementary capital of the Company.

Day of the dividend is placed on 28 September 2015, and day of the dividend payment is placed on 14 October 2015.

## 12. Consolidated financial statement

The ZE PAK SA Capital Group, where the Company is the parent company, will draw up the consolidated financial statement for 30 June 2015, including statements of the following companies:

Item	Name	Registered office	Activity profile	Commitment
1.	PAK SERWIS sp. z o.o.	Konin	construction and installation services and repair	100% of shares
2.	EL PAK sp. z o.o.	Konin	repair services of electrical devices and automation	100% of shares
3.	PAK GÓRNICTWO sp. z o.o.	Konin	coal extraction	100% of shares, 9% of which held the indirect share through PAK Centrum Badań Jakości
4.	"Elektrownia Pątnów II" sp. z o.o.	Konin	construction of the 464 MW power unit	100% of shares the indirect share through PAK HOLDCO
5.	PAK HOLDCO sp. z o.o.	Konin	exercising the rights of the held shares of Elektrownia Pątnów II	100% of shares
6.	PAK INFRASTRUKTURA sp. z o.o.	Konin	services of the energy installations management	100% of shares
7.	ENERGOINWEST SERWIS sp. z o.o.	Konin	construction and installation services and repair	100% of shares of PAK SERWIS
8.	CENTRUM USŁUG INFORMATYCZNYCH sp. z o.o. w likwidacji	Konin	comprehensive IT services	100 % shares, Liquidation of the company in I half of 2015
9	PAK Centrum Badań Jakości sp. z o.o. w likwidacji	Konin	tests, measurement and chemical analyses	100 % shares, Liquidation of the company in I half of 2015
10.	PAK KWB KONIN S.A.	Kleczew	coal extraction	94,10 % shares
11.	PAK KWB ADAMÓW	Adamów	coal extraction	98,15 % shares
12.	PAK VOLT S.A.	Warszawa	electricity sales	100% shares
13.	Aquakon sp. z o.o.	Sompolno	Production and trade of mineral waters	90,53 % shares The indirect share through PAK KWB Konin
14.	EKO-Surowce sp. z o.o.	Kleczew	Railway transport of lignite , sale of lignite	94,10 % shares The indirect share through PAK KWB Konin
15.	EL PAK Serwis sp. z o.o.	Konin	repair services of electrical devices and automation	100 % shares EL PAK

Konin, 31 August 2015

The Management Board of Zespołu Elektrowni Pątnów – Adamów-Konin SA

Prepared by

# ZESPÓŁ ELEKTROWNI PĄTNÓW-ADAMÓW-KONIN S.A.

# MANAGEMENT BOARD'S REPORT ON ZE PAK S.A. OPERATIONS FOR THE I HALF OF 2015

*This is a translation of the document issued originally in Polish language. The Polish original should be referred to in matters of interpretation.* 

# **TABLE OF CONTENTS**

1.	SELE	CTED FINANCIAL DATA	3
NO	N-CUF	RENT ASSETS	3
CU	RREN'	Г ASSETS	3
TO	ГAL E	QUITY	3
SHA		APITAL	
2.	DESC	RIPTION OF THE COMPANY AND THE CAPITAL GROUP	
	2.1.	BASIC INFORMATION	
	2.2.	STRUCTURE	
	2.3.	COMPOSITION OF THE MANAGEMENT BOARD	
3.	SIGN	IFICANT EVENTS AFFECTING THE GROUP'S ACTIVITY	6
	3.1.	SIGNIFICANT ACHIEVEMENTS AND FAILURES DURING THE PERIOD COVERED BY THE REPORT	6
		Short description of the achieved financial results	6
		The description of factors and events, especially unusual events, substantially affecting the	
		assets, liabilities, capital, net financial result or cash flows	
		Execution of the investment programme	10
	3.2.	OTHER SIGNIFICANT EVENTS OF THE REPORTING PERIOD AND EVENTS AFTER THE BALANCE SHEET	
		DATE	11
4.		RMATION ON SIGNIFICANT PROCEEDINGS PENDING BEFORE A COURT, A	
		Y COMPETENT FOR ARBITRATION PROCEEDINGS OR A PUBLIC	
		INISTRATION BODY RELATED TO ZE PAK S.A. OR SUBSIDIARIES SOLIDATED UNDER THE GROUP	11
5.		RMATION REGARDING THE SHAREHOLDING STRUCTURE	
5.	5.1.	SHAREHOLDERS HOLDING, EITHER DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST	14
	5.1.	5% OF THE TOTAL NUMBER OF VOTES	12
	5.2.	LIST OF THE SHAREHOLDING STRUCTURE OF THE MANAGEMENT AND SUPERVISING PERSONNEL	
6.		ION OF THE MANAGEMENT BOARD ON THE POSSIBILITY OF EXECUTION OF	15
υ.		NCIAL FORECASTS PUBLISHED EARLIER	13
7.		RMATION REGARDING THE PAID OR DECLARED DIVIDENDS	
8.		RMATION ON THE CONCLUSION BY ZE PAK S.A. OR ENTITIES CONSOLIDATED	
		ER THE GROUP OF SIGNIFICANT TRANSACTIONS WITH ENTITIES AFFILIATED	
		UANT TO CONDITIONS OTHER THAN MARKET CONDITIONS	13
9.	INFO	RMATION ON GRANTING BY ZE PAK S.A. OR ENTITIES CONSOLIDATED	
	UND	ER THE GROUP OF SIGNIFICANT GUARANTEES, SURETIES, CREDITS OR LOANS	14
10.		RMATION CONCERNING THE ISSUE, REDEMPTION, AND REPAYMENT OF NON-	
		TY AND CAPITAL SECURITIES	14
11.		ORS WHICH, IN THE MANAGEMENT BOARD'S OPINION, WILL AFFECT THE	
	COM	PANY'S RESULTS IN THE PERSPECTIVE OF AT LEAST ONE QUARTER	14
	11.1.	MACRO-ECONOMIC TRENDS IN THE POLISH ECONOMY AND THE DEMAND FOR ELECTRICITY	14
	11.2.	REGULATORY ENVIRONMENT	15
	11.3.	ELECTRICITY PRICES	16
		PRICES AND SUPPLY OF CERTIFICATES OF ORIGIN	
		FUEL COSTS, COAL EXTRACTION COSTS	
		CO ₂ ALLOWANCE COSTS	
		SEASONALITY AND METEOROLOGICAL CONDITIONS	
		INVESTMENT EXPENSES	
		EUR/PLN EXCHANGE RATE, THE LEVEL OF INTEREST RATES	
12.		ARATIONS OF THE MANAGEMENT BOARD	
	12.1.	DECLARATION ON THE RELIABILITY OF DEVELOPMENT OF THE FINANCIAL STATEMENT	21
	12.2.	DECLARATION ON THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENT	21

# 1. SELECTED FINANCIAL DATA

	PLN thousand	PLN thousand	EUR thousand	EUR thousand
	6 months of 2015	6 months of 2014	6 months of 2015	6 months of 2014
	period	period	period	period
	from 01.01.2015 to 30.06.2015	from 01.01.2014 to 30.06.2014	from 01.01.2015	from 01.01.2014
	10 30.00.2013	10 30.00.2014	to 30.06.2015	to 30.06.2014
Net sales revenue from sale of products, goods and materials	798 516	805 673	193 154	192 819
Profit/Loss from operational activities	(45 294)	40 685	(10 956)	9 737
Gross Profit/Loss	(6 561)	170 263	(1 587)	40 748
Net Profit/Loss	2 622	161 954	634	38 760
Net cash flow from operational				
activities	(48 359)	29 648	(11 698)	7 096
Net cash flow from investing				
activities	(218 377)	(96 149)	(52 823)	(23 011)
Net cash flow from financing	100.660	05.042	15.055	22.0.42
activities	189 662	95 943	45 877	22 962
Net cash flow	(77 074)	29 442	(18 643)	7 046
Profit per share (in PLN/EUR per share)	0,05	3,19	0,01	0,76
Average weighted number of				
shares	50 823 547	50 823 547	50 823 547	50 823 547
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
	as of	as of	as of	as of
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Total assets	4 037 354	3 950 698	962 558	926 893
Non-current assets	3 586 924	3 430 881	855 170	804 937
Current assets	450 430	519 817	107 388	121 957
Total equity	2 937 594	2 995 960	700 361	702 897
Share capital	101 647	101 647	24 234	23 848
Liabilities and provisions for				
liabilities	1 099 760	954 738	262 197	223 996
Long-term liabilities	508 532	338 049	121 241	79 311
Short-term liabilities	323 232	342 105	77 063	80 263
Book value per share (in PLN/EUR per share)	57,80	58,95	13,78	13,83
Average weighted number of	57,80	50,75	13,70	13,03
shares	50 823 547	50 823 547	50 823 547	50 823 547

Above financial data were converted into EUR according to the following exchange rates:

• particular items of statement of comprehensive income (Profit & loss account) and statement of cash flows (Cash flow) – according to the exchange rate constituting an arithmetic average of average exchange rates set out by the National Bank of Poland at the end of every month of the reporting period starting from 1 January 2015 to 30 June 2015, which is 4,1341 EUR/PLN and starting from 1 January 2014 to 30 June 2014, which is 4,1784 EUR/PLN;

• particular items of the Statement of financial position (Balance sheet) according to average EUR/PLN exchange rate published by the National Bank of Poland as of 30 June 2015, which is 4,1944 EUR/PLN and as of 31 December 2014, which is 4,2623 EUR/PLN.

# 2. DESCRIPTION OF THE COMPANY AND THE CAPITAL GROUP

#### 2.1. Basic information

As at 30 June 2015 the ZE PAK Capital Group (hereinafter referred to as the Group, ZE PAK Capital Group or GK ZE PAK) is composed of a dominant entity Zespół Elektrowni Pątnów-Adamów-Konin S.A. and fourteen subsidiaries i.e. Elektrownia Pątnów II Sp. z o.o. (hereinafter referred to as the EPII), PAK Volt S.A., PAK Kopalnia Węgla Brunatnego Adamów S.A. (hereinafter referred to as the PAK KWBA S.A.), PAK Kopalnia Węgla Brunatnego Konin S.A. (hereinafter referred to as the PAK KWBK S.A.), PAK Kopalnia Węgla Brunatnego Konin S.A. (hereinafter referred to as the PAK KWBK S.A.), Przedsiębiorstwo Remontowe PAK Serwis Sp. z o.o. (hereinafter referred to as the PAK Serwis Sp. z o.o.), EL PAK Serwis Sp. z o.o. (hereinafter referred to as the PAK Serwis Sp. z o.o.), EL PAK Serwis Sp. z o.o., Ochrona Osób i Mienia ASEKURACJA Sp. z o.o. in liquidation, Aquakon Sp. z o.o., PAK Infrastruktura Sp. z o.o. All companies belonging to the Group are seated in Poland. Consolidation covers all the above-mentioned companies and the effect of consolidation of one subsidiary of PAK KWBK S.A. (Ochrona Osób i Mienia Asekuracja Sp. z o.o. in liquidation) is not significant for the result of the Capital Group.

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

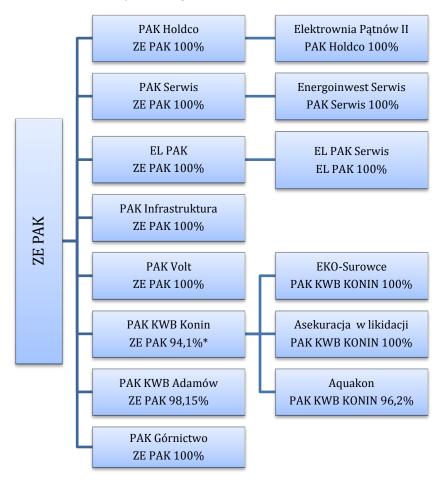
The production facilities of the Group include four lignite-fired power plants located in the central part of Poland in the Wielkopolskie voivodship. These are the Pątnów II Power Plant which is equipped with a supercritical power unit, Pątnów I Power Plant, Adamów Power Plant and Konin Power Plant equipped additionally with 55 MW power unit with biomass fired boiler. Total achievable gross power output of the production facilities of the Group was 2462 MWe as of 30 June 2015.

The Group's mining assets are concentrated in three companies. (1) The PAK KWBK, which currently operates on Jóźwin, Tomisławice and Drzewce open casts, (2) the PAK KWBA, which operates on Adamów and Koźmin open casts as well as (3) PAK Górnictwo S.A. which executes works related to search and identification of lignite deposits in the areas of Poniec-Krobia and Oczkowice in the southern Wielkopolskie Province.

Majority of the Group's sales revenue is derived from sale of electricity (both generated within the Group and purchased for resale) and revenue from energy certificates. This is supplemented by revenues from sale of heat and from construction contracts. An additional sales revenue, which depends on the level of electricity prices on the market as well as the volume of generated electricity, is revenue from termination of long-term contracts for sale of electricity (Power Purchase Agreements), generated by Elektrownia Pątnów II Sp. z o.o. ZE PAK S.A., by purchasing lignite mines, provided the Group with an access to continuous supplies of lignite for its own power plants located in the direct vicinity of mines. The vertically integrated Group allows for optimization of lignite inventories and supplies while coordinating lignite extraction with its requirements for this fuel. The requirements for biomass are satisfied by the supplier of this raw material.

#### 2.2. Structure

Picture 1: Structure of the Group as at 30 June 2015



* As at 30 June 2015 ZE PAK S.A. share in capital of PAK KWBK S.A. presented in share book is 85%, and not includes shares acquired from employees.

Table 1: Listing of the Group companies	(without ZE PAK S.A.)
-----------------------------------------	-----------------------

Entity	Registered office	Scope of activity	Percentage of capital held by Group as of:	
			30.06.2015	31.12.2014
Przedsiębiorstwo Remontowe "PAK SERWIS" sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Construction and repair services	100,00%	100,00%
Przedsiębiorstwo Serwisu Automatyki i Urządzeń "EL PAK" sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Services related to industrial automatics and electric appliances maintenance	100,00%	100,00%
"Elektrownia Pątnów II" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electric energy production and distribution from the new 464 MW power unit	100,00%*	100,00%*
"PAK – HOLDCO" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Holding activity	100,00%	100,00%
"PAK Infrastruktura" sp. z o.o.	62-510 Konin ul. Kazimierska 45	General construction of engineering objects, not classified elsewhere	100,00%	100,00%
"PAK Centrum Usług Informatycznych" sp. z o.o. w likwidacji	62-510 Konin ul. Kazimierska 45	IT services	-	100,00%

#### ZESPÓŁ ELEKTROWNI PĄTNÓW – ADAMÓW – KONIN S.A. MANAGEMENT BOARD'S REPORT ON ZE PAK S.A. OPERATIONS FOR THE I HALF OF 2015

"PAK Centrum Badań Jakości" sp. z o.o. w likwidacji	62-510 Konin ul. Przemysłowa 158	Research and chemical analysis	-	100,00%
"PAK GÓRNICTWO" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Lignite extraction	100,00%	100,00%
Energoinwest Serwis sp. z o.o.	62-510 Konin ul. Spółdzielców 3	Construction and repair services	100,00%*	100,00%*
PAK Kopalnia Węgla Brunatnego Konin S.A.	62-540 Kleczew ul. 600-lecia 9	Lignite extraction	94,1%**	85,00%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	62-700 Turek ul. Uniejowska 9	Lignite extraction	98,15%	85,00%
Ochrona Osób i Mienia "ASEKURACJA" sp. z o.o. w likwidacji	62-540 Kleczew ul. 600-lecia 9	Security guard services relating to people and property	94,1%*	85%*
"Aquakon" sp. z o.o.	62-610 Sompolno Police	Mechanical services, repairs, reclamation of land, production and trade of mineral water	90,5%*	81,8%*
Eko-Surowce sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	vulcanization services, sale of lignite	94,1%*	85%*
KWE sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	Preparation for construction of wind farms, generation of electricity	-	42,5%*
PAK-Volt S.A.	00-834 Warszawa ul. Pańska 77/79	Trade of electricity	100,00%	100,00%
EL PAK Serwis sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and maintenance of electric equipment, repair and maintenance of machines.	100,00%*	100,00%*
Centrum Zdrowia i Relaksu "Verano" sp. z o.o.	78-100 Kołobrzeg ul. Sikorskiego 8	SPA services	23,53%*	21,25%*

* indirect share via companies from ZE PAK Group.

** As at 30 June 2015 ZE PAK S.A. share in capital of PAK KWBK S.A. presented in share book is 85%, and not includes shares acquired from employees.

#### 2.3. Composition of the Management Board

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

- Katarzyna Muszkat President of the Management Board
- Anna Striżyk Vice President of the Management Board
- Piotr Jarosz Vice President of the Management Board
- Sławomir Sykucki Vice President of the Management Board

In I half of 2015 there were no changes in the Management Board of the parent company.

### 3. SIGNIFICANT EVENTS AFFECTING THE GROUP'S ACTIVITY

# 3.1. Significant achievements and failures during the period covered by the report

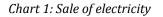
#### Short description of the achieved financial results

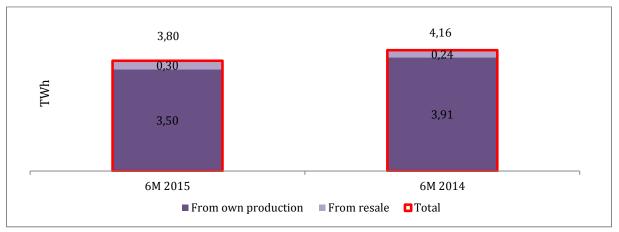
In 2015, net income from sales of products, goods and materials in the first half-year amounted to PLN 798,516 thousand and they decreased by PLN 7,157 thousand in comparison to the first half-year of 2014, i.e. by 0.89%.

The Company recorded a decrease in revenues from sale of electricity by PLN 2,694 thousand, i.e. by 0.40%, as a result of the decrease in volume of sale by 0.36 TWh, i.e. by 8.64%, as the average price increased by PLN 14.74/MWh, i.e. by 9.02%.

In the first half-year, the obtained revenues from sale of property rights was also lower by PLN 7,151 thousand, i.e. by 20.70% due to the lower average market price of green certificates by PLN 85.35/MWh, i.e. 39.72%, and as the volume of production increased at the same time by 0.04 TWh, i.e. by 26.34%.

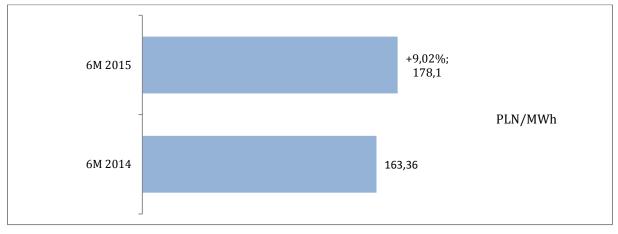
The revenues from sale of heat in the first half-year of 2015 were higher than those achieved in the first half-year of the previous year by PLN 2,337 thousand, i.e. 7.57%, thanks to higher executed production and price.



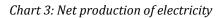


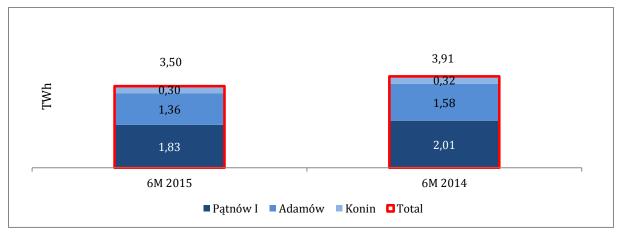
Source: own data

Chart 2: Average electricity sale prices



Source: own data





#### Source: own data

#### Table 2: Specification of sales revenue

	PLN thousand	PLN thousand	PLN thousand	%
	6 months period ended 30 June 2015	6 months period ended 30 June 2014	change	dynamics
Revenue from sales of products	742 709	764 533	(21 824)	(2,85)
Revenue from sale of ware:	683 112	705 999	(22 887)	(3,24)
<ul> <li>electricity</li> </ul>	622 525	640 598	(18 073)	(2,82)
<ul> <li>certificates of origin</li> </ul>	27 395	34 546	(7 151)	(20,70)
– heat	33 192	30 855	2 337	7,57
Revenue from sale of services	59 597	58 533	1 064	1,82
Revenue from sale of goods and materials	55 807	41 140	14 667	35,65
Revenue from sale of goods (electricity)	53 725	38 346	15 379	40,11
Revenue from sale of materials	2 082	2 794	(712)	(25,48)
Sale revenue including:	798 516	805 673	(7 157)	(0,89)
Electricity (products and goods)	676 250	678 944	(2 694)	(0,40)

Table 3: Chosen items from profit and loss account

	PLN thousand	PLN thousand	PLN thousand	%
	6 months period	6 months period	change	dynamics
	ended 30 June	ended 30 June		
	2015	2014		
Net revenue from sales of products, goods and materials,				
including:	798 516	805 673	(7 157)	(0,89)
Cost of sold products, goods and				
materials, including:	781 272	739 635	41 637	5,63
<ul> <li>Cost of products sold</li> </ul>	731 532	700 783	30 749	4,39
<ul> <li>Value of goods and materials sold</li> </ul>	49 740	38 852	10 888	28,02
Gross Profit (loss) from sale	17 244	66 038	(48 794)	(73,89)
Selling expenses	1 341	1 569	(228)	(14,53)
Administrative expenses	16 860	19 242	(2 382)	(12,38)
Profit (loss) on sales	(957)	45 226	(46 183)	-
Other operating income	1 040	3 629	(2 589)	(71,34)
Other operating expenses	45 377	8 170	37 207	455,41
Operating profit (loss)	(45 294)	40 685	(85 979)	-
Finance income	44 148	130 781	(86 633)	(66,24)
Finance costs	5 415	1 203	4 212	350,12
Gross profit (loss) on ordinary activities	(6 561)	170 263	(176 824)	-
Gross profit (loss)	(6 561)	170 263	(176 824)	-
Income tax	(9 183)	8 309	(17 492)	-
Net profit (loss)	2 622	161 954	(159 332)	(98,38)

#### Table 4: Costs by type

	PLN thousand	PLN thousand	PLN thousand	%
	6 months period ended 30 June 2015	6 months period ended 30 June 2014	change	dynamics
Depreciation/Amortization	41 743	47 061	(5 318)	(11,30)
materials and energy consumption	392 900	406 838	(13 938)	(3,43)
external services	85 077	91 993	(6 916)	(7,52)
taxes and charges, including:	137 475	78 048	59 427	76,14
- cost of CO ₂ emission	120 304	60 804	59 500	97,86
remuneration	67 818	50 496	17 322	34,30
social security and other benefits	16 627	16 478	149	0,90
other costs by type	5 964	9 128	(3 164)	(34,66)
Value of products and goods sold	49 740	38 852	10 888	28,02
Total costs by type	797 344	738 894	58 450	7,91

The cost of production of the products sold amounted to PLN 731,532 thousand in the first half-year of 2015 and in relation to 2014, it is higher by PLN 30,749 thousand, i.e. by 4.39%. The increase in production costs was influenced by mainly higher costs of  $CO_2$  emission by PLN 59,500 thousand, i.e. by 97.86%.

Value of goods and materials sold in the first half-year amounted to PLN 49,740 thousand and was higher in comparison with the previous half-year by PLN 10,888 thousand, i.e. by 28.02%, as a result of a higher volume of acquired electricity for re-sale by 0.06 TWh.

Selling expenses in the first half-year of 2015 amounted to PLN 1,341 thousand and were lower by PLN 228 thousand, i.e. by 14.53%.

Administrative expenses in the half-year amounted to PLN 16,860 thousand and were lower by PLN 2,382 thousand, i.e. by 12.38%.

Other operating income in the first half of 2015 years amounted to PLN 1,040 thousand. In relation to the previous half-year, it decreased by PLN 2,589 thousand, i.e. by 71.34%. Other operating expenses amounted to PLN 45,377 thousand and were higher by PLN 37,207 thousand, i.e. by 455.41%. The higher value of other operating expenses was caused by an impairment write-down against the value of green certificate inventories in the amount of PLN 43,327 thousand as a result of the evaluation of their inventories to the price of PLN 106.51.

In the first half-year of 2015, the Company recorded an operating loss in the amount of PLN 45,294 thousand.

Like in the previous year, the level of positive achieved results was influenced by a positive financial activities result, which amounted to PLN 38,733 thousand and was, largely, the result of dividends received from subsidiaries in the amount of PLN 42,948 thousand.

Despite the positive effect of the result on financial activities in the first half-year, the Company incurred a gross loss in the amount of PLN 6,561 thousand. As a result of the negative net deferred tax, the net profit in the first half-year of 2015 amounted to PLN 2,622 thousand. In relation to the half-year of the previous year, it decreased by PLN 159,332 thousand, i.e. by 98.38%.

# The description of factors and events, especially unusual events, substantially affecting the assets, liabilities, capital, net financial result or cash flows.

ZE PAK S.A., in the "inventories" balance sheet item, recognises, among others, the asset in the form of the generated and unsold energy certificates of origin, the so-called "green certificates". At the end of June 2015, inventories of green certificates constituted the equivalent of the production of 1,094,780 MWh of energy from RES. In accordance with a significant decrease of the certificate prices, also the valuation of the held by the Company certificates of origin. As a result of the revaluation, the Company decided to make the impairment write-down against inventories of the green certificates in the amount of PLN 43,753 thousand. The price, to which the value of one certificate amounted to PLN 106.51 was overestimated.

#### Execution of the investment programme

In the period from 1 January to 30 June 2015, the investment expenses in the Company amounted to PLN 188,381 thousand. The investment tasks executed in this period mostly regarded the Pątnów I power plant.

The investment tasks currently executed and planned in the Company are focused on two areas:

1. Continuation of the final stage of the modernisation process of units 1-4 in the Pątnów I Power Plant, including the execution of investment tasks, among others, related to the construction of the nitrogen oxide  $(NO_X)$  emission reducing system (in order to reduce the  $NO_X$  emission to the projected level of 0.74 kg/MWh after 2015) as well as those crucial for the operation of the units (including, among others, carbonisation and cooling systems) in order to improve the safety and operation of electricity production to the projected level of 37.5% after 2015, and the decrease of  $CO_2$  emissions to the projected level of 1.05 Mg/MWh after 2015.

In the first half of 2015, modernisation works on units No. 1 and 2 in the Pątnów Power Plant were continued. On both units, the works were executed in accordance with the signed schedules with annexes to the contracts, in which the key deadlines of completion of tasks were specified:

- commissioning of the unit no 1 31 August 2015
- commissioning of the unit no 2 22 December 2015.

The basic modernisation works were completed on the unit No. 1. On 20 May 2015, the first passing of steam from the boiler to the turbine. The first synchronisation of the unit No. 1 of the Public Power System (PPS) was executed on 26 May 2015. They were two very important "milestones" of modernisation of the unit No. 1. From that moment, testing various technological systems, which are part of the range of the adjustment operation of the unit, was started. The adjustment of the combustion process in the combustion chamber, among others, was executed. Tests of the automatic adjustment of each system were conducted. The generator heating test was conducted, the electric power of the turbo set, which is close to the nominal value of 220 MWe, was achieved. The correct operation of individual automatic adjustment systems during alternate deceleration and acceleration mode of the turbine operation within the load of 150 - 190 MWe. Master regulators of the boiler and turbine were included in the coordinated operation mode. The tests of "hot" distribution on the secondary air system were completed.

The assembly of the boiler pressure part of the primary and secondary circuits of the boiler in the entire range. The internal pressure test of the primary circuit, with the participation of the Office of Technical Inspection, was executed. The works connected with thermal insulation of the boiler and other boiler systems are continued. In the scope of the turbine No. 2, the activities on the LP (low-pressure) once-through part of the boiler were completed. Final mechanical works that concern start up the condensing steam turbine auxiliaries are in progress.

The course of the modernisation works on both units does not threat meeting the deadlines of units commissioning.

The original investment schedule assumed that with the acceptance of the unit 1 to operation, the investment tasks in the unit 3 will start (analogous with the acceptance to operation of the unit 2, the investment tasks of the unit 4 was to be started). The Company's investment programme was developed in the market conditions which are different from the ones currently occurring in the energy market, and in particular in the sector of the electricity producers. The change of the economic and legal conditions, including the decrease in the profitability of production in coal-fired power plants, currently justifies a re-analysis of the effectiveness of the investment tasks planned for the units No. 3 and 4. It should take into account, in particular, the current and expected economic, legal and technical conditions, including the assessment of viability of incurring the investment expenses related to the requirements concerning the BAT conclusions, which will be announced within the framework of the IED.

Considering the above fact, the decision on starting the investment works in the units 3 and 4 will be made after conducting the re-analysis of economic assumptions for these units.

The Company is closely monitoring all reports of potential legislative and legal changes related to the energy market. Having regard to the difficult situation in all Polish professional power plants as well as the government assurances, URE (Energy Regulatory Office) and PSE S.A. can hope that the essential decisions which improve the economic condition of conventional power plants in a short- and long-term basis, should be reached soon. The legal solutions, which would permanently influence the shape of the future energy market (relatively the power market), can play an important role in assessing the planned investments.

2. Preparations for execution of the investment involving the start-up of a high-efficiency electricity and heat production facility by way of construction of a gas and steam unit with a capacity of approx. 120 MWe and approx. 90 MWt as well as a gas-fired peak load boiler with a capacity of approx. 40 MWt (dedicated to the supply of heat for the city of Konin), the commissioning of which is initially planned for 2018. The execution of this investment would allow replacing the lignite-fire units in the Konin Power Plant and obtaining additional revenues from the sale of yellow certificates.

In the last half of the year, the procedure of selecting the contractor of the investment task was initiated, and it was called: "The 'turnkey' construction of the gas-steam unit with the peak-load boiler house in the Konin Power Plant and provision of service of the steam turbine generators" was also initiated.

After completion of the first stage of the procedure, i.e. pre-qualification, invitations with the request to prepare a pricing for execution of this task were sent to selected entities. In the second quarter of 2015, bidders were provided with answers to the asked questions. The answers clarified the relevant details of the terms of reference.

The efforts to obtain a building permit for construction of a gas transmission pipeline to the Konin Power Plant are also continued.

Deliberations are also conducted with financial institutions in order to ensure external financing for the planned investment.

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

There was no other significant events of the reporting period as well as from the day of the end of the I half 2015 till the date of publication of this report.

## 4. INFORMATION ON SIGNIFICANT PROCEEDINGS PENDING BEFORE A COURT, A BODY COMPETENT FOR ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION BODY RELATED TO ZE PAK S.A. OR SUBSIDIARIES CONSOLIDATED UNDER THE GROUP

In the first half of 2015, Zespół Elektrowni Pątnów-Adamów-Konin S.A. was not a party in any proceedings pending before a court, a body competent for arbitration proceedings or a public administration body, whose single or total value would exceed 10% of equity of ZE PAK S.A., except the ones specified below.

In light of the regulations mandatory within the European Union, especially regulations of Article 21 paragraph 5 of the Energy Directive, in relation to Article 6 paragraph 1 of the Horizontal Directive, after 1 January 2006, the object of excise tax is sale of energy at the last stage of trade, i.e. sale by the distributor to the final recipient (consumer). Taxation with this tax does not cover an earlier stage of trade, e.g. between the producer of electricity and its distributor. In this case, the tax obligation arises at the time of supply of electricity to the consumer.

Due to the above fact, pursuant to Article 75 § 1, in relation to Article 75 § 2 of the Act of 29 August 1997 – Tax Ordinance (Polish Journal of Laws of 1997; Dz.U. no. 137, item 926, as amended), ZE PAK S.A. submitted applications for stating overpayment of the excise tax for 2006, 2007, 2008, as well as January and February 2009 for the total amount of PLN 626,000 thousand, with the justification that pursuant to the regulations of the EU law and the judicial decisions of the Provincial Administrative Courts, the activities executed by ZE PAK S.A. are not subject to the excise tax. Particular applications were recognised at the following levels: the Customs Office in Kalisz, the Customs Chamber in Poznań, and, currently, the Provincial Administrative Court in Poznań, as well as the Supreme Administrative Court.

In relation to the decisions of the Administrative Courts in the cases of other energy companies in the subject of the overpaid excise tax, ZE PAK S.A., in cooperation with a tax advisor, analysed the resolution I GPS 1/11 of the Supreme Administrative Court of 22 June 2011, where the Supreme Administrative Court recognised that the pass-through of the tax load to the price excludes the possibility of refunding the overpayment. The justification of the resolution allows for the assumption of the risk that tax authorities will dismiss any claims regarding the refunding of overpayments indicating that the tax proceeding is not appropriate for such type of claims. In such case, it is possible to seek them under civil law, as a result of which expiration (on the grounds of civil law this term is 3 years) becomes a significant issue. In relation to the above fact, on 10 February 2012, ZE PAK S.A.

submitted to the District Court of Warszawa Śródmieście a summons for the State Treasury for a conciliatory hearing for the amount of approx. PLN 626,406 thousand and thus stopped the statute of limitation.

A conciliatory settlement was not reached since during the hearing of 16 April 2012, the representatives of the Treasury did not agree to settle. Simultaneously, the Company, waiting for the results of the tax proceedings regarding the previously submitted application for overpayment, submitted in writing, on 14 September 2012, in the Customs Chamber in Poznań, additional explanations in the form of results of a detailed economic analysis, the purpose of which was to demonstrate whether the Company suffered loss related to the payment of excise tax to which it was not obliged. The Company's opinion is that the submitted document also applies to other overpayment applications from the entire period embraced by the proceedings, i.e. between January 2006 and February 2009. Ultimately, all applications were included in the cause lists of the Provincial Administrative Court (WSA) and the Supreme Administrative Court (NSA).

As of the date of development of this statement, the status of the proceeding is as follows: 22 cases for the period January 2006 – November 2007 (excluding November 2006) are conducted from the beginning by the Head of the Customs Office, when cases were referred from the Supreme Administrative Court. On 18 August 2014, the Company received 22 decisions of the Head of the Customs Office refusing ascertaining overpayment. On 1 September, the Company submitted 22 appeals from the decision of the Head of the Customs Office to the Director of the Customs Chamber, and, currently, after receiving negative decisions of the Head of the Customs Office, appeals have been submitted, and the Company awaits for the specification of the date of hearing in the Provincial Administrative Court in Poznań. 14 proceedings for the period December 2007 – February 2009 (excluding July 2008) are suspended in the Provincial Administrative Court. These proceedings also included the presentation of annual economic analyses, whereas the proceeding for November 2006 was concluded with a negative result in the Supreme Administrative Court, and the proceeding for July 2008 is subject to the recognition of our cassation appeal by the Supreme Administrative Court, and the date of the hearing has not yet been specified. The Company will make further actions depending on the provisions of the issued decisions. On 1 March 2009, the Act of 6 December 2008 on excise tax came into effect and, pursuant to the act, sale of electric energy to an entity which is not its final recipient is not subject to the excise tax.

Other judicial cases are presented in paragraph III. 6. q). of the ZE PAK S.A. financial statement for the period ended 30 June 2015.

## 5. INFORMATION REGARDING THE SHAREHOLDING STRUCTURE

Share capital of ZE PAK is represented by 50.823.547 shares. Shares are ordinary. Each share gives right to one vote at General Meeting of Shareholders.

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

Table 5: List of shareholders holding, either directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Company's General Meeting as of the date of submission of this half year report*

		%
Shareholder	Number of shares and corresponding number of votes at the General Meeting*	Share [%] in the total number of shares/votes
Zygmunt Solorz-Żak (indirectly) through:	26 200 867	51,55
– Elektrim S.A.	196 560	0,39
– Embud Sp. z o.o.	592 533	1,16
<ul> <li>IPOPEMA 116 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych</li> </ul>	4 500 000	8,85
– Trigon XIX Fundusz Inwestycyjny Zamknięty	10 004 001	19,68
- Argumenol Investment Company Limited	10 907 773	21,46
ING OFE	5 068 410	9,97

* According to the information available to the Company on the basis of the submission of notifications on the acquisition / disposal of shares.

# 5.2. List of the shareholding structure of the management and supervising personnel

Table 6: List of management and supervising personnel holding ZE PAK S.A. shares, including the number of held shares, as of the date of submission of this half year report*

			%
Shareholder	Position in the Company's authorities	Number of shares and the corresponding number of votes at the General Meeting	Share [%] in the total number of shares/votes
Zygmunt Solorz-Żak (indirectly) through:	President of the Supervisory Board of the Company	26 200 867	51,55
– Elektrim S.A.	1 0	196 560	0,39
– Embud Sp. z o.o.		592 533	1,16
<ul> <li>IPOPEMA 116 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych</li> </ul>		4 500 000	8,85
– Trigon XIX Fundusz Inwestycyjny Zamknięty		10 004 001	19,68
- Argumenol Investment Company Limited		10 907 773	21,46

* According to the information available to the Company on the basis of the submission of notifications on the acquisition / disposal of shares.

## 6. OPINION OF THE MANAGEMENT BOARD ON THE POSSIBILITY OF EXECUTION OF FINANCIAL FORECASTS PUBLISHED EARLIER

Zespół Elektrowni Pątnów-Adamów-Konin S.A. has not published any financial forecasts.

## 7. INFORMATION REGARDING THE PAID OR DECLARED DIVIDENDS

At the Ordinary General Meeting, which took place on 29 June 2015 there was adopted a resolution on distribution of ZE PAK S.A. net profit for the operation year 2014 in amount of PLN 204 642 447,41 as specified:

- assignment of the amount of PLN 60 988 256,40 to the payment of dividend, which means that one share will account for PLN 1,20,
- assignment of PLN 143 654 191,01 to the supplementary capital of the Company.

Day of the assignment of the right to the dividend is settled on 28 September 2015, and the day of dividend payment as on 14 October 2015.

## 8. INFORMATION ON THE CONCLUSION BY ZE PAK S.A. OR ENTITIES CONSOLIDATED UNDER THE GROUP OF SIGNIFICANT TRANSACTIONS WITH ENTITIES AFFILIATED PURSUANT TO CONDITIONS OTHER THAN MARKET CONDITIONS

Zespół Elektrowni Pątnów-Adamów-Konin S.A. and companies consolidated under the Group have not concluded transactions with entities affiliated pursuant to conditions other than market conditions in the first half of 2015.

## 9. INFORMATION ON GRANTING BY ZE PAK S.A. OR ENTITIES CONSOLIDATED UNDER THE GROUP OF SIGNIFICANT GUARANTEES, SURETIES, CREDITS OR LOANS

Zespół Elektrowni Pątnów-Adamów-Konin S.A. and companies consolidated under the Group have not granted guarantees, sureties, credits or loans in the first half of 2015, the standalone or total value of which would comprise 10% of ZE PAK S.A.'s equity.

### **10. INFORMATION CONCERNING THE ISSUE, REDEMPTION, AND REPAYMENT OF NON-EQUITY AND CAPITAL SECURITIES**

In the first half of 2015 ZE PAK S.A. did not make any issuance and redemptions of equity and capital securities.

## 11. FACTORS WHICH, IN THE MANAGEMENT BOARD'S OPINION, WILL AFFECT THE COMPANY'S RESULTS IN THE PERSPECTIVE OF AT LEAST ONE QUARTER

The process of forecasting future results of the Zespół Elektrowni Pątnów-Adamów-Konin S.A. must include a wide range of factors, actually, potentially, or theoretically, existent in the branch and markets, in which the Company conducts its activities. These are factors which originate both from the inside of the Company as well as from its environment. In the view of the Board, they can be divided into factors, which occur constantly in all periods as well as those, which occur incidentally in the period, which is concerned by a given periodical report.

The most important factors with constant impact on the Company's results include the following:

- macro-economic trends in the Polish economy and the demand for electricity;
- regulatory environment;
- electricity prices;
- prices and supply of certificates of origin;
- fuel costs, coal extraction costs;
- CO₂ allowance costs;
- seasonality and meteorological conditions;
- the investment expenses, especially entitling to receive free CO₂ allowances;
- EUR/PLN exchange rate, the level of interest rates.

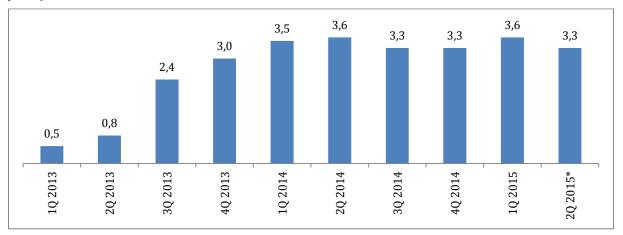
Furthermore, the important factor that could have a significant impact on the Company's financial results in the coming quarters includes the value impairment test result of the Company. The last such test was conducted on 30 June 2015 and its result did not justify the write-down for asset components. However, it should be noted that the valuation model of the Company's assets shows a sensitivity to the range of parameters, among others, the ones described in this section. Therefore, in the face of further deterioration of the operational perspectives, both market ones and those having its origin in the legal conditions, the assumptions for the valuation model of the Company's assets can change, and consequently the value impairment test result may resulted in the necessity of making the write-downs against the asset components in the future. Another test for the Company's impairment of assets will be conducted on 31 December 2015.

# **11.1.** Macro-economic trends in the Polish economy and the demand for electricity

When conducting activities within the territory of Poland and obtaining most revenues from the sale of electricity, it is necessary to take into consideration the macro-economic trends in the Polish economy. A very significant factor is the increase in the real GDP and industrial production in Poland, the development of the service sector as well as the increase in individual consumption. All of the aforementioned factors significantly affect the demand for electricity and its consumption.

The dynamics of the gross domestic product ("GDP") in the first quarter of 2015 was 3.6% and equalised the level recorded in the first half of 2014, and in the second quarter, it returned to the levels recorded in the second half of 2014, reaching 3.3%. The reading related to the second quarter was clearly below expectations, which were to increase at a higher level, or at least the same one as in the first quarter of 2015. Despite some disappointment related to the data for the second quarter of 2015, it should be noted that the stable GDP growth

rate at the similar level is already quoted since more than year and a half, and the further disclose data concerning the economy are rather in favor of maintaining this trend in subsequent months of the year. Nevertheless, it should be noted that the basis for readings in the coming quarters is getting higher.



*Chart 4: GDP dynamics (%) in relation to the analogous quarter of the year before (yearly average fixed prices)* 

* "Fast estimation of gross domestic product for the II quarter 2015" Source: own development based on the Central Statistical Office data.

By analysing data related to the growth rate of the industrial production in the first half of 2015, it occurred that the sold industrial production was by 4.6% higher compared with the same period of the previous year, when the growth by 4.3% was recorded, and the construction and assembly production was only 1.0% higher than last year, when the growth by 9.8% was recorded. The increase in the dynamics of the retail sales for the period since June 2015 amounted to 3.9% in comparison with the same period of the previous year. The trend in the retail sales remains strong, supported by a very good situation on the labor market, better consumer confidence as well as the moderate growth of credits for households. The relatively high increases of the real wage bill, which are at the highest levels since 2008 (6.8% in the first quarter and 5.2% in the second quarter), constitute the confirmation of positive trends, and a factor supporting the consumer demand. The sustaining recovery lacks significant inflation stresses, which encouraged the Monetary Policy Council to lower basic interest rates by as many as 50 basis points in March.

Based on the data from the functioning of the Public Power System and the Balancing Market, presented by Polskie Sieci Elektroenergetyczne S.A., it is visible that the national electricity consumption in the first half of 2015, in comparison with the analogous period of the previous year, increased by 1.85%. While in January there was a slight decrease in consumption, in all other months of the half of the year, the increase in consumption was recorded. In addition to the weather conditions (slightly warmer January and smaller deviations in other months), the impact on consumption was also the result of the stable pace of economic development, including the dynamics of growth in industrial production. In the period from January to June 2015, the total electricity production increased by 2.94%, while there were no significant changes in the electricity generation structure of two main (taking into account the volume of the produced electricity) resources. The electricity production of hard coal decreased by 1.21% and in case of the brown coal increased by 2.02%. The dynamic generation growth from wind sources, was recorded again, this time by 21.94%. Generation from wind sources has grown rapidly in the last half of the year due to both the increase in the installed capacities and excellent wind conditions, especially in the first half of this period. In stepped manner, in comparison to the analogous period of the previous year, the production from gas sources increased by as many as 67.44%, which can probably be related to the reintroduction of support for the production in co-generation. The adverse balance in the foreign trade decreased - the increase of import over the export of electricity decreased in the half of the year by over 68% in the first half of 2015, the trade balance amounted to 0.38 TWh while in the first half of 2014, the import increase was even 1.2 TWh.

### **11.2. Regulatory environment**

The entities conducting activities in the electricity market are subject to strict regulation. Their functioning is regulated by primarily the Energy Law Act, shaping, among others, rules for implementing the obligation of public sale of the part of the produced energy, as well as the principles of support for specific technologies for energy production. In addition, the functioning of the entities of the sector of electricity producers is determined

by EU regulations and directives as well as international conventions on, among others, environment protection and climate change (including  $CO_2$  emission). It is also necessary to take into consideration the regulations of the tax law as well as interpretations and recommendations issued by the Energy Regulatory Office.

In the first half of this year, especially significant changes occurred in the legal environment regulating the sphere of energy production from renewable energy sources. On 20 February 2015, after several years of works, the Act on renewable energy sources (RES) was passed. The most important provisions of the Act include the maintenance of the current system of support based on the certificates of origin of energy from RES (green certificates) for existing RES systems. The auction system is to start operation from 2016 and the current RES producers will have the choice whether to take part in it, or to stay in the current certificate system. In the auction system, it is the government that will decide on the quantity of renewable energy it needs and prepare auctions for its delivery for particular technologies and volume of sources. The auction will be won by the producer who proposes the lowest price. In return, the support will be guaranteed to the producer. The scope of the cost optimisation will include lowering the support for the so called multi-fuel (co-firing) firing systems. The provisions also included elimination of support mechanisms for water turbine plants with the installed capacity of above 5 MW, which produced electricity for the first time before the entry of the act into force. The Act also includes regulations regarding prosumers (simultaneous energy producers and consumers) producing energy from RES in micro- and small systems. These energy producers will be able to sell the produced excess energy, which is not used for their own purposes in permanent prices for 15 years.

On 8 July 2015, the European Parliament approved regulations for the creation of the market stability reserve (MSR) for the EU market for the  $CO_2$  emission allowances. According to the original arrangements, the reserve was to be launched since 2021, however, under the heavy pressure of some EU countries, the date of its start up was accelerated and the rules of its operation were modified. Since the very beginning, Poland was against the creation of the reserve, and then it tried to mobilise a group of EU countries, which would obstruct the modified rules for the creation of the market stability reserve coming into force. The main assumptions of the gained changes include the creation of the market stability reserve in 2018 as well as start up it since 1 January 2019, and the transfer to the provision 900 million of allowances withdrawn from the market within the so-called backloading. Initially, in accordance with the adopted principles, those allowances were to reach the market again. By the end of 2025, 10% of allowances are to be excluded from the reserve within the GDP of less than 90% of the EU average). According to the creators' assumptions, MSR is aimed at influencing the prices of the  $CO_2$  emission allowances, and then, by interfering the market mechanism, it aims to contribute to control their prices depending on the needs the process of implementing the assumptions of the EU climate policy.

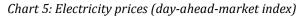
At the end of July, the Parliament (Sejm) supported the draft amendment to the Energy Law on the wholesale energy market integrity and transparency, which implements the REMIT regulation to the Polish Union law. The amendment to the law introduces penalties for the failure to comply with obligations as well as the abuses associated with the operation in the energy market. The penalties for using the internal information for manipulation or trying to manipulate in the energy trade, or for the failure to report the transaction data, were passed. The new rules provide the President of the Energy Regulatory Office (ERO) with competence to ensure effective monitoring of the energy market in order to detect the potential abuse. The cooperation in this area with the EU institution, the Agency for the Co-operation of Energy Regulators (ACER), will be an important aspect. The new rules provide the President of the Energy Regulatory Office with tools similar to the ones used by the Office of Competition and Consumer Protection (UOKiK). The President of the Energy Regulatory Office was obliged to control and execute the investigations on manipulation and misuse information in the energy market. Moreover, the President will have the ability to impose financial penalties for breach the provisions of the regulation.

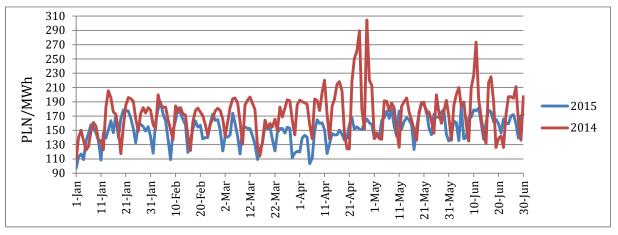
### **11.3.** Electricity prices

Company generates most of their revenues from the production and sales of electricity, therefore the price for which it sells electricity is very important for the results of its activities. In addition, the Company practices the purchase of energy on the market of electricity and re-sale to recipients.

The first half of the year was characterised by a significant decrease of the average energy price in relation to the same period of the previous year. The energy on the SPOT market has been getting cheaper from the first day of the year. Referring the price level of transactions concluded on this market, year-on-year, a decrease by about PLN 21 is observed (the analysis of the semi-annual BASE rate calculated as the arithmetic mean of all quotations of the index in the day-ahead market in the first half of 2015). Indeed, the level of stock prices on the SPOT market is influenced by such factors like the size of the wind generation rate, Nordpool import transmission capacities, the reserves in the National Power Grid, as well as weather conditions. The first months of the year were characterised by excellent wind conditions, for example, in January, wind power plants covered

over 8.5% of the demand for power in the National Power Grid. Moreover, March and April also provided good conditions for the wind generation. In the entire first half of the year, the wind generation covered 6.3% of the demand for power. The relatively high temperatures in the first quarter of 2015, in relation to the average ones of the previous years, were another factor supporting the decrease of prices in the energy market. Purchasers contracting energy in advance probably did not consider such high temperatures, and, thus, the reduced energy demand. In order to get rid of the contracted excesses, they created additional price pressure on the market. A factor that also influenced on the quotations of the energy prices on the SPOT market was the change in the rules for the provision of the operational power reserve service with introduction of the hourly budget and the modification of the concept of reasonable costs of obtaining operational power reserve. In relation to the introduced change, energy prices during peak hours were adjusted. A difficult situation in the coal mining industry could also have an impact on energy prices in the first half of the year. Kopalnia Węglowa, the largest mining company in Europe, started to sell its growing coal lignite inventories offering the constantly dropping prices, which were not previously recorded in the market, it resulted in pressure on other mining companies and consequently reduced the prices of raw materials for producers of the energy based on hard coal.

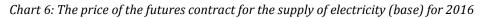




Source: own development based on the data (the Polish Power Exchange)

On the electricity futures market of the Polish Power Exchange, the most liquid instrument, the BASE_Y-16 one-year future contract, was quoted at ever lower levels over the first half of 2015. The most dynamic decrease was recorded in the first quarter, when the price decreased from PLN 180 to about PLN 162 in the middle of April. Since that moment, the contract price moved in a narrow range without falling below PLN 161, and at the same time, not growing more than PLN 164.

The level of the future contract quotations is largely determined by the SPOT market moods, and the predictions related to the carbon market moods concerning the plan to withdraw the excess of allowances to the provision (MSR – Market Stability Reserve) constituted an important variable. In the first half of this year, the arrangements in this regard strongly influenced the level of price quotations of energy in subsequent years.





Source: own development based on the market data (the Polish Power Exchange)

#### 11.4. Prices and supply of certificates of origin

Due to the fact that a part of the generated electricity derives from the co-incineration of biomass (forest and agricultural) and the production of heat includes high-efficiency co-generation, a producer is entitled to green and red certificates, provided that they fulfil specific regulatory requirements. The number of obtained certificates of origin is significantly higher than the number of certificates that the Company is obligated to present for redemption, thus it is possible to dispose their excess to other market participants.

Comparing the green certificate prices in the first half of 2015 and the analogous period of the previous year, the differences in the quoted levels are clearly visible. In addition, the continuous downward trend of the green certificate prices in 2015 is very unfavorable. Almost from the beginning of the year, from the level of about PLN 160, the prices are continuously decreasing, at the same time reaching the level close to PLN 105 at the end of the half of the year. Currently, in the face of such a strong downward pressure caused by the surplus of green certificates of the energy origin, it seems that the only change of this trend can occur as a result of a new RES act coming into force, which will limit to some extent the support for the biomass co-firing systems and eliminate the support for the so-called "big" hydrological systems which produce the energy.

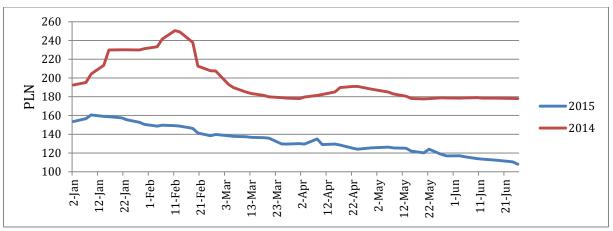


Chart 7: Average price of certificate of origin for RES produced energy

Source: own development based on the market data (the Polish Power Exchange)

#### 11.5. Fuel costs, coal extraction costs

The most important element of the costs related to electricity and heat production in the GK ZE PAK companies is the fuel cost. The prices of fuel largely determine the competitiveness of particular electricity production processes. The ZE PAK CG power plants produce most of their electricity from lignite, but they also use forest

and agricultural biomass. Furthermore, heavy and light heating oil is used in minimum quantities for heating purposes in the process of electricity production.

Two lignite mines, PAK KWBA S.A. and PAK KWBK S.A., which are the only suppliers of lignite to the ZE PAK Capital Group power plants, satisfy the entire demand of generation assets for this basic fuel. Therefore, the ZE PAK Capital Group does not rely on external suppliers and eliminates the exposure to potential fluctuations of lignite prices. Nevertheless, there is the exposure to the fluctuations in prices of other used fuels (mainly biomass) and part of the costs related to the extraction of lignite depends on the factors which remain outside the direct control of the Group.

### **11.6.** CO₂ allowance costs

The activities in the scope of production of electricity and heat from conventional sources, and thus the operational results, are largely dependent on the number of free  $CO_2$  allowances granted in a given period. The number of allowances possible to be obtained for power engineering were specified in Article 10c of the ETS directive and the amounts that can be physically obtained by particular systems depend on the expenses incurred for investments which are recorded in the National Investment Plan. The Group is obligated to purchase the other part of the missing allowances at the free market.

The CO₂ emission allowances market largely depends on political decisions taken at the EU level. It was also visible in the analysed half of the year, when the CO₂ emission allowance prices were changing together with the projections concerning the details of the MSR (Market Stability Reserve) functioning. The main uncertainties for the market participants were the date of the reserve start up and the manner of treatment of the 900 million allowances withdrawn from the system within the "backloading." According to the original assumptions, the MSR was to start functioning from 2021, but earlier reports about willingness to start up the reserve, reported by some EU countries, resulted in increases on the CO₂ emission allowances market. Analogous information about the disagreement of the group of countries (including Poland) to change the date of the introduction of the MSR contributed to periodic price drops on the market. Finally, in July, the European Parliament enacted the provisions according to which MRS is to start operation at the beginning of 2019, and 900 million of allowances withdrawn from the market within the so-called backloading do not come back to the market, but to the MRS pool. Such a shape of the provisions became crucial support for the rate increase of the CO₂ emission allowances.



Chart 8: Price of the futures contract for the supply of EUA

Source: Own development based on the market data (ICE)

### 11.8. Seasonality and meteorological conditions

The demand for electricity and heat, especially among consumers, is subject to season fluctuation. So far, the practice showed that the consumption of electricity was higher in the winter (mainly due to low temperatures and shorter days) and lowered in the summer (due to the summer period, higher ambient temperatures, and a longer day). In the last couple of years, there is an increase in the demand for electricity in the summer, which is mainly caused by the rising number of used air conditioners and cooling devices

Regardless of the above described factors, the meteorological conditions are becoming increasingly important for the Company's production level. The current Company's activities has not been significantly subject to seasonality in demand, due to the low costs, the units' operation was conducted on a continuous basis (at the base) for almost all year. Currently, taking into account the increasing share of RES in the segment of electricity producers, primarily including wind sources, by estimating the Company's production volume, the weather conditions, especially wind ones, are becoming increasingly important. Statistically, the periods of the best wind conditions are the first and the fourth quarters. It should be noted that in the periods of exceptionally good wind conditions, and when the production by wind turbines is high, the demand for electricity produced by the Company's power plants can be subject to periodic reductions.

#### **11.9.** Investment expenses

The activities in the coal extraction and energy production sector requires substantial investment expenses. The Group's generation assets require periodical renovations and on-going modernisation, both due to the increasing strictness of requirements in the scope of environmental protection as well as the need for improvement of electricity production effectiveness. The level of investment expenses had major impact, and according to expectations will still have major impact, on the results of the operating activities, level of debt and cash flows. Delays in execution, changes of the investment programme, and excess in the budget can have severe impact on the investment expenses incurred in the future, as well as on the results, financial position and perspectives of development.

#### 11.10. EUR/PLN exchange rate, the level of interest rates

Despite the fact that the Company conducts its activities in Poland, where it incurs costs and gains revenues in PLN, there is a couple of significant factors which make the financial results dependent on the exchange rate of EUR/PLN and the level of WIBOR and EURIBOR interest rates.

The most important factors include:

- ZE PAK SA use debt financing based on a variable interest rate.
- The transactions related to the EUA purchase are settled in EUR.

Currently ZE PAK S.A. does not use instruments which limit the risk resulting from the changes in the exchange rate. Management Boards are constantly monitoring the financial position and market situation and can make the decision to use financial instruments limiting the exchange rate risk, if needed. According to the Risk Management Principles adopted by the ZE PAK S.A., possible transactions will have the form of security and will be adapted to the secured item in terms of volume and maturity date. The decision on the choice of the security instrument will also include the following: price, market liquidity, product simplicity, easiness of quotation and accounting as well as flexibility.

Exposure of the Company to risk caused by the changes of interest rates mainly concerns long-term financial liabilities related to the financing of investments in ZE PAK S.A. Company uses financial liabilities, mostly variable rate credits and loans. At present ZE PAK S.A. do not hedge interest rate risk.

The EUR/PLN exchange rate in the first quarter of 2015 has fallen sharply, going down to the level below 4.00 in the middle of April, from that moment, the trend changed into the upward one. The increase lasting from the middle of April reached the quotation level of EUR/PLN 4.2, however it is by PLN 0.10 less than at the beginning of the half of the year. The euro weakness in relation to other currencies of the first quarter should be associated with the assets buying programme (mainly debentures issued by the euro area countries) initiated by the European Central Bank ("ECB"). The attractiveness of the Polish zloty against the euro was also caused by the level of real interest rates in Poland, which were still at relatively high level in comparison with the currently recorded levels of real interest rates in many economies, not only of the euro area. In the second quarter, the mark on the PLN quotations was made by the uncertainty related to a manner of solving the issue of the Greek debt, and to some extent, also the course of the election campaign and the potential impact of some election promises on the future condition of the Polish economy.

#### Chart 9: Average EUR/PLN exchange rate



Source: own development based on NBP average exchange rate tables

### **12. DECLARATIONS OF THE MANAGEMENT BOARD**

# 12.1. Declaration on the reliability of development of the financial statement

The Management Board of Zespół Elektrowni Pątnów-Adamów-Konin S.A. hereby declares that, according to its best knowledge, the ZE PAK S.A. Financial statement for the half of the year concluded on 30 June 2014 and the comparative data were developed in accordance with the current principles of accounting and that they realistically and reliably reflect the property and financial position, as well as the financial result of the ZE PAK S.A. Furthermore, we declare that the Management Board's Statement from the ZE PAK S.A. activity for the half of the year concluded on 30 June 2015 provides a true picture of the development and achievement as well as situations of the ZE PAK S.A., including a description of basic risks and threats.

#### 12.2. Declaration on the entity authorised to audit the financial statement

The Management Board of Zespół Elektrowni Pątnów-Adamów-Konin S.A. hereby declares that the entity authorised to audit financial statements, executing the half-yearly condensed financial statement of the ZE PAK S.A. for the half of the year concluded on 30 June 2015, was chosen in accordance with the provisions of law, and that the entity as well as statutory auditors, who conducting this review, fulfilled the criteria to issue the impartial and independent report on the audited half-yearly financial statement, according to the applicable regulations and professional standards.