

Current report no. 30/2015

Correction of the consolidated periodic report for the III quarter of 2015

Legal basis:

Art. 56 section 1 point 2 of the Public Offering Act – Current and periodic information

Contents of the report:

Zespół Elektrowni "Pątnów-Adamów-Konin" S.A. ("the Company") informs that in consolidated periodic report for the III quarter of 2015 published on 13 November, there were inappropriate numbers considering four items in costs by type (ie. Cost of CO₂ emission, employ benefits, other costs by type and the value of sold goods and materials and sold electricity purchased from the market) in 9 months period and 3 months period ended 30 September 2015.

In the periodic report there were presented accordingly for the 9 months period and 3 months period ended 30 September 2015:

- costs of CO₂ emission: 265 463 PLN thousand and 107 007 PLN thousand;
- employ benefits: 395 388 PLN thousand and 94 522 PLN thousand;
- other costs by type: 29 765 PLN thousand and 6 797 PLN thousand;
- value of sold goods and materials and sold electricity purchased from the market: 675 377 PLN thousand and 252 613 PLN thousand.

In the periodic report should be accordingly for the 9 months period and 3 months period ended 30 September 2015.

- costs of CO₂ emission: 232 512 PLN thousand and 74 056 PLN thousand;
- employ benefits: 427 715 PLN thousand and 126 849 PLN thousand;
- other costs by type: 30 354 PLN thousand and 7 386 PLN thousand;
- value of sold goods and materials and sold electricity purchased from the market: 675 412 PLN thousand and 252 648 PLN thousand.

Above mentioned errors have arisen in Interim condensed consolidated financial statement for the 9 months period ended 30 September 2015 in note 12.6 on page 24 and in Additional information for expanded consolidated report for III quarter 2015 in table 4 on pages 11 and 12.

The correction concerns the structure of the costs by type and do not influence on any item in Profit and Loss Account.

Publication of consolidated periodical report for III quarter of 2015 with the correct numbers will take place today.

Legal basis: § 6 section 4 of the Finance Minister's Regulation of 19 February 2009 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent.

Signatures of persons representing the company:

Adrian Kaźmierczak – Vice President of the Management Board

Zygmunt Artwik – Vice President of the Management Board

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD OF
9 MONTHS ENDED 30 SEPTEMBER 2015**

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

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INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period of 9 months ended 30 September 2015

		<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Continuing operations	Note				
Sales revenue	12.1	2 254 784	747 262	1 971 437	626 680
Cost of goods sold	12.6	(2 122 847)	(699 115)	(1 748 564)	(607 213)
Gross profit (loss)		131 937	48 147	222 873	19 467
Other operating income	12.1	15 396	4 004	27 734	16 611
Selling and distribution expenses	12.6	(3 018)	(1 094)	(2 897)	(1 216)
Administrative expenses	12.6	(86 705)	(29 847)	(112 568)	(40 139)
Other operating expenses	12.3	(3 755)	(1 012)	(15 826)	(5 436)
Gross profit (loss) from operations		53 855	20 198	119 316	(10 713)
Finance income	12.4	7 775	(3 843)	10 923	1 936
Finance costs	12.5	(35 148)	(9 187)	(40 308)	(13 053)
Profit (loss) before tax		26 482	7 168	89 931	(21 830)
Income tax expense (taxation)	14.1	(5 161)	(1 266)	(17 483)	2 573
Net profit (loss) for the period from continuing operations		21 321	5 902	72 448	(19 257)
Discontinued operations					
Profit (loss) for the period from discontinued operations		-	-	-	-
Net profit (loss) for the period		21 321	5 902	72 448	(19 257)
Net profit (loss) attributable to equity holders of the parent		21 179	6 076	66 922	(19 871)
Net profit (loss) attributable to non-controlling interests		142	(174)	5 526	614
Earnings per share (in PLN)					
Basic, for profit for the period attributable to equity holders of the parent	15	0.42	0.12	1.32	(0.39)
Basic, for profit for the period from continuing operations attributable to equity holders of the parent	15	0.42	0.12	1.32	(0.39)
Diluted, for profit for the period attributable to equity holders of the parent	15	0.42	0.12	1.32	(0.39)
Diluted, for profit for the period from continuing operations attributable to equity holders of the parent	15	0.42	0.12	1.32	(0.39)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period of 9 months ended 30 September 2015

		<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Net profit (loss) for the period	Note	21 321	5 902	72 448	(19 257)
Other comprehensive income					
<i>Items to be reclassified to the profit (loss) in subsequent reporting periods:</i>		-	-	-	-
Cash flow hedges	13	5 731	1 147	(51)	(18)
Exchange differences on translation of foreign entities	13	(6)	(7)	34	5
Income tax on other comprehensive income	13, 14.1	(1 089)	(218)	9	4
Other comprehensive income to be reclassified to the profit / (loss) in subsequent reporting periods		4 636	922	(8)	(9)
<i>Items not to be reclassified to the profit / (loss) in subsequent reporting periods:</i>					
Profits / (losses) on provisions for post-employment	13	(2 139)	(548)	(4 704)	(511)
Income tax on other comprehensive income	13, 14.1	406	104	844	46
Other comprehensive income not to be reclassified to the profit / (loss) in subsequent reporting periods		(1 733)	(444)	(3 860)	(465)
Net other comprehensive income		<u>2 903</u>	<u>478</u>	<u>(3 868)</u>	<u>(474)</u>
Comprehensive income for the period		<u>24 224</u>	<u>6 380</u>	<u>68 580</u>	<u>(19 730)</u>
Comprehensive income attributable to equity holders of the parent		24 082	6 554	63 054	(20 344)
Comprehensive income attributable to non-controlling interests		142	(174)	5 526	614

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 September 2015

	<i>Note</i>	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
ASSETS			
Non-current assets			
Property, plant and equipment	16	5 379 853	5 299 618
Investment property		2 384	2 799
Intangible assets	18	5 662	82 263
Loans and receivables		-	-
Assets of removing overburden and other mining assets (long-term)	19	124 390	149 901
Other long-term financial assets	20.1	11 853	12 591
Other long-term non-financial assets	20.2	13 693	25 949
Amounts due from customers under long-term construction contracts		-	-
Deferred tax assets	14.2	110 805	112 870
Total non-current assets		5 648 640	5 685 991
Current assets			
Short-term intangible assets	18	325 589	176 957
Inventories	21	233 599	237 116
Trade and other receivables	22	275 210	253 977
Income tax receivables		1 859	12 742
Short-term financial derivatives (assets)		-	-
Other short-term financial assets	20.1	39 974	94 748
Other short-term non-financial assets	20.2	27 390	39 434
Assets of removing overburden and other mining assets (short-term)	19	556	556
Amounts due from customers under long-term construction contracts	12.7	3 749	10 047
Cash and cash equivalents	23	263 972	356 120
Total current assets		1 171 898	1 181 697
Assets classified as held for sale		-	-
TOTAL ASSETS		6 820 538	6 867 688

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

	Note	30 September 2015 (unaudited)	31 December 2014
LIABILITIES AND EQUITY			
Equity			
Issued capital		101 647	101 647
Reserve capital		2 542 060	2 398 399
Revaluation reserve from valuation of hedging instruments		(13 099)	(17 741)
Other reserve capital		5 877	5 877
Retained earnings / Accumulated losses		1 125 099	1 249 448
Net profit (loss)		21 179	81 977
Exchange differences on translation of foreign entities		104	110
Equity attributable to equity holders of the parent		3 782 867	3 819 717
Equity attributable to non-controlling interests		-	-
Total equity		3 782 867	3 819 717
Non-current liabilities			
Interest-bearing loans and borrowings	25	887 700	867 221
Long-term employee benefits		95 973	108 554
Trade and other long-term financial liabilities	28.2	88 514	103 742
Long-term financial derivatives (liabilities)	28.4	10 209	15 059
Long-term subsidies	28.5	54 262	63 832
Other long-term provisions and accruals	26	352 068	361 142
Amounts due to customers under long-term construction contracts		-	-
Deferred tax liability	14.2	322 385	322 319
Total non-current liabilities		1 811 111	1 841 869
Current liabilities			
Trade and other short-term financial liabilities	28.1	334 915	355 202
Current portion of interest-bearing loans and borrowings	25	395 221	348 553
Short-term financial derivatives (liabilities)	28.4	7 580	8 684
Other non-financial liabilities	28.3	40 625	134 015
Current income tax liability		1 550	1 970
Short-term employee benefits		8 394	38 553
Short-term subsidies	28.5	12 773	12 779
Amounts due to customers under long-term construction contracts	12.7	8 310	20 245
Other short-term provisions and accruals	26	417 192	286 101
Total current liabilities		1 226 560	1 206 102
Liabilities directly associated with assets classified as held for sale		-	-
Total liabilities		3 037 671	3 047 971
TOTAL LIABILITIES AND EQUITY		6 820 538	6 867 688

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period of 9 months ended 30 September 2015

	<i>Note</i>	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>
Cash flow from operating activities			
Profit (loss) before tax		26 482	89 931
Adjustments for:			
Depreciation and amortization		274 264	269 520
Interests and shares in profits		19 896	19 909
(Profit) loss on foreign exchange differences		221	5 670
(Profit) loss on investing activities		(838)	(2 475)
(Increase) decrease in receivables		(2 381)	(48 343)
(Increase) decrease in inventories		3 517	(29 369)
Increase (decrease) in payables except for loans and borrowings		(153 611)	(27 698)
Change in provisions, prepayments, accruals and employee benefits		236 555	209 834
Income tax paid		6 690	(7 100)
Allowances for emission of CO ₂		(246 375)	(171 777)
Other		642	(1 756)
Net cash flow from operating activities		165 062	306 346
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		513	35 673
Purchase of property, plant and equipment and intangible assets		(316 373)	(444 556)
Proceeds and expenses relating to other financial assets		56 324	317
Purchase of other financial assets	23	(24 590)	-
Acquisition of subsidiary, after deducting cash acquired		-	-
Dividends received		49	5 522
Interest received		5	(34)
Other		49	(961)
Net cash flow from investing activities		(284 023)	(404 039)
Cash flow from financing activities			
Proceeds from issuance of shares		-	-
Purchase of treasury shares		-	-
Payment of finance lease liabilities		(10 062)	(13 831)
Proceeds from loans and borrowings and debt securities		260 762	401 537
Repayment of loans and borrowings and debt securities		(182 491)	(234 052)
Dividends paid		-	(34 560)
Interest paid		(40 685)	(39 739)
Other		(890)	28 935
Net cash flow from financing activities		26 634	108 290
Net increase (decrease) in cash and cash equivalents		(92 327)	10 597
Cash and cash equivalents at the beginning of the period		355 268	431 317
Cash and cash equivalents at the end of the period, of which:	23	262 941	441 914
of restricted use		-	-

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2015 (unaudited)

	<i>Issued capital</i>	<i>Reserve capital</i>	<i>Revaluation reserve of financial instruments</i>	<i>Other reserve capital</i>	<i>Retained earnings / Accumulated losses</i>	<i>Exchange differences on translation of foreign entities</i>	<i>Total Non-controlling interest</i>	<i>Total Equity</i>	
As of 1 January 2015	101 647	2 398 399	(17 741)	5 877	1 331 425	110	3 819 717	-	3 819 717
Net profit for the period	-	-	-	-	21 179	-	21 179	142	21 321
Total other comprehensive income	-	-	4 642	-	(1 733)	(6)	2 903	-	2 903
Total income for the period	-	-	4 642	-	19 446	(6)	24 082	142	24 224
Distribution of profits from previous years	-	143 661	-	-	(143 661)	-	-	-	-
Dividend	-	-	-	-	(60 988)	-	(60 988)	-	(60 988)
Redemption of treasury shares	-	-	-	-	-	-	-	-	-
The effect of the settlement of a put option on the shares of non-controlling interests	-	-	-	-	142	-	142	(142)	-
Non-controlling interests redemption	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	(86)	-	(86)	-	(86)
As of 30 September 2015	101 647	2 542 060	(13 099)	5 877	1 146 278	104	3 782 867	-	3 782 867

Accounting principles (policies) and additional explanatory notes to the consolidated financial statement are its integral part.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2014 (unaudited)

	<i>Issued capital</i>	<i>Reserve capital</i>	<i>Revaluation reserve of financial instruments</i>	<i>Other reserve capital</i>	<i>Retained earnings / Accumulated losses</i>	<i>Exchange differences on translation of foreign entities</i>	<i>Total Non-controlling interest</i>	<i>Total Equity</i>	
As of 1 January 2014	101 647	2 200 508	(18 831)	5 877	1 493 382	33	3 782 616	-	3 782 616
Net profit for the period	-	-	-	-	66 922	-	66 922	5 526	72 448
Total other comprehensive income	-	-	(42)	-	(3 860)	34	(3 868)	-	(3 868)
Total income for the period	-	-	(42)	-	63 062	34	63 054	5 526	68 580
Distribution of profits from previous years	-	197 890	-	-	(197 890)	-	-	-	-
Dividend	-	-	-	-	(34 560)	-	(34 560)	-	(34 560)
Distribution of profits from previous years for ZFŚS	-	-	-	-	(61)	-	(61)	-	(61)
The effect of the settlement of a put option on the shares of non-controlling interests	-	-	-	-	5 526	-	5 526	(5 526)	-
Non-controlling interests redemption	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	(372)	-	(372)	-	(372)
As of 30 September 2014	101 647	2 398 398	(18 873)	5 877	1 329 087	67	3 816 203	-	3 816 203

Accounting principles (policies) and additional explanatory notes to the consolidated financial statement are its integral part.

ACCOUNTING PRINCIPLES (POLICY) AND ADDITIONAL EXPLAINING NOTES

1. General information

The Capital Group of Zespół Elektrowni Pątnów – Adamów – Konin S.A. ("the Group") consists of Zespół Elektrowni Pątnów – Adamów – Konin S.A. ("the parent company", "the Company", "ZE PAK S.A.") and its subsidiaries (see Note 2).

The interim consolidated condensed financial statement of the Group covers the 9-month period concluded on 30 September 2015 and includes comparative data for the 9-month period concluded on 30 September 2014 and the data as of 31 December 2014. The interim consolidated condensed financial statement of comprehensive income, the consolidated income statement, and additional explanatory notes present additional financial information for the 3-month period concluded on 30 September 2015 and comparative data for the 3-month period concluded 30 September 2014, which were not audited and reviewed by the statutory auditor.

The parent company is entered into the Register of Entrepreneurs of the National Court Register kept by the District Court Poznań – Nowe Miasto and Wilda in Poznań, IX Commercial Division of the National Court Register, under the KRS number 0000021374.

The parent company was assigned the statistical number (REGON) 310186795.

The duration of the parent and member companies of the Capital Group is unlimited.

The main activities of the Group are:

- 1) generation and sale of electricity,
- 2) production and distribution of heat (steam and hot water),
- 3) lignite extraction.

2. Composition of the Group

The Group is composed of Zespół Elektrowni Pątnów – Adamów – Konin S.A. and the following subsidiaries:

Entity	Seat	Scope of activities	Percentage share of the Group in capital as of	
			30 September 2015	31 December 2014
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.*	62-510 Konin ul. Przemysłowa 158	Repair and construction services	100.00%	100.00%
Przedsiębiorstwo Serwisu Automatyki i Urządzeń „EL PAK” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Services with regard to servicing industrial automation systems and electrical equipment	100.00%	100.00%
„Elektrownia Pątnów II” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Production and distribution of electricity from the unit 464 MW	100.00% **	100.00% **
„PAK – HOLDCO” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Holding activities	100.00%	100.00%
„PAK Infrastruktura” sp. z o.o.	62-510 Konin ul. Kazimierska 45	General construction works with regard to engineering structures not elsewhere classified	100.00%	100.00%
„PAK Centrum Usług Informatycznych” sp. z o.o. w likwidacji	62-510 Konin ul. Kazimierska 45	IT services	0.00% *****	100.00%
„PAK Centrum Badań Jakości” sp. z o.o. w likwidacji	62-510 Konin ul. Przemysłowa 158	Chemical tests and analyses	0.00% *****	100.00%
„PAK GÓRNICTWO” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Coal mining	100.00%	100.00%
Energoinwest Serwis sp. z o.o.	62-510 Konin ul. Spółdzielców 3	Repair and construction services	100.00% ***	100.00% ***

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

PAK Kopalnia Węgla Brunatnego Konin S.A.	62-540 Kleczew ul. 600-lecia 9	Lignite mining	96.14%	85.00%
PAK Kopalnia Węgla Brunatnego Adamów S.A.	62-700 Turek ul. Uniejowska 9	Lignite mining	98.15%	85.00%
Ochrona Osób i Mienia „ASEKURACJA” sp. z o.o. w likwidacji	62-540 Kleczew ul. 600-lecia 9	Protection of people and property	0.00%****	85.00%****
„Aquakon” sp. z o.o.	62-610 Sompolno Police	Production and sale of mineral waters	92.49%****	81.80%****
Eko-Surowce Sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	Railway transport of lignite, sale of lignite	96.14%****	85.00%****
KWE sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	Wind farms, production of electricity	0.00%****	42.50%****
PAK-Volt S.A.	00-834 Warszawa ul. Pańska 77/79	Sale of electricity	100.00%	100.00%
EL PAK Serwis sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and service of electric devices and machinery	100.00%*****	100.00%*****

* *Affiliate – Przedsiębiorstwo Remontowe "PAK SERWIS" Sp. z o.o. with a foreign branch in Germany, which was closed down on 30 March 2015.*

** *Indirect share by "PAK – HOLDCO" sp. z o.o.*

*** *Indirect share by Przedsiębiorstwo Remontowe PAK SERWIS sp. z o.o.*

**** *Indirect share by PAK KWB Konin (the indirect participation of PAK KWB Konin in "Aquakon" sp. z o.o. amounts to 96,2%, in KWE sp. z o.o. in liquidation is 50% and in other companies 100%). On 29 January 2015, the PAK KWB Konin disposed all of its shares in KWE. On 7 October 2015 there was application submitted to the Registry Court for cancellation of the company Asekuracja sp. O.o. from KRS.*

***** *Indirect share by "EL PAK" sp. z o.o.*

***** *In the first quarter of 2015, the liquidation process of PAK CUI sp. z o.o. and PAK CBJ sp. z o.o. was completed.*

As of 30 September 2015, the share in the general number of votes held by the Group in subsidiaries is equal to the Group's share in capitals of these subsidiaries.

3. Composition of the Management Board of the parent company

The financial year 2015 Management Board of the Company started with followed composition:

- 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 .

On 2 October 2015 Supervisory Board of the Company adopted a resolutions on appeal from the Management Board followed persons:

- Katarzyny Muszkat – occupying the position of President of the Management Board,
- Anny Striżyk – occupying the position of Vice-President of the Management Board,
- Piotra Jarosza – occupying the position of Vice-President of the Management Board .

On 2 October 2015 Sławomir Sykucki made a resignation from occupying position of Vice-President of the Management Board.

At the same time Supervisory Board of the Company at the meeting on 2 October 2015 appointed to the Management Board followed persons:

- Janusza Kaliszyka – for the position of President of the Management Board,
- Anetę Lato-Zuchowską – for the position of Vice-President of the Management Board,
- Adriana Kaźmierczaka – for the position of Vice-President of the Management Board,
- Tomasza Zadroę – for the position of Vice-President of the Management Board.

On 30 October 2015 the Supervisory Board of ZE PAK S.A. made a resolution on appointing Zygmunt Artwik to the composition of the Management Board of the Company and granting him position of Vice-President of the Management Board. The resolution came into force upon adoption.

4. Basis for development of the interim condensed consolidated financial statement

This interim condensed consolidated financial statement was developed in accordance with the International Accounting Standards no. 34 "Interim Financial Reporting" approved by the EU ("IAS 34").

The interim condensed consolidated financial statement does not include all information and disclosures required in the annual financial statement and should be read together with the consolidated financial statement of the Group for the year concluded on 31 December 2014 authorised for issue on 19 March 2015.

This interim condensed consolidated financial statement is presented in PLN, and all values, unless indicated otherwise, are provided in thousands of PLN.

This interim condensed consolidated financial statement was developed with the assumption of continuing business activity by the Group's companies in the foreseeable future that is no shorter than for 12 months from 30 September 2015. As of the date of authorisation of this financial statement, there are no reported circumstances indicating any risk to the continuation of the activity of the Group's companies.

5. New standards and interpretations, which have been issued, but are not applicable yet

- IFRS 9 Financial Instruments (issued on 24 July 2014) applicable for annual periods beginning on 1 January 2018 or later – until the date of approval of this financial statement, not approved by the EU,
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (issued on 21 November 2013) – applicable for annual periods beginning on 1 July 2014 or later, in the EU, it is applicable at the latest annual periods beginning on 1 February 2015 or later,
- Amendments resulting from the IFRS review 2010-2012 (issued on 12 December 2013) – some amendments are applicable for annual periods beginning on 1 July 2014 or later, and some of them prospectively for the transactions occurring on 1 July 2014 or later, in the EU, it is applicable at the latest annual periods beginning on 1 February 2015 or later,
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – with its application for annual periods beginning on 1 January 2016 or later – the decision concerning the term, when EFRAG will conduct particular stages of works leading to authorisation of this standard, was not taken – until the day of authorisation of this financial statement, unapproved by the EU.
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014) – with their application for annual periods beginning on 1 January 2016 or later – until the day of authorisation of this financial statement, unapproved by the EU,
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014) – with their application for annual periods beginning on 1 January 2016 or later – until the day of authorisation of this financial statement, unapproved by the EU,
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) – with their application for annual periods beginning on 1 January 2017 or later – until the day of authorisation of this financial statement, unapproved by the EU,
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (issued on 30 June 2014) – with their application for annual periods beginning on 1 January 2016 or later – until the day of authorisation of this financial statement, unapproved by the EU,
- Amendments to IAS 27 Equity Method in Separate Financial Statements (issued on 12 August 2014) – with their application for annual periods beginning on 1 January 2016 or later – until the day of authorisation of this financial statement, unapproved by the EU,

- The amendments to IFRS 10 and IAS 28 Sales or transfers of assets between the investor and the associate or joint venture (issued on 11 September 2014) – applicable for annual periods beginning on 1 January 2016 or later, the term was initially postponed by RMSR – no decision as to the date on which EFRAG will conduct the various stages of the work leading to the approval of these amendments – until the date of approval of this financial statement, unapproved by the EU,
- Amendments resulting from the review of IFRS 2012-2014 (issued on 25 September 2014) – with their application for annual periods beginning on 1 January 2016 or later – until the day of authorisation of this financial statement, unapproved by the EU,
- The amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: Application of the exception related to the consolidation (issued on 18 December 2014) – applicable for annual periods beginning on 1 January 2016 or later – until the date of approval of this financial statement, unapproved by the EU,
- The amendments to IAS 1 Disclosures (issued on 18 December 2014) – applicable for annual periods beginning on 1 January 2016 or later – until the date of approval of this financial statement, unapproved by the EU.

6. Significant principles (policy) of accounting

Principles (policies) of accounting applied to development of the interim condensed consolidated financial statement are coherent with these applied to development of the annual consolidated financial statement of the Group for the year concluded on 31 December 2014, except for application of the following new or amended standards and interpretations applicable for annual periods beginning on or after 1 January 2015.

- Amendments resulting from the review of IFRS 2011-2013 including:
 - Amendments to IFRS 3 Business Combinations

The amendments clarify that not only joint ventures, but also joint arrangements are not included in IFRS 3. This exception applies only to the preparation of a financial statement of a joint arrangement. The amendment is applied prospectively.

Application of these amendments affected neither the financial position, nor activities' results of the Group.
 - Amendments to IFRS 13 Fair Value Measurement

The amendments clarify that the exception concerning an investment portfolio applies not only to financial assets and financial liabilities, but also to other agreements included in IAS 39. The amendments are applied prospectively.

Application of these amendments affected neither the financial position, nor activities' results of the Group.
 - Amendments to IAS 40 Investment Property

The description of services described in IAS 40 distinguishes an investment property from an owner-occupied property (that is, from tangible fixed assets). The amendment is applied prospectively and explains that it is IFRS 3, not the definition of additional services included in IAS 40, is used to determine whether the transaction is a purchase of an asset or an arrangement.

Application of these amendments affected neither the financial position, nor activities' results of the Group.
 - IFRIC 21 Levies

The interpretation explains, that an entity includes a liability for a levy when an obligating event – an action causing the necessity to pay the levy pursuant to regulations – occurs. In the case of the levies due after exceeding the minimum threshold, the entity does not recognise the liability until reaching this threshold. IFRIC 21 is applied retrospectively.

Application of these amendments affected neither the financial position, nor activities' results of the Group.
- The Group did not decide for the early application of any other standard, interpretation, or amendment that was issued but is not yet effective in the light of the European Union regulations..

7. Essential values based on professional judgement and estimates

7.1. Professional judgement

Development of the interim condensed consolidated financial statement of the Group requires from the Parent company's Management Board judgements, estimates and assumptions influencing presented revenues, costs, assets and liabilities, and notes related to them, as well as disclosures concerning contingent liabilities. Uncertainty related to these assumptions and estimates may cause significant adjustments of balance value of assets and liabilities in future.

In the process of application of principles (policy) of accounting towards issues provided below, professional judgement of the management, apart from accounting estimates, was of the greatest significance.

The capitalisation of foreign exchange differences

Due to executed investments, the Group's companies use external resources of financing.

Financing costs, which are directly attributable to executed investments, are capitalised in value of capital work in progress to the day of putting capital work into service.

Companies capitalise foreign exchange differences related to credits and loans granted in foreign currency to the extend, in which they constitute adjustment of interest costs. The Group uses the cumulative approach in the scope of capitalisation of external financing costs. The cumulative approach considers an investment as a whole. That is why the amount of foreign exchange differences possible to be capitalised as an adjustment of external financing costs in the reporting period may be subject to changes together with changes in exchange rates in the period of investment.

Positive and negative foreign exchange differences constituting an adjustment of included interests, which is the difference between financing costs, which the entity would pay, if it incurred credit in the functional currency, and actual financing costs paid due to incurred credit in a foreign currency are mostly subject to activation. This method requires establishing theoretical interests, which would emerge, if the entity incurred credit in the functional currency. This amount constitutes the limit of interests' costs and foreign exchange differences incurred in credit in the currency different from the functional one.

The classification of lease agreements

The Group classifies lease as either operating, or financial one on the basis of the evaluation of the scope, in which risk and profits due to possession of leased asset fall in the share of the lessor, and in the share of the lessee. This evaluation is based on commercial substance of each transaction.

Identification of embedded derivatives

On each balance sheet date, the Group's management assesses whether under the contracts, there are economic characteristics and risk specific to the embedded derivative in a foreign currency, which are not closely related to the economic characteristics and risk of the host agreement.

7.2. Uncertainty of estimates

Basic assumptions concerning the future and other key sources of uncertainty occurring on a reporting date, to which significant risk of the significant adjustment of balance value of assets and liabilities in next reporting periods may be related, are discussed below. The Group adopted assumptions and estimates concerning the future on the basis of the knowledge possessed during development of the financial statement. Occurring assumptions and estimates may be subject to change due to future events resulting from market fluctuations or fluctuation not controlled by the Group. Such fluctuations are reflected in estimates or assumption at the moment of occurrence.

Loss in assets' value

As a result of analyses conducted on 30 September 2015, the Group identified the existence of circumstances, which would indicate possible loss in the value of the component of assets, in the form of balance sheet value of net assets of the Group higher than value of its market capitalisation. In relation to the above fact, the Group conducted value impairment tests of components of fixed assets. The conducted test relied on the current financial model assumptions of ZE PAK S.A. reflecting the strategic priorities of the Company for 2014-2047. Such priorities as: energy price, CO₂ emission price, green certificates price, and biomass price were adjusted. On the basis of conducted tests, it was stated that there is no necessity of recognition of impairment write-downs against property, plant, and equipment. Another analysis will be conducted on 31 December 2015.

Provisions' evaluation due to employee benefits

Provisions due to employee benefits were estimated using actuarial methods.

Estimate was developed on the basis of following main assumptions:

- discount rate 2.6%
- predicted inflation rate 2.5%
- predicted increase in salaries rate 3.0%, in the case of ZE PAK S.A., in 2015, it is 1.5%.

The component of deferred tax assets

The Group recognises the component of deferred tax assets on the basis of assumption that tax profit enabling to its use will be achieved. The deterioration of achieved tax results in future would make this assumption unfounded.

Fair value of financial instruments

Fair value of financial instruments, for which there is no active market, is estimated using appropriate evaluation techniques. During choice of appropriate methods and assumptions, the Group is driven by professional judgement. The way of estimation of fair value of particular financial instrument did not change in relation to methods used in order to develop the financial statement for the year concluded on 31 December 2014.

Capitalisation of stripping costs in the production phase

In duly justified cases specified by IFRIC 20, the Group capitalises stripping costs in the phase of production of an open pit. The basis of costs capitalisation is fulfilling following conditions: it is plausible that the Group will achieve future economic benefits related to stripping, the Group is able to identify that part of the coal deposit, to which access was facilitated, and stripping costs concerning that part of the deposit may be evaluated reliably. The Group verifies estimates concerning above criteria in order to ensure proper costs capitalisation periodically.

The settlement period for assets due to stripping and other mining assets

The Group verifies specified settlement period of assets concerning stripping and other mining assets on the basis of current forecasts of the period of use of open pits.

Share based payments

In order to settle employee share, it was accepted that the date of start vesting for shares is the date of the Company's commercialisation, and the date of granting entitlements to shares is the date of final hanging lists with a number of shares granted to PAK Kopalnia Węgla Brunatnego Konin S.A. and PAK Kopalnia Węgla Brunatnego Adamów S.A.'s employees. Fair value of the programme on the day of the acquisition of control was specified on the basis of fair value of PAK Kopalnia Węgla Brunatnego Konin S.A. and PAK Kopalnia Węgla Brunatnego Adamów S.A. companies. The process of acquisition of shares by entitled employees begun in February 2013 and finished in 2014. The price of shares redemption was specified in PAK KWB Konin S.A. and PAK KWB Adamów S.A.'s shares sale agreements dated 28 May 2012 and was established at the level of the price of purchase of shares of earlier purchased shares of mines indexed by the consumption products and services prices indicator. Till the day of the submission of this financial statement, the main part of purchase of shares was completed.

Compensation for the termination of long-term contracts for sale of power and electricity

In the note 29, the descriptions of essential contingent liabilities and essential legal proceedings, including these concerning compensations for the termination of long-term contracts for sale of power and electricity, were presented.

Revenue recognition

The Group uses the percentage of the work completion method at settlement of long-term contracts. Use of this method requires from the Group estimation of proportions of completed works to all services to be performed.

On every balance sheet date, the Group reevaluates budgeted estimates of total revenues and costs of realised projects. The projected contract-related loss is recognised as costs of the period, when it was recognised in accordance with IAS 11.

Depreciation rates

The amount of depreciation rates is determined on the basis of the projected period of economic usability of components of tangible fixed assets and intangible values. The Group verifies accepted periods of economic usability on the basis of current estimates annually.

Receivables impairment write-downs

On the balance sheet date, the Group evaluates whether there is objective evidence of loss in value of the component of receivables or the group of receivables. If value possible to recover the component of assets is lower than its balance sheet value, a given entity establishes an impairment write-down to the level of current value of planned cash flows.

The provision for liquidation of components of tangible fixed assets

Grupa tworzy rezerwę na likwidację składników rzeczowego majątku trwałego w przypadku wystąpienia takiego obowiązku lub podjęcia takiego zobowiązania przez kierownictwo Grupy. Rezerwa tworzona jest w wysokości wynikającej z otrzymanych ofert dotyczących likwidacji składników aktywów trwałych. Grupa dokonuje aktualizacji wartości rezerwy na każdy dzień bilansowy. Wartość rezerwy z tytułu likwidacji składników rzeczowego majątku trwałego jest dyskontowana na każdy dzień bilansowy.

The provision for liquidation of ash dumps

The Group creates the provision for liquidation of components of tangible fixed assets in case of such obligation, or acceptance of such liability by the Group's management. The provision is created in the amount resulting from the received offers concerning liquidation of components of tangible fixed assets. The Group revaluates the value of the provision on every balance sheet date. Value of the provision due to liquidation of components of tangible fixed assets is discounted on every balance sheet date.

Reclamation provisions and other related to mining activity

The Group creates the provision for liquidation of ash dumps due to a legal obligation resulting from the integrated approval entries. The basis of estimation are developments, technical and economic analyses developed by the Group, as well as received external offerings for planned directions of reclamation. At the end of every reporting period, the Group revaluates values of the provision.

Evaluation of energy certificates

The Company recognises the energy certificates of origin (green certificates) due to the energy production from renewable energy sources, gas, and peak load co-generation according to fair value at the end of the month, when they were produced. As of the balance sheet date, the Company evaluates the certificates of origin to net value possible to achieve – as of 30 September 2015, to the price amounting to 121.25 PLN/MWh. An impairment write-down against the certificates' value is established in case when the sale price possible to achieve diminished by disposition costs is lower than the historical cost.

The provision for liabilities due to the emission of greenhouse gases, and provisions for the redemption of certified emission reductions (EUA)

The Group recognises the provision for the redemption of greenhouse gases allowances and certified emission reductions. Due to the conclusion of the period of settlement of allocation of allowances of KPRU II, since 1 January 2013, another settlement period of 2013 – 2020 concerning allowances has been applicable. Assumption of this period is granting free EUA allowances to the Group resulting from the production of heat. Although, power engineering was additionally covered by opportunity of derogation resulting from Article 10c of the ETS Directive based on granting additional free allowances, provided that declared investment expenses for investments reported to the National Investment Plan (KPI) are incurred.

Planned emission in the PAK Group in 2015 will amount to 12 689 534 tonnes of CO₂. As of 31 December 2014, the Group possessed EUAs purchased in number of 13 268 619 tonnes. In April 2015, the Group received free EUAs resulting from Art. 10c for 2014 in number of 2 241 959 EUAs, so that the Group had 15 510 578 EUAs in total. Then, in April 2015, the redemption of emissions for 2014 in number of 12 574 175 EUAs was made. After the redemption, there were 2 936 403 EUAs, which have been transferred to redeem emissions for 2015, in the Group. Moreover, in April 2015, ZE PAK SA obtained free emission allowances under Art. 10a resulting from heat production for 2015 in number of 121 398 EUAs, which will be used in April 2016 in redemption for emissions for 2015. Bearing in mind that the ZE PAK Group, in 2015, after redemption, has a remaining excesses of EUAs from 2014 in number of 2 936 403

EUAs, received free EUAs for heat for 2015, and plans to obtain, under Art. 10c, for 2015, 418 724 EUAs, the Group originally planned to purchase 9 213 009 EUAs in order to perform of the obligation to redeem emission for 2015.

On 30 September 2015, the ZE PAK Group submitted the material and financial statement on the executed investment expenses within the National Investment Plant to the Ministry of the Environment concerning the free EUAs of the Article. 10 c for 2015, applying for granting 329 417 EUAs, which means that the Group applied for the number of EUAs less by 89 307 than expected. Thus, for the execution of the redemption of CO₂ emission for 2015 obligation, the Group will have to buy 9 302 316 EUAs.

In the three quarters of 2015, the PAK Group purchased 8 071 500 EUAs for the needs of 2015.

As of 30 September 2015, the Company created the provision for allowances in relation to the actual size of emissions for the period between 1 January 2015 and 30 September 2015. Details concerning the provision for liabilities due to the redemption emission of greenhouse gases and certified emission reductions were presented in the note 26.3.1.

8. Change of estimates

Within the 9-month-period concluded on 30 September 2015, except for these described in the financial statement, there was no significant changes in estimated sizes and the methodology of estimates that would affect the current period or future period.

9. Acquisitions of ventures

In the period between 1 January 2015 and 30 September 2015, there was no new acquisitions of ventures.

10. Seasonality of the activities

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

11. Operating segments

For the purpose of management, the Group was divided into parts on the basis of manufactured products and provided services.

Therefore, there are following operating segments:

- The Generation Segment covering production of electricity both from conventional sources (including co-generation) and by combustion and co-combustion of biomass. Basic fuels used by the Generation Segment are lignite and biomass. The Generation Segment covers following entities:
 - Zespół Elektrowni "Pańków – Adamów – Konin" S.A.,
 - "Elektrownia Pańków II" sp. z o.o.,
 - "PAK – HOLDCO" sp. z o.o.,
 - "PAK Infrastruktura" sp. z o.o.
- The Mining Segment covering the extraction of lignite. In the Mining Segment, within the Capital Group ZE PAK S.A.:
 - "PAK GÓRNICTWO" sp. z o.o.,
 - "PAK Kopalnia Węgla Brunatnego Konin" S.A.,
 - "PAK Kopalnia Węgla Brunatnego Adamów" S.A.
- The Renovation Segment performing services in the scope of construction and renovation services. The Segment covers activities of:
 - Przedsiębiorstwo Remontowe "PAK SERWIS" sp. z o.o.,
 - Przedsiębiorstwo Serwisu Automatyki i Urządzeń Elektrycznych "EL PAK" sp. z o.o.,
 - "Energoinwest Serwis" sp. z o.o.,
 - "EL PAK Serwis" sp. z o.o.

- The Sales Segment performing services of the sale of electricity. The Sales Segment includes the Company PAK – Volt S.A.

The Group ZE PAK S.A. also performs other kinds of activities included in the Other column. In the three quarters of 2015, there is the EKO – Surowce sp. z o.o. and AQUAKON sp. z o.o. companies' activity. In the comparison data for three quarters of 2014, in this column, activities of PAK Centrum Badań Jakości sp. z o.o. and PAK Centrum Usług Informatycznych sp. z o.o. companies liquidated at the beginning of 2015 are presented as well.

Transaction prices used in transactions between operating segments are determined on the basis of commercial principles, like in transactions with non-related entities.

Revenues due to transactions between segments are eliminated in the process of consolidation.

The Board monitors separate results of the operating activities of segments in order to decide on allocation of resources, evaluation of this allocation's outcomes, and the results of activities. The basis of assessment of the results of activities is profit or loss on the operating activity and EBITDA.

Segments' results for periods concluded on 30 September 2015 and 30 September 2014 are presented on the following pages.

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

For the period of 9 months ended 30 September 2015 (unaudited)

	<i>Generation</i>	<i>Mining</i>	<i>Renovation</i>	<i>Sale</i>	<i>Other</i>	<i>Consolidation adjustment</i>	<i>Total</i>
Sales revenue to external customers	1 330 864	6 207	117 325	793 979	6 409	-	2 254 784
Sales revenue between segments	337 798	664 328	241 027	4	91 205	(1 334 362)	-
Sales revenue	1 668 662	670 535	358 352	793 983	97 614	(1 334 362)	2 254 784
Cost of goods sold	(1 627 240)	(636 039)	(321 586)	(787 163)	(90 250)	1 339 431	(2 122 847)
Gross profit (loss)	41 422	34 496	36 766	6 820	7 364	5 069	131 937
Other operating income	2 421	13 253	726	173	201	(1 378)	15 396
Selling and distribution expenses	(1 920)	(6)	-	(298)	(794)	-	(3 018)
Administrative expenses	(33 347)	(29 778)	(16 729)	(3 737)	(3 114)	-	(86 705)
Other operating expenses	(2 389)	(1 145)	(354)	(10)	(8)	151	(3 755)
Finance income	6 656	1 345	316	299	12	(853)	7 775
Finance costs	(20 901)	(14 693)	(376)	(8)	(23)	853	(35 148)
Profit before tax	(8 058)	3 472	20 349	3 239	3 638	3 842	26 482
Income tax expense	1 239	(82)	(4 335)	(634)	(621)	(728)	(5 161)
Net profit (loss) for the period from continuing operations	(6 819)	3 390	16 014	2 605	3 017	3 114	21 321
Profit (loss) from operating activities, without financial operations and income tax	6 187	16 820	20 409	2 948	3 649	3 842	53 855
Depreciation / Amortization	191 714	87 007	6 123	112	2 178	(3 294)	283 840
Change in impairment	-	-	-	-	-	-	-
EBITDA	197 901	103 827	26 532	3 060	5 827	548	337 695

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

For the period of 9 months ended 30 September 2014 (unaudited)

	<i>Generation</i>	<i>Mining</i>	<i>Renovation</i>	<i>Sale</i>	<i>Other</i>	<i>Consolidation adjustment</i>	<i>Total</i>
Sales revenue to external customers	1 276 449	5 747	124 428	559 202	5 611	-	1 971 437
Sales revenue between segments	320 208	668 547	152 690	4	45 498	(1 186 947)	-
Sales revenue	1 596 657	674 294	277 118	559 206	51 109	(1 186 947)	1 971 437
Cost of goods sold	(1 519 363)	(577 764)	(247 148)	(546 967)	(47 488)	1 190 166	(1 748 564)
Gross profit (loss)	77 294	96 530	29 970	12 239	3 621	3 219	222 873
Other operating income	7 162	25 232	761	76	1 889	(7 386)	27 734
Selling and distribution expenses	(1 882)	(25)	-	(483)	(507)	-	(2 897)
Administrative expenses	(34 898)	(56 829)	(15 506)	(3 337)	(1 998)	-	(112 568)
Other operating expenses	(5 299)	(10 028)	(298)	-	(201)	-	(15 826)
Finance income	4 106	6 181	439	777	451	(1 031)	10 923
Finance costs	(23 625)	(17 212)	(73)	(15)	(1 814)	2 431	(40 308)
Profit before tax	22 858	43 849	15 293	9 257	1 441	(2 767)	89 931
Income tax expense	(4 791)	(7 936)	(3 093)	(2 108)	(649)	1 094	(17 483)
Net profit (loss) for the period from continuing operations	18 067	35 913	12 200	7 149	792	(1 673)	72 448
Profit (loss) from operating activities, without financial operations and income tax	42 377	54 880	14 927	8 495	2 804	(4 167)	119 316
Depreciation / Amortization	204 326	63 624	6 743	117	1 529	(5 338)	271 001
Change in impairment	(143)	(202)	4	-	-	-	(341)
EBITDA	246 560	118 302	21 674	8 612	4 333	(9 505)	389 976

In the above table, in relation to the previous financial statement for three quarters of 2014 year, the presentation of financial income for the consolidation adjustments – the financial income in the amount of minus PLN 64 290 thousand, which are mainly dividends, was recognised in the item of financial income, in the Generation segment.

12. Revenues and costs

12.1. Sales revenue

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
<i>Revenues by type</i>				
Electricity	1 220 768	388 217	1 290 897	438 264
Electricity resold from the market	683 767	250 956	398 118	146 937
Energy certificates of origin	38 949	11 266	49 211	14 665
Construction contracts	111 365	30 202	113 512	43 292
Compensation related to PPAs termination	137 136	47 894	48 214	(33 861)
Heat	42 818	9 644	39 963	9 155
Other	21 568	9 427	32 199	8 505
Excise	(1 587)	(344)	(677)	(277)
Total revenues by type	<u>2 254 784</u>	<u>747 262</u>	<u>1 971 437</u>	<u>626 680</u>

12.2. Other operating revenue

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Compensations received	770	181	2 385	1 102
Reversal of write-downs against receivables	3	1	7	2
Grants received	1 974	612	1 754	591
Gain on the sale of non-financial fixed assets	9 132	3 187	15 302	12 764
Reimbursement of costs previously recognized as not deductible	-	-	-	-
Reversal of provisions for costs and losses and liabilities write-off	1 924	51	1 294	391
Other	1 593	(28)	6 992	1 761
Total other operating income	<u>15 396</u>	<u>4 004</u>	<u>27 734</u>	<u>16 611</u>

12.3. Other operating expenses

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Loss on the sale of property, plant and equipment	361	2	190	(98)
Creation of provisions	796	504	5 076	323
Impairment write-down against receivables	58	16	963	81
Compensations paid	54	(18)	49	10
Loss on liquidation of fixed assets	9	3	10	4
Electricity equivalents paid for pensioners and former employees	2	-	3 719	996
Electricity-related damages	137	65	756	517
Cost of social assets maintenance	-	-	99	-
Donations given	247	19	405	35
Cost of trade unions	112	33	124	28
Cost of shortages and damages	331	183	91	63
Other	1 648	205	4 344	3 477
Total other operating expenses	3 755	1 012	15 826	5 436

The main component of the others item are prepayments of costs due to legal and enforcement proceedings in the amount of PLN 862 thousand.

12.4. Finance income

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Interest income	2 497	543	5 206	1 861
Dividends	49	-	5 522	-
Foreign exchange gains	3 983	(4 489)	69	33
Valuation and realization of financial derivatives	-	-	-	-
Other	1 246	103	126	42
Total Finance income	7 775	(3 843)	10 923	1 936

12.5. Finance costs

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Interest expenses	14 070	3 755	21 927	7 443
Valuation and realization of financial derivatives	6 424	2 062	7 078	2 309
Foreign exchange losses	6 220	601	4 259	919
Settlement discount	-	-	-	-
Power units utilisation provision discount	312	104	529	176
Revaluation of investments	-	-	-	-
Reclamation provision discount	4 661	1 553	5 921	1 948
Other	3 461	1 112	594	258
Total finance costs	35 148	9 187	40 308	13 053

In the "Other" item, the reversal of discount of actuarial provisions in PAK KWB Adamów and PAK KWB Konin in the amount of PLN 1 817 thousand is mainly presented as well as the provisions concerning the unused credit and the bank guarantees in PAK KWB Konin in the amount of PLN 670 thousand.

12.6. Costs by type

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Depreciation / Amortisation	283 840	94 090	271 001	90 558
Impairment write-downs against property, plant and equipment	-	-	(341)	22
Impairment write-downs against inventories	23 754	(19 957)	5 661	3 987
Materials	326 109	100 576	346 762	134 213
External services	87 861	32 148	107 643	1 244
Taxes and charges, excluding excise duty	124 099	40 708	123 082	37 566
Costs of allowances for emission of CO ₂	232 512	74 056	129 616	42 333
Employee benefits	427 715	126 849	409 442	140 902
Other costs by type	30 354	7 386	16 188	(1 347)
Cost of goods for resale and raw materials sold and resale of electricity from the market	675 412	252 648	390 568	147 811
Total cost by type	2 211 656	708 504	1 799 622	597 289
Items included in cost of goods sold	2 122 847	699 115	1 748 564	607 213
Items included in selling and distribution expenses	3 018	1 094	2 897	1 216
Items included in administrative expenses	86 705	29 847	112 568	40 138
Change in the stocks of finished goods	(1 656)	(22 196)	(80 589)	(52 999)
Cost of goods and services for internal needs	742	644	16 182	1 721

12.7. Construction agreements

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Revenues from contracts for construction services recognised in the period	111 365	30 202	113 512	43 292
Revenues invoiced in the period	105 725	41 910	133 714	44 476
Balance sheet valuation	5 640	(11 708)	(20 202)	(1 184)
Costs applied in the period	98 928	24 791	102 511	41 148
Expected losses due to the contracts recognised in the period	(11)	-	(177)	(143)
Results due to performance of the contracts included in the period	12 448	5 411	11 178	2 287
	<i>9 months period ended 30 September 2015 (unaudited)</i>		<i>9 months period ended 30 September 2014 (unaudited)</i>	
Gross amount payable by contracting parties due to works resulting from the contract	3 749		8 710	
Gross amount paid to contracting parties due to works resulting from the contract	8 310		23 725	

13. Components of other comprehensive income

Components of other total revenues present as follows:

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Cash flow securities				
Profits (losses) for the period	(693)	(922)	(7 126)	(2 324)
Adjustment resulting from reclassification of profits (losses) included in the profit or the loss	6 424	2 069	7 075	2 306
Gross cash flow securities for the period	5 731	1 147	(51)	(18)
Income tax concerning cash flow securities	(1 089)	(218)	9	4
Net cash flow securities for the period	4 642	929	(42)	(14)
Actuarial gross profits (losses) concerning provisions for post-employment employee benefits	(2 139)	(548)	(4 704)	(511)
Income tax concerning actuarial profits (losses)	406	104	844	46
Actuarial net profits (losses) concerning provisions for post-employment employee benefits	(1 733)	(444)	(3 860)	(465)
Gross exchange rate differences from foreign currency conversion	(6)	(7)	34	5
Income tax concerning exchange rate differences from foreign currency conversion	-	-	-	-

Net exchange rate differences from foreign currency conversion	(6)	(7)	34	5
Other gross comprehensive income	3 586	592	(4 721)	(524)
Income tax concerning other comprehensive income	(683)	(114)	853	50
Other net comprehensive income	2 903	478	(3 868)	(474)

14. Income tax

14.1. Tax load

The main components of tax load for the 9-month period concluded on 30 September 2015 and 30 September 2014 are as follows:

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
<i>Included in the profit or the loss</i>				
Current income tax				
Current income tax load	3 556	980	15 136	5 018
Deferred income tax load				
Related to creation and reversal of temporary differences	1 562	281	2 638	(2 099)
Other changes	43	5	(291)	(5 492)
Tax load in the consolidated profit or loss	5 161	1 266	17 483	(2 573)
<i>Included in the consolidated statement of the comprehensive income</i>				
Net profit (loss) tax due to revaluation of cash flow securities	(1 089)	(218)	9	4
Actuarial allowance concerning actuarial profits/losses	406	104	844	46
Tax advantage/(tax load) included in comprehensive income	(683)	(114)	853	50

14.2. Deferred income tax

Deferred income tax results from following items:

	30 September 2015 (unaudited)	31 December 2014
Deferred tax asset		
Balance sheet provisions	134 709	140 858
Overburden and other mining assets	3 516	(20)
Interest and exchange rate differences	11 379	13 422
Hedging instruments	3 380	4 511
Valuation of non-terminated agreements for building services	3 537	5 727
Tax loss from previous years	71 377	53 582
Impairment write-down against inventories	1 568	1 585
Impairment write-down against receivables	6 203	6 195
Impairment write-downs against fixed assets	32	126
Difference between the carrying amount and tax value of fixed assets	68	27
Settlements with employees	6 013	6 913
Other	41 629	35 104
Total	<u>283 411</u>	<u>268 030</u>
Provision under deferred income tax		
Difference between the balance sheet value and the tax value of fixed assets	387 274	383 381
Receivables under PPAs	15 129	12 736
Energy certificates	25 178	25 787
Interest and exchange rate differences	1 807	1 897
Valuation of non-terminated construction agreements	2 148	3 502
Accrued receivables under contractual penalty fees	824	824
Mining asset	769	848
Purchased CO ₂ allowances	61 862	48 164
Other	-	340
Total	<u>494 991</u>	<u>477 479</u>
<i>After compensating balances at the level of companies from the Corporate Group, deferred tax is presented as:</i>		
Asset	110 805	112 870
Provision	322 385	322 319

In the other item, the tax asset deferred on the main items consists of PLN 13 777 thousand of the provision for liability to the Zarządca Rozliczeń company in the Pątnów II Power Plant (as of 31 December 2014, the amount was PLN 14 583 thousand), PLN 8 698 thousand is an evaluation of preferential loans in the Pątnów II Power Plant (as of 31 December 2014, the amount was PLN 8 905 thousand), and PLN 4 418 thousand an excess of the sale-and-lease-back transaction settled in time (as of 31 December 2014, the amount was PLN 5 186 thousand).

As of 30 September 2015, the "Elektrownia Pątnów II" sp. z o.o company showed tax profit in the amount of PLN 9 992, and as of 31 December 2014, in the amount of PLN 24 103 thousand.

Before 2012, the company recorded tax losses, which are deducted from tax profits starting from 2012.

The cumulated value of tax losses for 2010-2011, remaining to be settled as of 30 September 2015, amounted to PLN 140 128 thousand. The cumulated value of tax losses for 2010-2011, remaining to be settled as of 31 December 2014, amounted to PLN 150 120 thousand.

The above values of cumulated losses as of 30 September 2015 and 31 December 2014 include cumulative loss write-downs made in in relation to 2013.

As of 31 December 2013, the company analysed opportunities of settlement of tax losses on future incomes on the basis of the developed budget. On the basis of the budget, due to lack of opportunity to deduct in whole tax losses for 2009 and 2011 (PLN 56 769 thousand in total), the company made a write-down in the books of account for 2013 in relation to the deferred tax asset amounting to PLN 10 786.

As of 30 September 2015 and 31 December 2014, the company analysed again opportunities of settlement of tax losses on future incomes on the basis of the developed budget. Based on this analysis, the amount of the write-down, which the Company created in 2013, was not modified.

Tax losses, in accordance with the applicable Polish regulations of the tax law, may be deducted from future taxable income earned by the Company in next 5 years. However, the amount of deduction in any of these years must not exceed 50% of the loss amount.

Przedsiębiorstwo Remontowe "PAK Serwis" sp. z o.o. ran activities in Germany through the branch.

In 2008 – 2010, the company recorded tax losses. Cumulated value of losses for this period amounted to PLN 24 811 thousand.

On the basis of possessed budgets for subsequent years, the company analysed opportunities of settlement of tax losses. The value of tax losses for 2008 – 2009 amounted to PLN 18 087 thousand. The deferred tax asset was not recognised. This value amounted to PLN 5 426 thousand. For the year concluded on 31 December 2010, values of loss recorded by the German branch amounted to PLN 6 732 thousand.

Within this scope, the deferred tax asset also was not recognised – this value amounted to PLN 2 017 thousand.

In the year concluded on 31 December 2011, the branch recorded tax profit. Due to this, tax loss from previous years (not included in the asset earlier) was settled in the amount of PLN 4 214 thousand.

In the year concluded on 31 December 2012, the branch recorded tax profit. Due to this, tax loss from previous years (included in the asset of the amount of EUR 850 thousand earlier) was settled in the amount of PLN 3 586 thousand (an equivalent of EUR 859 thousand).

In the year concluded on 31 December 2012, the branch recorded tax profit amounting to PLN 1 936 thousand. (the equivalent of EUR 459 thousand). Due to this, tax loss from previous years (included in the asset of the amount of EUR 84 thousand earlier) was settled in the amount of achieved profit.

In the year concluded on 31 December 2014, the branch recorded tax profit amounting to PLN 1 263 thousand (the equivalent of EUR 301 thousand). Due to this, tax loss from previous years (included in the asset in whole earlier) was settled in the amount of the achieved profit.

Furthermore, on the basis of developed budgets for future years, the asset of cumulated tax loss from previous years in the amount of PLN 74 thousand (the equivalent of EUR 17 thousand) was recognised.

As of 31 December 2014, the value of the deferred tax asset of tax losses from previous years in the Przedsiębiorstwo Remontowe "PAK Serwis" company amounted to PLN 4 518 thousand (the equivalent of EUR 1 060 thousand). The asset was subject to impairment write-downs to the amount of PLN 4 444 thousand (the equivalent of EUR 1 043 thousand).

As of 30 September 2015, the plant recorded tax profit amounting to PLN 540 thousand (the equivalent of EUR 130 thousand). Due to this, tax loss from previous years was settled in the amount of the achieved profit. In relation to the liquidation of the foreign plant in Germany's activity, the entire loss asset was covered with the write-off.

As of 30 September 2015, the PAK Kopalnia Węgla Brunatnego Konin S.A. company shows the following unsettled tax losses:

- for the tax year 2012, the amount of PLN 41 448 thousand,
- for the tax year 2013, the amount of PLN 17 458 thousand.

In the current period, the Company recognised the tax loss in the amount of PLN 16 682 thousand.

As of 30 September 2015, the PAK Kopalnia Węgla Brunatnego Adamów S.A. company shows the following unsettled tax losses:

- for the tax year 2012, the amount of PLN 11 302 thousand,
- for the tax year 2014, the amount of PLN 95 thousand.

In the current period, Company settled part of the tax loss for 2012 in the amount of PLN 12 089 thousand.

15. Profit per one share

Basic profit per one share is calculated with division of net profit for the period of the parent company's ordinary shareholders by weighted average of number of issued ordinary shares occurring during the period.

Diluted earnings per one share are calculated with division of net profit for the period of the parent company's ordinary shareholders by weighted average of number of issued ordinary shares occurring during the period corrected by weighted average of ordinary shares, which would be issued by converting all diluting potential equity instruments into ordinary shares.

Data concerning profit and shares that served to calculated basic and diluting earning per one share were presented below:

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Net profit on continued activities of the parent company's shareholders	21 179	6 076	66 922	(19 871)
Profit on abandoned activities of the parent company's shareholders	-	-	-	-
Net profit of ordinary shareholders used for calculation of diluted earnings per one share	<u>21 179</u>	<u>6 076</u>	<u>66 922</u>	<u>(19 871)</u>
The average weighted number of ordinary shares used for calculation of basic and diluted earnings per one share	<u>50 823 547</u>	<u>50 823 547</u>	<u>50 823 547</u>	<u>50 823 547</u>

The below table shows the profit per one share for the 6 months concluded on 30 September 2015 and 30 September 2014 presented in the income statement.

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
Basic and diluted earnings per share for the financial year attributable to equity holders of the parent	0.42	0.12	1,32	(0.39)
Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent	0.42	0.12	1,32	(0.39)

In the period between the balance sheet day and the day of development of this financial statement, there were no other transactions concerning ordinary shares or potential ordinary shares.

16. Property, plant and equipment

For the period of 9 months ended 30 September 2015 (unaudited)

	<i>Land and perpetual usufruct</i>	<i>Buildings and constructions</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Other</i>	<i>Assets under construction</i>	<i>Total</i>
Gross value as at 1 January 2015	214 184	1 889 661	3 929 392	69 177	26 985	815 781	6 945 180
Direct purchase	1 104	2 535	5 200	4 448	1 232	327 626	342 145
Repairs	-	-	-	-	-	-	-
Transfer from fixed assets under construction	10 167	23 562	15 744	107	534	(50 114)	-
Sale and liquidation	(1 150)	(2 187)	(3 163)	(7 834)	(1 192)	-	(15 526)
Gross value as at 30 September 2015	<u>224 305</u>	<u>1 913 571</u>	<u>3 947 173</u>	<u>65 898</u>	<u>27 559</u>	<u>1 093 293</u>	<u>7 271 799</u>
Depreciation and impairment write-downs as at 1 January 2015	3 809	442 030	1 128 551	25 703	16 128	29 341	1 645 562
Depreciation write-down for the period	1 081	68 591	175 448	7 247	1 992	-	254 359
Impairment write-down	-	-	-	-	-	-	-
Sale and liquidation	(2)	(238)	(2 126)	(4 548)	(1 061)	-	(7 975)
Depreciation and impairment write-downs as at 30 September 2015	<u>4 888</u>	<u>510 383</u>	<u>1 301 873</u>	<u>28 402</u>	<u>17 059</u>	<u>29 341</u>	<u>1 891 946</u>
Net value as at 1 January 2015	<u>210 375</u>	<u>1 447 631</u>	<u>2 800 841</u>	<u>43 474</u>	<u>10 857</u>	<u>786 440</u>	<u>5 299 618</u>
Net value as at 30 September 2015	<u>219 417</u>	<u>1 403 188</u>	<u>2 645 300</u>	<u>37 496</u>	<u>10 500</u>	<u>1 063 952</u>	<u>5 379 853</u>

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	<i>Land and perpetual usufruct</i>	<i>Buildings and constructions</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Other</i>	<i>Assets under construction</i>	<i>Total</i>
Gross value as at 1 January 2014	188 660	1 858 901	3 844 966	70 972	30 023	328 162	6 321 684
Direct purchase	97	1 078	62 549	949	2 324	444 835	511 832
Repairs	-	3 330	2 371	-	-	1 282	6 983
Transfer from fixed assets under construction	15 674	15 146	22 879	806	1 221	(55 726)	-
Sale and liquidation	(2 321)	(4 602)	(39 043)	(3 557)	(5 727)	(294)	(55 544)
Gross value as at 30 September 2014	<u>202 110</u>	<u>1 873 853</u>	<u>3 893 722</u>	<u>69 170</u>	<u>27 841</u>	<u>718 259</u>	<u>6 784 955</u>
Depreciation and impairment write-downs as at 1 January 2014	2 339	360 623	900 928	19 465	18 302	29 815	1 331 472
Depreciation write-down for the period	1 288	65 132	185 725	7 228	2 945	-	262 318
Impairment write-down	-	(693)	(65)	(16)	(11)	(93)	(878)
Sale and liquidation	(252)	(3 152)	(12 293)	(1 985)	(4 300)	1	(21 981)
Depreciation and impairment write-downs as at 30 September 2014	<u>3 375</u>	<u>421 910</u>	<u>1 074 295</u>	<u>24 692</u>	<u>16 936</u>	<u>29 723</u>	<u>1 570 931</u>
Net value as at 1 January 2014	<u>186 321</u>	<u>1 498 278</u>	<u>2 944 038</u>	<u>51 507</u>	<u>11 721</u>	<u>298 347</u>	<u>4 990 212</u>
Net value as at 30 September 2014	<u>198 735</u>	<u>1 451 943</u>	<u>2 819 427</u>	<u>44 478</u>	<u>10 905</u>	<u>688 536</u>	<u>5 214 024</u>

The value impairment test of assets of the ZE PAK SA Capital Group

In accordance with IAS 36, at the end of every reporting period, the Group's Board evaluates whether there are any prerequisites indicating that there may have occurred loss in value of the component of fixed assets. In case of statement that there are such prerequisites, the Group estimates recoverable amount of assets' components.

According to IAS 36: "A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit is determined to which the asset belongs (the asset's cash-generating unit)."

The holding higher carrying values of the net assets of the Group from the value of its market capitalisation is still the holding premise confirming the need of conducting the value impairment test of assets.

The identified CGUs are discussed below:

- ZE PAK S.A., the parent company of the Group, apart from the manufacturing operations, within which it is responsible for ensuring a certain level of efficiency of the generating units and implementations of production schedules, is focused on the significant operational and financial functions at the Group level.
- The Pałnów II Power Plant (El. Pałnów II) – the second electricity producer in the Group, pursuant to the Act on termination of long-term agreements, is involved in the programme of coverage of stranded costs by the end of 2025. The final settlement of this programme and, eventually, receipt of additional funds within the annual adjustment for 2025 and the final adjustment are planned in 2026.
- Lignite mines "Konin" and "Adams" conduct the business at several open pits. In these companies, as profit generating units, smaller groups of assets that generate independent cash inflows were not, however, distinguished because of the many reasons inflows generated by particular groups of assets are very closely connected with each other. As a result, the Mine is expected to provide the Power Plant with a certain amount of coal; it is irrelevant, from which open pit it will come from. As a result, coal is supplied to the Power Plant from several open pits interchangeably. The organisational structure and registration systems are subordinated to such an established production target.

The above arguments determined distinguishing following units generating independent cash flows within the ZE PAK SA Capital Group:

- ZE PAK S.A.
- El. Pałnów II Sp. z o.o.
- PAK KWB "Konin" S.A.
- PAK KWB "Adamów" S.A.

Moreover, the remaining CGUs were distinguished within segments: Repairs, Sales, and Others.

Conducting the value impairment test of fixed assets, the Group based on the financial model reflecting strategic priorities of the parent entity, ZE PAK SA, for 2015-2047.

In ZE PAK SA, one cash-generating unit (CGU) was determined, although the following units generating cash inflows were distinguished within the cash-generating unit:

- the Pałnów I power plant - operation time until 31 December 2030
- the Adamów power plant - operation time until 31 December 2017
- the Konin-header power plant - operation time until 30 June 2019
- the Konin biomass unit power plant- operation time until 31 December 2047

For each of these units, it is possible to determine the cash flow stream, but these streams are, to a significant extent, dependent on each other. Therefore, they had to be considered together as a single unit (CGU). For the above unit (CGU), EBIT streams were estimated according to periods of operation of particular units. For the EBIT stream, depreciation adjusted after respectively 2017 and 2019 was added to units Adamów and Konin-header. In order to calculate of unrestricted cash flows, the EBITDA flows were adjusted with the investment expenses.

The planned expenses for the gas unit in Konin power plant were excluded from the investment expenses.

Into the financial projections as of 30 September 2015, in relation to the projections of 30 June 2015, the changes in electricity, CO₂ emission, green certificates and forest and agricultural biomass prices were introduced.

In the case of the Elektrownia Pańków II sp. z o.o. company, the value impairment test was cancelled due to this unit's participation in the programme of coverage of stranded costs (KDT).

The basis of tests for both lignite mines is long-term financial projections including periods of operation of both mines and their particular open pits, which were agreed with assumptions accepted in the ZE PAK S.A.'s model.

Financial projections of lignite mines were built with consideration of following parameters:

1. The volume of production (extraction of coal) and revenue was determined on the basis of forecasts of the main recipient of coal that is ZE PAK SA and EP II Sp. z o.o. and its projected price curve for coal,
2. Stripping and extraction of coal were developed according to the schedule of utilisation of current and predicted open pits,
3. The level of investment expenses enabling to build new open pits and maintain specified production capacities during their operation was accepted,
4. The schedule of employment restructuring processes was accepted,
5. Costs of the following events were included:
 - costs of reclamation of open pits,
 - retirement benefits,
 - costs of compensations due to the dismissals,
 - revenues from sale of the asset after the end of open pit utilisation.

On the basis of such a model, cash flows were estimated according to periods of operation of particular open pits.

Every mine was treated as a separate CGU unit.

Values of revenues, costs, investment expenses, and working capital were introduced to the model, in which value of the enterprise was calculated on the basis of full and the best knowledge possible to have on the day of test conduction. The tests were conducted on 30 September 2015. In relation to the tests of 30 June 2015, in the tests of 30 September 2015, no changes in priorities were introduced.

On the basis of conducted tests for the particular CGUs of the Group, no necessity of recognition of impairment write-downs against property, plant and equipment was stated.

17. Lease

17.1. Liabilities under financial lease agreements and lease agreement with purchase option

Fixed assets used on the basis of financial lease agreements include mostly cars, tracked dozers and loaders, tractors, and trailers.

As of 30 September 2015 and 31 December 2014, future minimal lease payments due to financial lease agreements and lease agreements with purchase option, as well as current value of minimal net lease payments are as follows:

	<i>As at 30 September 2015</i>		<i>As at 31 December 2014</i>	
	<i>minimum payments</i>	<i>present value of payments</i>	<i>minimum payments</i>	<i>present value of payments</i>
Up to 1 year	14 235	13 392	14 423	13 108
1 to 5 years	10 311	9 797	20 168	19 151
Over 5 years	-	-	-	-
Total minimal lease payments	24 546	23 189	34 591	32 259
Minus finance expenses	(1 357)	-	(2 062)	-
Present value of minimal lease payments, including:	24 462	23 189	34 558	32 259
Short-term	14 199	13 392	14 404	13 108
Long-term	10 263	9 797	20 154	19 151

18. Intangible assets

Long-term intangible assets – for the period of 9 months ended 30 September 2015 (unaudited)

	<i>Development costs</i>	<i>Patents and licences</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
Gross value as of 1 January 2015	-	18 549	1 847	76 922	97 318
Transfer EUA	-	-	-	(105 700)	(105 700)
Increases	-	(1)	(158)	-	(159)
Decreases	-	942	297	29 173	30 412
Gross value as of 30 September 2015	-	19 490	1 986	395	21 871
Depreciation and impairment write-downs as at 1 January 2015	-	13 286	1 475	294	15 055
Depreciation write-down for the period	-	938	329	23	1 290
Impairment write-down	-	-	-	-	-
Decreases	-	-	(136)	-	(136)
Depreciation and impairment write-downs as at 30 September 2015	-	14 224	1 668	317	16 209
Net value as at 1 January 2015	-	5 263	372	76 628	82 263
Net value as at 30 September 2015	-	5 266	318	78	5 662

In the other intangible assets item, the Group presents mainly purchased CO₂ emission allowances over the redemption obligation related to the emission for the period concluded on 30 September 2015. In the EUA Transfer, the Group presents transfer of CO₂ allowance between long-term and short-term intangible assets.

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Long-term intangible assets – for the period of 9 months ended 30 September 2014 (unaudited)

	<i>Development costs</i>	<i>Patents and licences</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
Gross value as of 1 January 2014	-	33 231	1 822	25 528	60 581
Increases	-	(16 970)	(1)	(41 359)	(58 330)
Decreases	-	1 060	50	16 213	17 323
Gross value as of 30 September 2014	-	17 321	1 871	382	19 574
Depreciation and impairment write-downs as at 1 January 2014	-	27 702	1 155	269	29 126
Depreciation write-down for the period	-	997	260	17	1 274
Impairment write-down	-	-	-	-	-
Decreases	-	(15 575)	(2)	-	(15 577)
Depreciation and impairment write-downs as at 30 September 2014	-	13 124	1 413	286	14 823
Net value as at 1 January 2014	-	5 529	667	25 259	31 455
Net value as at 30 September 2014	-	4 197	458	96	4 751

Short-term intangible assets (unaudited)

	30 September 2015 (unaudited)	30 September 2014 (unaudited)
	Certified emission reduction units (CERs/ERUs)	Certified emission reduction units (CERs/ERUs)
Gross value as of 1 January 2015	176 957	151 262
Purchase of EUA	217 213	197 005
Redemption of EUA	(174 281)	(151 332)
Transfer of EUA	105 700	-
Gross value as of 30 September 2015	<u>325 589</u>	<u>196 935</u>
Redemption and impairment as of 1 January 2015	-	-
Impairment write-down of a period	-	-
Depreciation and impairment write-down as of 30 September 2015	-	-
Net value as of 1 January 2015	<u>176 957</u>	<u>151 262</u>
Net value as of 30 September 2015	<u>325 589</u>	<u>196 935</u>

19. Assets for overburden removal and other mining assets

As of 30 September 2015, the item of assets concerning stripping and other mining assets includes amongst other: expenses incurred by the "PAK Górnictwo" sp. z o.o. company related to search and evaluation of mineral resources in the amount of PLN 15 850 thousand and assets concerning stripping and other mining assets of PAK KWB Konin in the amount of PLN 105 062 thousand, and assets of PAK KWB Adamów in the amount of PLN 4 034 thousand.

	30 September 2015 (unaudited)	31 December 2014
Status as of 1 January	150 457	139 268
Increases	2 680	24 373
Decreases	-	-
Depreciation for the period	(28 191)	(13 184)
Status as of end of period:	<u>124 946</u>	<u>150 457</u>
– long-term	<u>124 390</u>	<u>149 901</u>
– short-term	<u>556</u>	<u>556</u>

20. Other assets

20.1. Other financial assets

	30 September 2015 (unaudited)	31 December 2014
Deposits for debt service security	37 757	90 561
Investments and deposits	3 477	2 499
Investments and MLF and MRF deposits	7 037	5 876
Shares	2 451	4 521
Other	1 105	3 882
Total other financial assets:	<u>51 827</u>	<u>107 339</u>
– short-term	<u>39 974</u>	<u>94 748</u>
– long-term	<u>11 853</u>	<u>12 591</u>

20.2. Other non-financial assets

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
VAT receivables	8 188	28 922
Insurance	2 870	1 713
Other receivables from the state budget	21	1 017
Receivables from tax on civil law actions	-	-
Other non-financial assets	-	-
Other accruals	17 745	6 128
Delivery prepayments	819	2 298
Prepayments for intangible assets	82	242
Prepayments for assets under construction	10 962	24 643
Prepayments for tangible assets – land	-	-
Other	396	420
Total other non-financial assets:	<u>41 083</u>	<u>65 383</u>
– short-term	<u>27 390</u>	<u>39 434</u>
– long-term	<u>13 693</u>	<u>25 949</u>

The largest component of the other prepayments and accruals is a charge for taking out of agricultural and forestry production in the KWB Konin and KWB Adamów mines in total amount of PLN 8 426 thousand.

21. Inventories

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Production fuel	19 905	21 367
Spare parts and other materials	74 294	71 523
Certificates of origin of energy	139 080	143 822
Goods	320	404
Inventory total according to the lower of two values: acquisition price (costs of production) and the net value possible to acquire	<u>233 599</u>	<u>237 116</u>

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 at the end of the month, when they were produced. As of 30 September 2015, the Group possessed in total, according to the entries in the book of accounts, 1 102 1.184 MWh of property rights of green certificates and the produced green energy, which is not yet verified by URE, of which 952 267.55 MWh are the already obtained property rights, while 149 734.033 MWh are the green power production awaiting for confirmation in URE or submission of an application by the ZE PAK S.A. During three quarters of 2015, the Group received the outstanding certificates for 2013 in the number of 106 522.800 MWh, the outstanding certificates for the fourth quarter of 2014 in the amount of 83 791.577 MWh and the certificates for the period from January to September of 2015 in the number of 148 055.023 MWh. As soon as after the balance sheet date, in October 2015, we received the property rights for the production of July 2015 in the number of 55 050.523 MWh.

In the current reporting period, the Group was producing energy from renewable energy sources and presenting green certificates at current prices in the balance sheet at the end of every month. The write-down presented in the balance sheet as of 30 September 2015 in the amount of PLN 39 672.7 thousand concerns revaluation of allowances in possession of the Company on 30 September 2015 to the unit price in the amount of 121.25 PLN/MWh, which have not been sold by the Group yet.

22. Trade receivables and other receivables

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Deliveries and services receivables	169 655	156 072
Receivables due to compensation related to the termination of the PPAs	79 625	67 030
Receivables due to security of purchase of electricity in the balancing market	4 500	4 500
Other receivables	21 430	26 375
Net receivables	<u>275 210</u>	<u>253 977</u>
Write-down of receivables impairment	42 943	41 995
Gross receivables	<u><u>318 153</u></u>	<u><u>295 972</u></u>

In the other receivables line, as of 30 September 2015, the Group presents mainly receivables due to the security deposit in the amount of PLN 16 902 thousand.

Terms of transactions with affiliates are presented in the note 32.

Receivables due to supplies and services are not subject to interest and the date of payment is usually within the 14-day period.

The Group has appropriate policy concerning the sale to the verified clients only. Thanks to that, according to the management, there is no additional credit risk exceeding the level specified by non-collectible receivables impairment write-downs, specific to the Group's trade receivables.

23. Cash and cash equivalents

Cash at bank are subject to interest at volatile interest rates, whose amount depends on the interest rate on one-day bank deposits. Short-term deposits are established for various periods; from one day to three months, depending on current Group's demand for cash and are subject to interest at fixed interest rates. The fair value of cash and cash equivalents as of 30 September 2015 amounts to 263 972 thousand (as of 30 September 2014: PLN 441 701 thousand).

The balance of cash and cash equivalents in the consolidated cash flow statement consisted of the following items:

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>30 September 2014</i> <i>(unaudited)</i>
Cash in hand and at bank:	31 137	275 057
Short-term deposits	232 835	166 644
Total cash and cash equivalents in the balance sheet	<u>263 972</u>	<u>441 701</u>
Foreign exchange differences	(1 031)	213
Total cash and cash equivalents in cash flow statement	<u><u>262 941</u></u>	<u><u>441 914</u></u>

Other:

In the expenses and income related to other financial assets item, income and expenses related to the funds for debt service and obtained guarantees were presented.

In the other financial assets purchase item, there is mainly the amount of PLN 24 590 thousand for the redemption of employee shares of PAK KWB Konin and PAK KWB Adamów.

24. Payment of dividend

On 29 June 2015, the ZE PAK S.A. Ordinary General Meeting adopted a Resolution No. 5 on the distribution of the net profit for the financial year of 2014 in the amount of PLN 204 642 477.41, as follows:

- assignment of the amount of PLN 60 988 256.40 to the payment of dividend, which means that one share accounts for PLN 1.20,
- assignment of the amount of PLN 143 654 191.01 to the supplementary capital of the Company.

The date of determining the right to the dividend (dividend day) was established as 28 September 2015, and the date of the payment of dividend as of 14 October 2015. According to the adopted resolution of 14 October 2015 annual dividend was paid to shareholders.

25. Interest-bearing bank credits and loans

<i>Short-term</i>	<i>Maturity</i>	<i>30 September 2015 (unaudited)</i>	<i>31 December 2014</i>
Loan from NFOŚiGW in the amount of PLN 226 000 thousand; interest rate at 0.5 of bills of exchange rediscount rate	23-06-2015	-	14 643
Bank loan (syndicated) in the amount EUR 240 000 thousand; interest rate at EURIBOR 3M + bank margin	20-07-2019	135 538	135 427
Overdraft facility at BRE Bank in the amount of PLN 9 700 thousand; interest rate at WIBOR / EURIBOR 1M + bank margin	22-10-2015	9 670	9 654
Overdraft facility at BZ WBK in the amount of PLN 65 000 thousand; interest rate at WIBOR / EURIBOR 1M+ bank margin	30-06-2016	54 614	64 105
Investment loan from BZ WBK S.A in the amount of PLN 46 463 thousand; interest rate at WIBOR / EURIBOR 1M + bank margin	31-12-2016	15 547	12 438
Credit services agreement, BRE Bank S.A. (bill of Exchange loan) up to PLN 61 590 thousand – discounting of bills of exchange, interest rate at WIBOR / EURIBOR 1M + bank margin	30-06-2016	5 836	7 918
Bank BPH SA – loan agreement in the amount of PLN 67 000 thousand	31-05-2016	50 965	50 627
Overdraft facility at Millenium Bank in the amount of PLN 76 500 thousand; interest rate at WIBOR 3M + bank margin	31-12-2017	27 265	15 975
Overdraft facility at Millenium Bank in the amount of PLN 10 000 thousand	26-01-2015	-	9 840
Syndicated investment loan in amount of PLN 1 110 000 thousand (Loan A); interest rate at WIBOR 3M + bank margin	20-12-2023	56 242	17 644
Syndicated overdraft facility in amount of PLN 90 000 thousand (Loan B); interest rate at WIBOR 3M + bank margin	20-12-2023	12 368	10 276
Overdraft facility in the amount of PLN 80 000 thousand; interest rate at WIBOR 1M+ bank margin	30-09-2016	27 066	-
Overdraft facility		110	6
RAZEM		395 221	348 553

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<i>Long-term</i>	<i>Maturity</i>	<i>30 September 2015 (unaudited)</i>	<i>31 December 2014</i>
Bank loan (syndicated) in the amount EUR 240 000 thousand; interest rate at EURIBOR 3M + bank margin	20-07-2019	388 564	481 269
Overdraft facility at Millenium Bank in the amount of PLN 76 500 thousand; interest rate at WIBOR 3M + bank margin	31-12-2017	35 956	43 950
Investment loan from BZ WBK S.A in the amount of PLN 46 463 thousand; interest rate at WIBOR /EURIBOR 1M + bank margin	31-12-2016	-	12 438
Credit services agreement, BRE Bank S.A. (bill of Exchange loan) up to PLN 61 590 thousand – discounting of bills of exchange, interest rate at WIBOR / EURIBOR 1M + bank margin	30-06-2016	-	3 851
Syndicated investment loan in amount of PLN 1 110 000 thousand (Loan A); interest rate at WIBOR 3M + bank margin	20-12-2023	391 112	246 351
Syndicated overdraft facility in amount of PLN 90 000 thousand (Loan B); interest rate at WIBOR 3M + bank margin	20-12-2023	72 068	79 362
Total		887 700	867 221

As of 30 September 2015, there were breaches of credit agreements in PAK KWB Konin. The Company did not comply with the financial indexes determined in the credit agreement concluded with BZ WBK for the investment credit, and thus in case of the above mentioned agreement, this liability was presented in the short-term liabilities. Banks financing PAK KWB Konin haven't requested a loan repayments in respect of breach of the covenants contained in the bank agreements.

In the 9-month period concluded on 30 September 2015, the Group repaid credits including interests in the amount of PLN 196 313 thousand, including:

- repayment of the capital of the corporate credit by the II Państwowy Power Plant in the amount of PLN 100 896 thousand with interests,
- repayment of the capital of the investment credit A for the modernisation of units 1-4 in Państwowy Power Plant by ZE PAK in the amount of PLN 32 744 thousand with interest,
- repayment of the capital of the working capital facility B to refinance IOS credit by ZE PAK in the amount of PLN 7 091 thousand with interest,
- repayment of the capital of the investment credit by PAK KWB Konin in the BZ WBK S.A. bank in the amount of PLN 10 370 thousand with interest,
- repayment of the capital of the bill credit by PAK KWB Konin in the mBank S.A. bank in the amount of PLN 6 146 thousand in interest,
- repayment of the capital of the working capital facility by PAK KWB Konin in the Millenium Bank S.A. bank in the amount of PLN 17 412 thousand with interest,
- repayment of the capital in the overdraft facility by PAK KWB Konin in the Millenium Bank S.A. bank in the amount of PLN 9 918 thousand with interest,
- repayment of the capital in the overdraft facility by PAK KWB Konin in the mBank S.A. bank in the amount of PLN 186 thousand with interest,
- repayment of the capital in the overdraft facility by PAK KWB Konin in the BZ WBK S.A. bank in the amount of PLN 10 757 thousand with interest,
- repayment of interest by PAK KWB Konin on the multi-purpose credit line in BPH S.A. in the amount of PLN 793 thousand.

On 13 March 2014, ZE PAK concluded the Corporate Credit Agreement with mBank, Millennium, PEKAO S.A. and PKO BP banks in the amount of PLN 1 200 000 thousand. The credit was divided into two parts, the A Credit in the amount of PLN 1 110 000 thousand for modernisation of units 1-4 in the Państwowy I Power Plant, the B Credit in the amount of PLN 90 000 thousand for the purpose of refinancing the IOS credit repaid on 2 January 2014. Interest of A and B Credits amounts to WIBOR 3M plus the bank's profit margin. The repayment of the credit started on 20 June 2015 and will last until 20 December 2023. On 27 May 2014, ZE PAK commenced the disbursement of the first credit advance in the amount of PLN 191 000 thousand (the A Credit – PLN 101 000 thousand, the B Credit - PLN 90 000

thousand). The second credit advance in the amount of PLN 164 000 thousand (the A Credit) was launched on 16 September 2014, while the third one in the amount of PLN 121 000 thousand (the A Credit) – on 19 February 2015. The fourth credit advance was commenced on 22 June 2015 in the amount of PLN 88 000 thousand (the A Credit).

On 18 March 2015, PAK KWB Konin signed an Annex to the Working capital credit agreement concluded with Bank Millennium S.A., whose balance, on the date of conclusion, amounted to PLN 57 263 thousand. This annex renewed the credit limit to the amount of PLN 76 500 thousand. (the credit in the amount of PLN 19 237 thousand was incurred).

On 18 June 2015, PAK KWB Konin signed an Annex to the Working capital credit agreement concluded with mBank S.A. to the amount of PLN 9 700 thousand, extending the deadline for repayment of the credit until 21 August 2015. On 30 June 2015, PAK KWB signed the Annex to the Working capital agreement concluded with BZ WBK S.A. extending the deadline for repayment of the credit to the amount of PLN 65 000 thousand until 30 June 2016.

26. Provisions and accruals

26.1. Accruals

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Bonus and holiday leave provision	42 404	34 591
Insurance company compensations	19	102
Audit of the financial statement	26	307
Others	45 005	251
Total	<u>87 454</u>	<u>35 251</u>
– short-term	87 454	35 251
– long-term	<u>-</u>	<u>-</u>

The main component of the "Other" item is the charge for the economical use of the environment in the amount of PLN 42 635 thousand.

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26.2. Change in provisions

	<i>Land and perpetual usufruct</i>	<i>Provision for the fixed assets liquidation costs</i>	<i>Provision for the reclamation of ash storage yards</i>	<i>Provision for the long-term contract loss</i>	<i>Provision for the certificates of origin of energy redemption</i>	<i>Reclamation provisions and other provisions related to mining activities</i>	<i>Other</i>	<i>Total</i>
As of 1 January 2015	176 957	14 671	4 025	98	6 056	343 829	66 356	611 992
Increases	243 355	1 644	-	3	7 345	14 821	16 678	283 846
Decreases	(174 281)	-	(2 082)	(14)	(6 056)	(19 808)	(11 791)	(214 032)
As of 30 September 2015 (unaudited)	246 031	16 315	1 943	87	7 345	338 842	71 243	681 806
Long-term	-	16 315	781	-	-	314 015	20 957	352 068
Short-term	246 031	-	1 162	87	7 345	24 827	50 286	329 738
As of 1 January 2014	150 652	17 779	4 384	133	1 801	297 705	30 698	503 152
Increases	176 957	705	-	43	5 391	66 034	64 174	313 304
Decreases	(150 652)	(3 813)	(359)	(78)	(1 136)	(19 911)	(28 515)	(204 464)
As of 31 December 2014	176 957	14 671	4 025	98	6 056	343 828	66 357	611 992
Long-term	-	14 671	2 470	-	-	321 261	22 740	361 142
Short-term	176 957	-	1 555	98	6 056	22 567	43 617	250 850

26.3. Description of significant titles of provisions

26.3.1. The provision for liabilities due to the emission of greenhouse gases and provisions for the redemption of certified emission reductions (EUA)

The Group recognises the provision for the redemption of greenhouse gases allowances and certified emission reductions (EUA).

Since 1 January 2013, the next reporting period of 2013 – 2020 concerning allowances has been applicable. This period's assumption is granting the Group the free EUA allowances resulting from the production of heat. Although, power engineering was additionally covered by 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. ZE PAK S.A. submits to the Ministry of the Environment the annual material and financial statements from investment expenses paid for tasks reported to the National Investment Plan, applying for granting free EUAs for the subsequent reporting years at the same time.

On 3 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 since 1 January 2013, and the number of allowances granted to them resulting from Art. 10a for heat production, which was amended by the resolution of the Council of Ministers of 10 April 2015, was issued.

Then, on 10 April 2014, the Council of Ministers issued resolution 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 since 1 January 2013 and the granted number of CO₂ emission allowances of Art. 10c – derogation for power engineering – on condition of incurring declared investment expenses on the investments reported in the National Investment Plan. Then, this resolution was amended by the resolution of the Council of Ministers of 13 April 2015.

The planned emission in the PAK Group in 2015 will amount to 12 689 534 tonnes of CO₂. As of 31 December 2014, the Group possessed EUAs purchased in the number of 13 268 619 tonnes. In April 2015, the Group received free EUAs resulting from Art. 10c for 2014 in the number of 2 241 959 EUAs, so that the Group had 15 510 578 EUAs in total. Then, in April 2015, the redemption of emissions for 2014 in the number of 574 175 EUAs was made. After the redemption, there were 2 936 403 EUAs, which have been transferred to redeem emissions for 2015, in the Group.

Moreover, in April 2015, ZE PAK SA obtained free emission allowances under Art. 10a resulting from heat production for 2015 in the number of 121 398 EUAs, which will be used in April 2016 in redemption for emissions for 2015. Bearing in mind that the ZE PAK Group, in 2015, after redemption, has a remaining excesses of EUAs from 2014 in the number of 2 936 403 EUAs, received free EUAs for heat for 2015, and plans to obtain, under Art. 10c, for 2015, 418 724 EUAs, the Group originally planned to purchase 9 213 009 EUAs in order to perform the obligation to redeem the CO₂ emission for 2015.

On 30 September 2015, the ZE PAK Group submitted the material and financial statement on the executed investment expenses within the National Investment Plant to the Ministry of the Environment concerning the free EUAs of the Article. 10 c for 2015, applying for granting 329 417 EUAs, which means that the Group applied for the number of EUAs less by 89 307 than expected. Thus, for the execution of the redemption of CO₂ emission for 2015 obligation, the Group will have to buy 9 302 316 EUAs.

Within the framework of the Group's allowance balance, the EP II Sp. z o.o. subsidiary, at the planned CO₂ emissions for 2015 at the level of 2 596 100 tonnes of CO₂, after taking into consideration of the excess of 2014, has to purchase additional 2 513 504 tonnes of the CO₂ emission allowances.

During three quarters of 2015, the PAK Group purchased 8 071 500 EUAs for the needs of 2015.

The provision for the burden of core operating activities for purchased CO₂ allowances, which the Group wants to present for the redemption for 2015, is being created. As the actual redemption of allowances happens, the provision created earlier will be terminated.

26.3.2. Provision for reclamation of ash storage yards and costs of liquidation of fixed assets

The Group is creating the provision for future costs of reclamation of the land on the basis of legal obligation resulting from the "Integrated Approval Entries." The basis of estimation of the provision size are specialised studies and technical and economical expert opinions developed by domestic services, or external experts. Values of the provision

is estimated and verified on every balance sheet date on the basis of current cost estimates and a discount. As of 30 September 2015, the created provision amounted to PLN 1 943 thousand.

Due to the legal obligation to liquidate fixed assets after their period of use, the Group is creating the provision for projected future costs, which will be necessary to pay for fulfilment of this obligation. As of 30 September 2015, the provision due to this amounted to PLN 16 315 thousand. This provision concerns the unit no. 6 in the Pańków Power Plant.

26.3.3. Reclamation provisions and other provisions related to mining activities

PAK KWB Konin and PAK KWB Adamów are obliged to reclaim areas of extraction works pursuant to the Geological and Mining Law act. Due to this, the Group is creating the provision both for costs of area reclamation related to current coal extraction on a given open pit and for costs of the final excavation reclamation in the state of advancement of coal extraction in particular open pits on every balance sheet day.

The provision is created on the basis of estimation of future reclamation costs based on reports of independent experts estimating reclamation costs on the order of the Management Board. Estimates concerning projected reclamation costs are analysed periodically; on every reporting date, the size of provision is verified in accordance with current assumptions within discount rate, inflation, and the size of extraction.

PAK KWB Konin and PAK KWB Adamów, within run activities, are obliged to restore to the original condition, or to rebuild damages caused by the mine operations. Due to this, the Group creates the provision for projected costs, to pay which it is obliged on the basis of concluded agreements. Estimates concerning projected costs related to the mine operations are updated on every reporting date.

The provision for the liquidation of facilities and reclamation of mining areas, and due to preparation of exploration areas in PAK KWB Konin and PAK KWB Adamów according to the status as of 30 September 2015 amounted to PLN 338 842 thousand and decreased in comparison with the year concluded on 31 December 2014 by PLN 4 986 thousand. Calculating the provision, the Group accepted following assumption: the discount rate at the level of 2.6%, the level of inflation at the level of 2.5%. Changes in provisions also result from changes in estimated costs of reclamation and liquidation on the basis of data of the independent experts' reports and the percentage coal extraction, as well as the report of the environmental protection division.

26.3.4. Provision for redemption of energy certificates

Due to the sale of electricity to the final recipients, the Group is obliged to redeem the specified number of certificates of origin of energy from renewable energy sources, gas, and peak load co-generation. As of 30 September 2015, the provision due to this amounted to PLN 7 345 thousand.

26.3.5. Other provisions

In PAK KWB Konin, the main items of other provisions as of 30 September 2015 are: the provisions for mining damage in the amount of PLN 27 917 thousand, the provision for property tax in the amount of PLN 4 020 thousand, the provision for remuneration for mining usufruct in the amount of PLN 3 698 thousand, The provision for mining fee in the amount of PLN 4 031 thousand, the provisions for proceedings in progress in the amount of PLN 856 thousand. In PAK KWB Adamów: the provision for permanent taking out of production for the final reservoir of the Adamów open pit in the amount of PLN 15 828 thousand, the provision for compensation for the occupied roads in the amount of PLN 3 881 thousand, the provision for remuneration for mining usufruct in the amount of PLN 1 723 thousand, and the provision for the legal proceedings in the amount of PLN 1 154 thousand. In addition, in El PAK and PAK SERWIS, the provisions for warranty repairs and losses on long-term contracts in the total amount of PLN 3 578 thousand.

27. Carbon dioxide emission allowances

Since 1 January 2013, the next reporting period of 2013 – 2020 concerning CO₂ emission allowances has been applicable.

In previous years, the Group, purchasing allowances for needs of redemptions for ZE PAK SA and EP II sp. z o.o., due to an attractive price, purchased more EUA allowances than it resulted from the needs to cover redemption and the excess of these units in the Group is moved from the year to the next year.

In December 2013, the Ministry of Environmental Protection issued the sample of material and financial statement, which is sent annually by the ZE PAK Capital Group to the Ministry in the scope of incurred investment expenses for investment tasks reported to the National Investment Plan in order to use derogation for power engineering within Article 10c of the ETS Directive. For the incurred investment expenses in the period from 1 July 2013 to 30 June 2014, the ZE PAK Capital Group submitted the material and financial statement and, at the same time, applied for 2 241 959 free EUAs that the Group received in April 2015 and that were used for redemption for 2014.

On 3 April 2014, the resolution of the Council of Ministers of 31 March 2014 (amended on 10 April 2015) 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 resulting from Art. 10a for electricity production was issued.

Then, on 10 April 2014, the resolution of the Council of Ministers of 8 April 2014 (amended on 31 April 2015) 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 under Art. 10c (derogations for power engineering) was issued.

For the Elektrownia Pątnów II sp. z o.o. system, a certain number of CO₂ allowances was allocated. However, for this system, any investment tasks that would cover receivables for CO₂ allowances are not reported to the National Investment Plan (KPI), so allocation of free EUAs for this system depends on expenses for tasks conducted for systems of ZE PAK S.A.

In 2014, the Group purchased 9 289 104 EUAs (including 2.9 million EUAs for 2015) and 0.36 million ERUs. Purchasing ERUs, the Group 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, at the same time, finished the exchange of EUA/CER units or EUA/ERU units in the 2013-2020 period.

After introduction of opportunity to exchange ERUs and CERs for equivalent EUAs into the EU ETS register, on 31 March 2014, the Group exchanged ERUs into EUAs in the number of about 0.54 million, leaving CERs in the number of about 0.18 million for exchange into EUAs later.

In December 2014, the Group exchanged 0.18 million CERs (180 570 CERs) for EUAs.

As of 1 January 2015, the Group possessed the purchased EUAs in the number of 13 268 619 tonnes. Then, during the first quarter of 2015, the Group purchased 3 140 000 EUAs, thus closing the status of EUAs for the end of March 2015 in the number of 16 408 619 units. In April 2015, the Group received free EUA resulting from Art. 10c for 2014 in the number of 2 241 959 EUAs, so that, in April 2015, the Group had 15 510 578 EUAs in total for the needs of redemption. Then, at the end of April 2015, the redemption of emissions for 2014 in the number of 12 574 175 EUAs was made. After the redemption, there were 2 936 403 EUAs, which have been transferred to redeem emissions for 2015, in the Group. Furthermore, in April 2015, ZE PAK SA obtained free emission allowances under Art. 10a resulting from heat production for 2015 in the number of 121 398 EUAs.

On 30 September 2015, the Group submitted the material and financial statement to the Ministry of the Environment concerning the free EUAs of the Article. 10 c for the executed investment expenses in the period from 1 July 2014 to 30 June 2015, applying for granting free EUAs in the number of 329 417 units.

In the third quarter of 2015, the Group has purchased 2 534 000 EUAs, which together with the purchase of in the first and second quarter, results in the total number of 8 071 500 EUAs.

In the tables presented below, the carbon dioxide allowances granted in the scope of the National Allocation, purchased on the secondary market including the division into the part used for their own purposes, and the one sold in the periods concluded on 30 September 2015, and 30 September 2014.

Carbon dioxide emission allowances in the period of 9 months ended 30 September 2015 (unaudited)

(in tonnes)	Zespół Elektrowni Pątnów-Adamów-Konin S.A.	„Elektrownia Pątnów II” sp. z o.o.
	Emission of CO ₂ *	7 214 958 1 782 720
EUA	Balance at the beginning of the period	10 697 412 2 571 207
	Purchased	6 044 000 2 027 500
	Free of charge - article 10a and 10c of the ETS Directive	2 363 357 -
	Redemption	(10 085 564) (2 488 611)
	Sale	-
	Exchange	-
	Balance at the end of the period	9 019 205 2 110 096
CER	Balance at the beginning of the period	-
	Purchased	-
	Redemption	-
	Sale	-
	Exchange	-
	Balance at the end of the period	-
ERU	Balance at the beginning of the period	-
	Purchased	-
	Redemption	-
	Sale	-
	Exchange	-
	Balance at the end of the period	-

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

Carbon dioxide emission allowances in the period of 9 months ended 30 September 2014 (unaudited)

(in tonnes)	Zespół Elektrowni Pątnów-Adamów-Konin S.A.	„Elektrownia Pątnów II” sp. z o.o.
	Emission of CO ₂ *	7 532 590 2 067 551
EUA	Balance at the beginning of the period	11 558 393 2 832 473
	Purchased	7 449 501 1 799 871
	Free of charge	-
	Redemption*	(10 596 759) (2 532 137)
	Sale	-
	Exchange	438 207 103 500
	Balance at the end of the period	8 849 342 2 203 707
CER	Balance at the beginning of the period	146 070 34 500
	Purchased	-
	Redemption	-
	Sale	-
	Exchange	-
	Balance at the end of the period	146 070 34 500
ERU	Balance at the beginning of the period	146 070 34 500
	Purchased	292 137 69 000
	Redemption*	-
	Sale	-
	Exchange	(438 207) (103 500)
	Balance at the end of the period	-

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

28. Trade liabilities, other liabilities and accruals

28.1. Trade liabilities and other financial liabilities (short-term)

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Delivery and service liabilities	128 791	163 837
Financial liabilities	-	-
Other liabilities:		
Liabilities due to the put option	6 381	30 971
Investment liabilities	88 037	108 169
Liabilities to employees due to salaries	18 736	20 921
Other liabilities	92 970	31 304
Total	<u>334 915</u>	<u>355 202</u>

In the other liabilities line, as of 30 September 2015, the Group mainly presents liabilities due to the dividend in the amount of PLN 60 988 thousand, liabilities due to financial lease amounted to PLN 13 686 thousand, liabilities related to settlement of adjustment of PPAs for 2008, on the basis of the judgement of the Court of Appeal in Warsaw of 4 November 2014 and the agreement of 2 October 2014 concluded between the Pańków II Power Plant and Zarządca Rozliczeń [in English: Claims Manager] in the amount of PLN 4 964 thousand. The remaining amount in the other liabilities item as of 30 September 2015 concerns mainly settlements with employees and deductions from the pay roll in the amount of PLN 4 778 thousand, settlements due to security amounted to PLN 484 thousand, and liabilities due to the KWB Konin debentures in the amount of PLN 5 003 thousand.

Liabilities due to the put option concern the obligation of ZE PAK to redeem the employee shares pursuant to the PAK KWB Konin and PAK KWB Adamów's share sale agreement, in case if employees request for the resale. The agreement's provisions determine the price and the date of redemption. In accordance with IFSR, ZE PAK recognised the obligation to redeem shares owned by non-controlling interests on the day of the acquisition of control. On the basis of the chosen policy of accounting, ZE PAK presented the financial liability in the amount of PLN 11 880 thousand, in case of PAK KWB Adamów, and in the amount of PLN 19 091 thousand, in case of PAK KWB Konin, in the annual consolidated financial statement. According to the process of the redemption of employee shares as of 30 September 2015, the remaining amount of the liability is PLN 6 381 thousand.

Principles and terms of payment of the above financial liabilities:

- terms of transactions with affiliates are presented in the note 32 of additional information and explanations,
- liabilities due to supplies and services are not subject to interest and are usually settled within either the 14-day or 30-day periods.

Liabilities due to interests are usually settled within either monthly, or quarterly periods during the whole financial year.

28.2. Trade liabilities and other financial liabilities (long-term)

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Liability due to financial lease	10 402	19 251
Liability due to the put option	-	-
Short-term liabilities to other entities – over 12 months	1 088	719
Other financial liabilities	-	-
Other	77 024	83 772
Total	<u>88 514</u>	<u>103 742</u>

In the other item, as of 30 September 2015, the Group presents primarily liabilities related to settlement of adjustment of PPAs for 2008, on the basis of the judgement of the Court of Appeal in Warsaw of 4 November 2014 and the agreement of 2 October 2014 concluded between the Pańków II Power Plant and Zarządca Rozliczeń in the amount of PLN 67 796 thousand, and investment liabilities in ZE PAK in the amount of 8 451 thousand.

28.3. Other non-financial liabilities

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
VAT tax liabilities	8 369	13 758
Liabilities due to environmental charges	-	62 822
Liabilities due to the excise tax	700	216
Liabilities due to social insurance	24 453	31 712
Personal income tax	6 384	8 881
Other budget liabilities	137	2 425
Advanced payments for deliveries	348	1 293
Mining fee	4	11 969
Other	230	939
Total	40 625	134 015

Liabilities due to environmental charges concern charges for air pollution, waste storage, intake of water, and waste sewage. The year is the settlement period.

Liabilities due to mining fees concern charges for extracted mineral resulting from the Geological and Mining Law. The half-year is the settlement period.

28.4. Derivative financial instruments

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Instruments securing floating interest rates (SWAP)	17 789	23 743
Other currency options	-	-
Total	17 789	23 743
- short-term	7 580	8 684
- long-term	10 209	15 059

28.5. Grants and deferred income (long-term)

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Long-term preferential loans	-	-
Long-term settlement of sale-and-lease-back	7 909	16 147
Long-term grants	46 042	47 383
Other	311	302
Total	54 262	63 832

28.6. Grants and deferred income (short-term)

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Short-term preferential loans	-	-
Short-term settlement of sale-and-lease-back	10 983	10 984
Short-term grants	1 788	1 795
Other	2	-
Total	12 773	12 779

29. Contingent liabilities and description of significant judicial cases

Apart from liabilities described in the note below, as of 30 September 2015, the Company did not possess other contingent liabilities, granted guarantees, and sureties.

29.1. Judicial cases

Compensation for the termination of long-term contracts for sale of power and electricity

The affiliate "Elektrownia Pątnów II" sp. z o.o. receives compensation for the coverage of the stranded costs pursuant to the Act of 29 June 2007 on the principles of coverage of costs incurred by producers due to early termination of long-term contracts for the sale of power and electricity. The revenue due to compensation is successively included in the obtained rights to compensation to the end of the period of their application. In order to estimate the value of revenue assigned to a given period, the company estimates in order to determine a ratio of estimated stranded costs to the total sum of earned, returned, and expected discounted annual advanced payments (including annual advanced payments earned so far), annual adjustments, and a projected final adjustment.

"Elektrownia Pątnów II" sp. z o.o., in accordance with the accepted policy of accounting, on the basis of the built financial model, in 2014 and 2013, recognised revenues due to compensation in respective amounts of PLN 99 223 thousand and PLN 155 239 thousand. On the basis of the decision of the President of the Energy Regulatory Office S.A. ("the URE President") issued on 31 July 2009, the company was obliged to return to the compensation scheme administrator, Zarządca Rozliczeń S.A., the amount of PLN 52 493 thousand due to the adjustment of stranded costs for 2008. The company's Management Board did not agree with the URE President's decision and appealed to the Regional Court of Warsaw – the Court for Protection of Competition and Consumers ("SOKiK"). On 23 September 2009, the Court decided about supersede of the execution of the part of the decision, and ordered to pay the amount of PLN 26 493 thousand.

On 1 December 2010, the SOKiK decided about a dismissal of the company's appeal against the URE President's decision, acknowledging legitimacy of his arguments.

On 9 February 2011, the Company submitted the appeal to the Court of Appeal in Warsaw contesting a judgement of the Court of First Instance.

On 11 October 2012, the Court of Appeal issued a beneficial judgement for the company changing the judgement of the Court of First Instance and the URE President's decision of 31 July 2009. The Court determined the amount of the annual adjustment of the stranded costs for 2008 for "Elektrownia Pątnów II" sp. z o.o., which Zarządca Rozliczeń S.A. is obliged to pay to "Elektrownia Pątnów II" sp. z o.o. in the amount plus PLN 29 082 thousand. The judgement of the Court of Appeal is legally binding. Due to the above, on 17 October 2012, "Elektrownia Pątnów II" Sp. z o.o. summoned Zarządca Rozliczeń S.A. to pay a judged amount of the adjustment for 2008, and to return the amount of PLN 26 493 thousand paid by "Elektrownia Pątnów II" Sp. z o.o. due to partial execution of the decision of the URE President pursuant to the SOKiK decision of 23 September 2009. The request for payment was issued for the total amount of PLN 55 576 thousand. On 22 October 2012, Zarządca Rozliczeń S.A. paid the above mentioned amount to the Company's account.

On 22 February 2013, the URE President submitted a cassation appeal from the judgement of the Court of Appeal in Warsaw before the Supreme Court.

On 22 May 2014, the Supreme Court during a closed door hearing issued a judgement overruling the judgement of the Court of Appeal in Warsaw of 11 October 2012 and referred the proceedings to that court for judicial review.

On 4 November 2014, the Court of Appeal of Warsaw issued a judgement dismissing the appeal of "Elektrownia Pątnów II" sp. z o.o. against the judgement of the Regional Court of Warsaw – the Court for Protection of Competition and Consumers of 1 December 2010 upholding the URE President's decision of 31 July 2009 determining the amount of the annual adjustment of the stranded costs for 2008 for "Elektrownia Pątnów II" sp. z o.o., which "Elektrownia Pątnów II" sp. z o.o. is obliged to return to Zarządca Rozliczeń S.A., in the amount of (-) PLN 52 493 081 million. "Elektrownia Pątnów II" sp. z o.o. included the Court's judgement in the statement for three quarters of 2014 taking into account previous settlements of the Parties in the subject case that is taking into account the necessity to return the amount of PLN 29 082 thousand obtained from Zarządca Rozliczeń S.A. by "Elektrownia Pątnów II" sp. z o.o. by virtue of the judgement of the Court of Appeal of 11 October 2012.

The judgement is legally binding.

As a result of the judgement, "Elektrownia Państw II" sp. z o.o. decreased the revenues due to the PPA settlements in 2014 by PLN 81.5 million.

On 15 April 2015, "Elektrownia Państw II" sp. z o.o. submitted a cassation appeal from this judgement.

Until the date of the preparation of this information, the Supreme Court did not settle whether it accept the cassation appeal of "Elektrownia Państw II" sp. z o.o. to review.

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 S.A. 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 1 March 2009.

On the basis of the decision of the President of the Energy Regulatory Office of 28 December 2010, ZE PAK S.A. 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. At the beginning, the Company created the provision for the costs of the penalty in the full amount in 2010, which they then released in 2015 in connection with the payment of the penalty.

On 30 January 2014, the SOKiK decided about a dismissal of the company's appeal against the URE President's decision. On 30 April 2014, the Company submitted the appeal to the Court of Appeal in Warsaw.

On 13 May 2015, the Court of Appeal in Warsaw dismissed the Company's appeal against the judgement of the SOKiK of 30 January 2014, the result of which is to uphold the URE President's decision. The Company received the judgement of the Court of Appeal with the justification and, currently, they are analysing the grounds to submit a cassation appeal to the Supreme Court. The date of appeal submission expires on 13 December 2015.

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 proceedings 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 dismissing the statement of overpayment. On 1 September 2014, the Company submitted 22 appeals against the decision of the Head of the Customs Office to the Head of the Customs Chamber, and next after the negative decisions of the Head of the Customs Office, complaints have been filed. In 11 cases in WSA the proceedings took place on 4 November 2015, proceedings concerning periods 01.2006 - 07.2006, 01-02.2007, 05-06.2007. The date of announcing the judgement was specified for 18 November 2015. In the next 11 cases WSA in Poznań specified the date of proceedings on 18 November 2015.
- fourteen proceedings for the period of December 2007 – February 2009 (excluding July 2008) are suspended in the Provincial Administrative Court on the joint request of the parties due to the resolution case ref. No. II FPS 5/13 adopted by the Supreme Administrative Court on 27 January 2014. So far, none of the parties requested a resumption of the proceedings. These proceedings also included economic analysis. Those proceedings should be adopted no longer than until November 2016.,
- the proceedings for November 2006 was concluded with a negative result in the Supreme Administrative Court of 8 December 2011
- the proceedings for July 2008 has reached the recognition of our cassation appeal by the Supreme Administrative Court. 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 in Poznań in the judgment, against which the cassation appeal was submitted.

Depending on the provisions of the issued decisions, the Company will take further actions.

In case of Pątnów II Power Plant, the proceedings for all period (one case) was included in the cause lists of the Provincial Administrative Court after the negative decision of the Head of Customs Chamber for the Company. The Company does not have analyses because it did not conduct activities in 2001 and there is no comparative data. On 4 November 2015 in WSA in Poznań took place a proceeding, the judgement should be announced on 18 November 2015.

On 1 March 2009, the Act of 6 December 2008 on excise tax came into effect and pursuant to which the 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 proceedings on imposing 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 the obligation to sell the electricity produced in the period between 1 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 sell the electricity produced in the period between 1 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 in 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 legal proceedings is completed.

The proceeding due to determining the amount of the annual adjustment of the stranded costs for 2012

On 20 March 2013, the President of the Energy Regulatory Office ("the URE President") initiated the administrative proceedings ex officio in case of determining the amount of the annual adjustment of the stranded costs for 2012 for the "Elektrownia Pątnów II" sp. z o.o. company. On 31 July 2013, the URE President issued the decision, in which he determined the amount of the annual adjustment of the stranded costs for 2012 for "Elektrownia Pątnów II" sp. z o.o.,

which Zarządca Rozliczeń S.A. is obliged to pay the Company in the amount of (+) PLN 20 689 thousand. According to "Elektrownia Pątnów II" sp. z o.o. the adjustment should amount to (+) 22 341 000 dollars.

On 14 August 2013, "Elektrownia Pątnów II" sp. z o.o. appealed against the URE President's decision before the Regional Court in Warsaw – the Court for Protection of Competition and Consumers.

On 12 February 2015, the Regional Court in Warsaw issued a judgement, in which it changed the decision of the URE President of 31 July 2013 to the effect that it determined the amount of the annual adjustment of the stranded costs for "Elektrownia Pątnów II" sp. z o.o., which Zarządca Rozliczeń S.A. is obliged to pay to "Elektrownia Pątnów II" sp. z o.o., in the amount of (+) PLN 22 300 thousand.

The parties did not appeal against the judgement.

The judgement is legally binding.

Zarządca Rozliczeń S.A. paid to "Elektrownia Pątnów II" sp. z o.o. the amount of (+) PLN 1 611 thousand resulting from the decision.

The proceeding due to determining the amount of the annual adjustment of the stranded costs for 2014

On 27 March 2015, the President of the Energy Regulatory Office ("the URE President") initiated administrative proceedings ex officio in order to determine the amount of the annual adjustment of the stranded costs for 2014 for "Elektrownia Pątnów II" sp. z o.o.

On 30 July 2015, the URE President issued a decision, in which he determined the amount of the adjustment of the stranded costs for "Elektrownia Pątnów II" sp. z o.o. for 2014, which amounts to (+) PLN 64 311 497.

The decision is consistent with the calculations of the "Elektrownia Pątnów II" sp. z o.o. company. In view of the above, the "Elektrownia Pątnów II" sp. z o.o. company did not appeal against the decision. The decision is final. The Zarządca Rozliczeń S.A. company paid the amount of PLN (+) 64 311 497 resulting from the decision to the "Elektrownia Pątnów II" sp. z o.o. company.

The legal proceedings is completed.

The dispute between PAK KWB Konin S.A. and FUGO S.A. concerning damages and the unjust enrichment

On 26 June 2008, between the Mine and the FUGO S.A. consortium (the leader) and SKW Biuro Projektowo-Techniczne Sapkowski, Kanczewski, Wocka General Partnership, pursuant to the Public Procurement Law, the Agreement for "Disassembly, transport, assembly of two bucket wheel excavators SRs 1800-type from the mine in liquidation 'As Pontes' Endesa Generacion S.A. (Spain)" was concluded.

The primal deadline of the agreement execution in the scope of the first excavator – until 31 October 2009, and, in case of the second excavator, 31 January 2010 – was changed pursuant to the annex of 16 February 2009 in the scope of the first excavator – until 31 May 2010, and in case of the second excavator – until 31 August 2010.

On demand of the Mine of 29 July 2010, the Guarantor, HDI-Gerling Polska Towarzystwo Ubezpieczeń S.A., on the basis of paragraph 5 of the Proper Performance of the Contract Guarantee No 3018763/8402 of 23 November 2009, paid to the Mine the amount of PLN 762 thousand due to failure to perform within the term by obliged FUGO S.A. – the Leader of the Consortium in the composition of: FUGO S.A. and SKW Biuro Projektowo -Techniczne Sapkowski, Kanczewski, Wocka General Partnership, the Agreement of 26 June 2008, included in the guarantee in the scope of the first excavator.

Furthermore, on demand of the Mine of 20 October 2010, the Guarantor, HDI-Gerling Polska Towarzystwo Ubezpieczeń S.A., paid to the Mine the amount of PLN 2 349 thousand due to damages for the period between 16 September 2010 and 25 October 2010 due to delay of the execution by obliged FUGO S.A. – the Leader of the Consortium in the composition of: FUGO S.A. and SKW Biuro Projektowo -Techniczne Sapkowski, Kanczewski, Wocka General Partnership, the Agreement of 26 June 2008, included in the guarantee in the scope of the second excavator.

Then, the Mine, on the basis of the charge memo of 26 May 2011 in the amount of PLN 2 762 thousand, burdened FUGO S.A. with remaining damages of the Agreement of 26 June 2008. Due to lack of payment of the above mentioned receivable, the Mine deducted from remunerations entitled to FUGO S.A. due to execution of the agreement.

It cannot be disputed that execution of the Agreement of 26 June 2008 was delayed.

On 14 May 2012, the FUGO S.A. company submitted to the District Court in Konin a summons for a conciliatory hearing for the amount of PLN 12 896 thousand. The amount consists of the following claims:

- the amount of PLN 5 872 thousand due to the unjust enrichment,
- the amount of PLN 7 024 thousand due to remuneration for performance of the extended scope of works related to the above mentioned agreement.

The Board of PAK Kopalnia Węgla Brunatnego Konin S.A. refused to reach conciliatory settlement and considered claims unjustified. In this situation, the proceedings of the summons was concluded with the Court's statement that the Conciliatory Settlement was not reached and conclusion of the proceedings on 26 September 2012.

On the day of development of this statement, the Company cannot exclude that FUGO S.A. may submit to the common court of law with the claim for payment of indicated amounts. Currently, there is no formal court dispute. FUGO S.A. only attempted to conclude the conciliation settlement costlessly before the court, which enabled to stop the statute of limitation of reported claims, and further steps depend on the evaluation by the above mentioned company the possibility to bear witness in the trial.

The dispute with FUGO S.A. was not reflected in the books of account of the Company. According to the Management Board's assessment, there is no premises justifying creation of provisions in relation with the dispute.

The proceedings in the case of the environmental decision issued in favour of PAK KWB Konin SA concerning the Tomisławice brown coal deposit

PAK KWBK Konin S.A. is a party in the administrative proceedings related to the environmental decision regarding the lignite deposit in Tomisławice. On 7 August 2007, the Head of the Wierzbinek Commune issued an environmental decision regarding the lignite open cast. On 5 December 2008, this decision was contested by nine physical persons supported by the Greenpeace organisation due to alleged major infringement of the regulations of the law. On 25 March 2009, the Self-government Appeal Court dismissed the application to reverse the environmental decision. The plaintiffs applied for the judicial review. On 4 May 2009, after the judicial review, the Self-government Appeal Court sustained its previous decision. The plaintiffs again appealed against the environmental decision. On 5 May 2010, the Provincial Administrative Court in Poznań decided that the environmental decision, pursuant to which the license for the extraction of lignite at the Tomisławice deposit was granted, infringes the regulations of the law in a major manner. PAK KWBK S.A. and the Self-government Appeal Court submitted an appeal against this judgement. On 21 March 2012, the Supreme Administrative Court revoked the contested decision of the Provincial Administrative Court in Poznań and handed over the case for the judicial review. On 6 November 2012, the Provincial Administrative Court in Poznań announced the decision revoking the decision of the Self-government Appeal Court of 25 March 2009 on dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open pit by PAK KWBK S.A. On 7 January 2013, PAK KWBK Konin S.A. submitted a cassation appeal from the described decision.

After the review on the hearing on 7 October 2014, the Supreme Administrative Court dismissed the PAK Kopalnia Węgla Brunatnego Konin S.A.'s cassation appeal from the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 revoking the decision of the Self-government Appeal Court in Konin of 25 March 2009 dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open pit.

The dismissal of the cassation appeal of PAK Kopalnia Węgla Brunatnego Konin S.A. means that the judgment of the Regional Administrative Court in Poznań of 6 November 2012 became final, and the case concerning the annulment of the environmental decision returned for judicial review to the Local Government Appeal Court. On 1 October 2015 Local Government Appeal Court made a decision on suspending the proceedings for annulment of the environmental decision issued by the mayor Wierzbinek in connection with unfinished by the European Commission proceeding against the Polish government concerning violations of environmental legislation in connection with a Tomisławice lignite pit.

The decision of the Supreme Administrative Court in Warsaw of 7 October 2014 does not invalidate the environmental decision issued by the Head of the Wierzbinek Commune and does not halt the extraction and utilisation works at the Tomisławice open pit. The environmental decision of the Head of the Wierzbinek Commune of 7 August 2007 still remains in the legal transactions, and it causes legal consequences until issuing the final settlement by the Local Government Court.

29.2. Tax settlements

Tax settlements and other regulated areas of activities (for example, customs or foreign exchange matters) may be the subject to inspection of the authorities entitled to impose high penalties and sanctions. The lack of reference to fixed legal regulations in Poland causes ambiguities and inconsistencies of the laws in force. Common differences in opinions

as to the legal interpretation of the tax law, both inside national authorities, as well as between them and businesses, cause uncertainty and conflicts. Such phenomena result in the significantly higher tax risks in Poland than these normally existing in the countries of a more developed tax system.

Tax settlements may be subject to inspection for a period of five years, starting from the end of the year of the payment of the tax. As a result of the conducted inspections, the current tax settlements of the Group may be increased by the additional tax liabilities. In the Group's opinion, as of 30 September 2015 and 30 September 2014, appropriate provisions for recognised and calculable tax risks were created.

30. Liability repayment securities

In order to protect the repayment of liabilities, the Group uses many forms of protections. Mortgages and registered pledges are the most common ones.

As of 30 September 2015, the Group had liabilities protected with its assets and other protections of payment of liabilities:

Liabilities protected with the entity's assets

<i>Kind of liabilities, guarantees, and sureties</i>	<i>30 September 2015</i>		<i>31 December 2014</i>	
	<i>(unaudited)</i>			
	<i>Amount of security</i>	<i>Currency</i>	<i>Amount of security</i>	<i>Currency</i>
„Elektrownia Pątnów II” sp. z o.o.				
1. Registered and financial pledges				
1.1. Registered and financial pledges on rights of bank account agreements of Elektrownia Pątnów II sp. z o.o. in PEKAO and mBank banks	400 000	EUR	400 000	EUR
1.2. Registered and financial pledges on rights of bank account agreements of Elektrownia Pątnów II sp. z o.o. in PEKAO and mBank banks	339 750	PLN	339 750	PLN
2. Mortgage				
2.1. Contractual joint ceiling mortgage established by Elektrownia Pątnów II sp. z o.o. and PAK Infrastruktura sp. z o.o. on plots of land and mortgage registers with nos. KN1N/00071134/0, KN1N/00040530/0, KN1N/00064879/2, KN1N/00064880/2, KN1N/00071136/4 in favour of mBank S.A.	400 000	EUR	400 000	EUR
2.2. Contractual joint ceiling mortgage established by Elektrownia Pątnów II sp. z o.o. and PAK Infrastruktura sp. z o.o. on plots of land and mortgage registers with nos. KN1N/00071134/0, KN1N/00040530/0, KN1N/00064879/2, KN1N/00064880/2, KN1N/00071136/4 in favour of mBank S.A.	339 750	PLN	339 750	PLN
3. Registered pledge				
3.1. Registered pledge on a group of items and rights of Elektrownia Pątnów II sp. z o.o.	400 000	EUR	400 000	EUR
3.2. Registered pledge on a group of items and rights of Elektrownia Pątnów II sp. z o.o.	339 750	PLN	339 750	PLN
„PAK – HOLDCO” sp. z o.o.				
1. Registered and financial pledges on shares in affiliates				
1.1. Registered and financial pledges on shares held by PAK Holdco in Elektrownia Pątnów II sp. z o.o. in favour of mBank S.A.	400 000	EUR	400 000	EUR
1.2. Registered and financial pledges on shares held by PAK Holdco in Elektrownia Pątnów II sp. z o.o. in favour of mBank S.A.	339 750	PLN	339 750	PLN
2. Registered pledge				
2.1. Registered pledge on a group of items and rights of PAK Holdco sp. z o.o.	400 000	EUR	400 000	EUR
2.2. Registered pledge on a group of items and rights of PAK Holdco sp. z o.o.	339 750	PLN	339 750	PLN

„PAK Infrastruktura” sp. z o.o.

1. Registered pledge

1.1. Registered pledge on a group of items and rights of PAK Infrastruktura sp. z o.o. 400 000 EUR 400 000 EUR

1.2. Registered pledge on a group of items and rights of PAK Infrastruktura sp. z o.o. 339 750 PLN 339 750 PLN

PAK Kopalnia Węgla Brunatnego Konin S.A.

1. Registered and financial pledges

1.1. Registered pledge on machines and devices, including assignment of insurance policy 100 500 PLN 100 500 PLN

1.2. Registered pledge on receivables of agreements of lignite sales to Elektrowni Pątnów II Sp. z o.o. (Millenium Bank) - 76 500 PLN

1.3. Registered pledge on receivables of agreements of lignite sales to ZE PAK S.A. - 15 000 PLN

1.4. Registered pledge on receivables of agreements of lignite sales to Elektrowni Pątnów II Sp. z o.o. (Millenium Bank) 122 400 PLN -

1.5. Transfer of title to one excavator including assignment of insurance 46 942 PLN 46 942 PLN

2. Mortgage

2.1. Mortgage on right of perpetual usufruct 100 500 PLN 100 500 PLN

Przedsiębiorstwo Serwisu Automatyki i Urządzeń EL PAK sp. z o.o.

1. Bank deposit

1.1. Bank deposit above the guaranteed amount - bank performance bond 1 013 PLN 1 013 PLN

2. Payment of security

2.1. Cash - transfer 49 PLN -

Zespół Elektrowni Pątnów-Adamów-Konin S.A.

1. Registered and financial pledges

1.1. Financial pledge on cash on bank accounts of ZE PAK SA in banks: mBank, BGK, PEKAO SA, PKO BP, Millennium due to credit of PLN 1.2 billion of 13 March 2014 2 040 000 PLN 2 040 000 PLN

2. Registered and financial pledges on shares in affiliates

2.1. Registered and financial pledges on shares held by ZE PAK S.A. in PAK Infrastruktura Sp. z o.o. and PAK HOLDCO Sp. z o.o. in favour of mBank S.A. (ZE PAK as a guarantor of the "Pątnów II" project) 339 750 PLN 339 750 PLN

2.2. Registered and financial pledges on shares held by ZE PAK S.A. in PAK Infrastruktura Sp. z o.o. and PAK HOLDCO Sp. z o.o. in favour of mBank S.A. (ZE PAK as a guarantor of the "Pątnów II" project) 400 000 EUR 400 000 EUR

3. Mortgage

3.1. Contractual joint ceiling mortgage established on real estate in Konin consisting of plots of lands with nosh 89/20, 89/53, 89/57, 89/55, 89/56, and 89/21 and on real estate in the Municipality of Kazimierz Biskupi consisting of plots of lands nos. 148/26, 148,28, and 148/34, for which the District Court in Konin keeps land and mortgage registers with nos. KN1N/00072269/2, KN1N1/00072270/2, KN1N/00073272, 2 040 000 PLN 2 040 000 PLN

4. Registered pledge

4.1. Registered pledge on a group of items of ZE PAK (units Nos. 1-4 in the Pątnów Power Plant) for the mBANK bank in relation to the credit of PLN 1.2 billion of 13 March 2014 2 040 000 PLN 2 040 000 PLN

4.2. Registered pledge on cash on bank accounts of ZE PAK SA established for the mBank bank in relation to the credit of PLN 1.2 billion of 13 March 2014 2 040 000 PLN 2 040 000 PLN

Other repayment securities of liabilities

<i>Kind of liabilities, guarantees, and sureties</i>	<i>30 September 2015 (unaudited)</i>	<i>31 December 2014</i>
	<i>Amount of security Currency</i>	<i>Amount of security Currency</i>
„Elektrownia Państw II” sp. z o.o.		
1. Assignment		
1.1. Assignment from the Framework Electricity Sales Agreement no. TPE/HOU/2009/0082 concluded on 30 April 2009 between EPII and TAURON Polska Energia S.A. including Transaction Agreements for 2014 concluded in 2013	236 716 PLN	142 910 PLN
1.2. Assignment from the Framework Electricity Sales Agreement no. SPOT/127/EPII/Inter Energia/2009 concluded on 9 December 2009 between EPII and Inter Energia S.A. including Transaction Agreements for 2014 concluded in 2013	66 251 PLN	44 752 PLN
1.3. Assignment from the Framework Electricity Sales Agreement no. 41/SPOT/EPII/ ENEA/2008 concluded on 20 August 2008 between EPII and ENEA S.A. including the concluded Transaction Agreements for 2014	-	25 108 PLN
1.4. Assignment from the Trilateral Agreement concluded on 2 December 2013 in case of execution of the Transaction Agreement for 2014 no. 63(3) of 16 September 2013 to the Long-term Electricity Sales Agreement no. 23/12/PAK/ENERGA/2013-2015 concluded on 1 August 2012 between ZE PAK and ENERGA-OBRÓT S.A.	-	71 935 PLN
1.5. Assignment from the insurance policy no 908200170145/908200174147 in favour of the mBank SA bank	658 705 EUR	651 159 EUR
PAK Kopalnia Węgla Brunatnego Konin S.A.		
1. Guarantees		
1.1. Guarantee of Bank Przemysłowo Handlowy S.A	4 000 PLN	4 000 PLN
1.3. Guarantee of Bank Przemysłowo Handlowy S.A	4 800 PLN	4 800 PLN
2. Sureties		
2.1. Zakład opieki zdrowotnej i Medycy Pracy "MED ALKO" [in Polish: the Health Care and Occupational Medicine Facility "MED ALKO"]	800 PLN	800 PLN
2.2. Surety of the credit in the amount of PLN 1 million for AQUAKON Sp. z o .o.	1 000 PLN	1 000 PLN
2.3. Surety of the credit in the amount of PLN 1 million for Eko-Surowce Sp. z o .o.	1 000 PLN	1 000 PLN
3. Assignments of receivables		
3.1. Assignment of receivables 1.6 million zlotys monthly value of the ordered monthly supply of coal to ZE PAK in accordance with the agreement (BANK mBANK)	19 200 PLN	-
3.2. Assignment of receivables 3 million zlotys monthly value of the ordered monthly supply of coal to ZE PAK in accordance with the agreement (BANK mBANK)	36 000 PLN	-
3.3. Assignment of receivables 120 million zlotys monthly value of the ordered monthly supply of coal to ZE PAK in accordance with the agreement (Bank BPH)	120 000 PLN	-
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.		
1. Guarantees		
1.1. Performance Bond	8 678 PLN	4 350 PLN
1.2. Defect Liability Guarantee	781 EUR	781 EUR
1.3. Defect Liability Guarantee	2 380 PLN	2 229 PLN
1.4. Payment Guarantee	4 PLN	12 PLN
1.5. Advanced Payment Refund Guarantee	397 PLN	1 310 PLN
2. Sureties		
2.1. Surety of Pak Serwis for Energoinwest's credit agreement in	4 800 PLN	1 125 PLN

Bank Millenium		
2.2. Surety of Pak Serwis for Energoinwest's multi-product limit agreement in the BGZ bank	1 500 PLN	1 500 PLN
Przedsiębiorstwo Serwisu Automatyki i Urządzeń EL PAK sp. z o.o.		
1. Guarantees		
1.1. 1. Proper Performance of the Contract Guarantees	3 282 PLN	5 040 PLN
1.2. 3. Security Payment Guarantee	300 PLN	2 500 PLN
1.3. 2. Receivables Payment Guarantee due to use of fleet cards of PKN ORLEN S.A.	33 PLN	24 PLN
2. Other		
2.1. Transfer of title to fixed assets securing the insurance guarantee	702 PLN	702 PLN
Zespół Elektrowni Pątnów-Adamów-Konin S.A.		
1. Sureties		
1.1. Surety of ZE PAK for PAK KWB due to the investment credit in the BZ WBK bank in the amount of PLN 32 572 thousand	23 839 PLN	32 572 PLN
1.2. Surety of ZE PAK for PAK KWB Konin due to the overdraft facility in the BZ WBK bank in the amount of 65 000 thousand	65 000 PLN	65 000 PLN
1.3. Surety of ZE PAK for PAK KWB Konin due to the working capital facility in the Millennium bank in the amount of PLN 76 500 thousand	76 500 PLN	76 500 PLN
1.4. Surety of ZE PAK for PAK KWB Adamów due to the overdraft facility in the BZ WBK bank in the amount of PLN 10 000 thousand	10 000 PLN	10 000 PLN
2. Assignment		
2.1. Assignment from the insurance agreement of property of the Pątnów Power Plant and assignment from insurance of the investment entitled "Modernisation of Units 1-4 in the Pątnów Power Plant" due to the credit of PLN 1.2 billion of 13.03.2014 in favour of the mBANK bank	1 200 000 PLN	1 200 000 PLN
2.2. Assignment from electricity sales agreements with ENERGA Obrót, Elektrim-Volt, RWE Polska, ENEA, Tauron, and PSE Operator due to the credit of PLN 1.2 billion of 13.03.2014 in favour of the mBANK bank	1 200 000 PLN	1 200 000 PLN
3. Other		
3.1. Power of attorney to bank accounts of ZE PAK SA in mBANK, PEKAO SA, BGK, PKO BP, and Millennium banks due to the credit of PLN 1.2 billion of 13.03.2014	1 200 000 PLN	1 200 000 PLN
3.2. Power of attorney to the bank account of ZE PAK SA in the PEKAO SA bank due to the overdraft facility in the amount of PLN 80.0 million of 20.12.2005	80 000 PLN	80 000 PLN
3.3. Statement on submission to enforcement due to the credit of PLN 1.2 billion of 13.03.2014	2 040 000 PLN	2 040 000 PLN

31. Obtained guarantees and sureties

<i>Kind of liabilities, guarantees and sureties</i>	<i>30 September 2015 (unaudited) Obtained in PLN</i>	<i>30 September 2015 (unaudited) Obtained in EUR</i>	<i>31 December 2014 Obtained in PLN</i>	<i>31 December 2014 Obtained in EUR</i>
„Elektrownia Pątnów II” sp. z o.o.				
1. Guarantees				
1.1. Payment guarantees	10 891	-	7 356	-
1.2. Performance bonds	2 907	-	2 659	-
Energoinwest Serwis sp. z o.o.				
1. Guarantees				
1.1. Performance and retention bonds	620	-	853	-
2. Sureties				
2.1. Surety of the credit agreement in Bank Millennium from PAK Serwis	4 800	-	1 125	-
2.2. Surety of the multi-product limit agreement in Bank BGŻ from PAK Serwis	1 500	-	1 500	-
PAK Kopalnia Węgla Brunatnego Konin S.A.				
1. Sureties				
1.3. Surety of ZE PAK S.A.	76 500	-	76 500	-
1.4. Surety of ZE PAK S.A.	65 000	-	65 000	-
1.5. Surety of ZE PAK S.A.	26 223	-	34 885	-
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.				
1. Bills of exchange				
1.1. In blanco as a security for the guarantee period	-	-	31	-
2. Guarantees				
2.1. Retention Bond (including the validity period starting after 30.09.2015)	1 306	40	1 303	40
2.2. Performance Bond	399	-	906	-
Przedsiębiorstwo Serwisu Automatyki i Urządzeń EL PAK sp. z o.o.				
1. Guarantees				
1.1. Performance and retention bonds (cash payment)	611	-	167	-
1.2. Performance and retention bonds	2 715	-	3 292	-
Zespół Elektrowni Pątnów-Adamów-Konin S.A.				
1. Bills of exchange				
1.1. Bills of exchange	27 500	908	27 500	908
2. Guarantees				
2.1. Performance bonds	54 967	351	57 418	351
2.2. Advanced Payment Refund Guarantees	13 195	-	38 665	-
3. Sureties				
3.1. Sureties*	211 143	17 550	211 143	17 550

*Sureties in the amount of PLN 211 143 thousand concern the agreement no. 1/2009 of 30 July 2009 with Foster Wheeler Energia Polska sp. z o.o.

32. Information about related entities

The following table presents total amounts of transactions with affiliates for a period of 9 months concluded on 30 September 2015 and 30 September 2014:

(unaudited)

<i>Related entity</i>		<i>Sales to related entities</i>	<i>Purchase from related entities</i>	<i>Receivables from related entities</i>	<i>Liabilities towards related entities</i>
Elektrim S.A.	2015	-	90	-	-
	2014	1	103	-	13
Megadex Serwis sp. z o.o.	2015	10	95 240	921	14 751
	2014	9	60 960	-	5 946
Polkomtel sp. z o.o.	2015	36 182	2 707	8 018	1 679
	2014	3 127	111	3 728	28
Laris Investments sp. z o.o.	2015	309	727	216	-
	2014	92	724	206	-
Total	2015	36 501	98 764	9 155	16 430
	2014	3 229	61 898	3 934	5 987

32.1. Loan granted to a member of the Management Board

Both in the 9-month period concluding on 30 September 2015, and in the one concluded on 30 September 2014, the Parent Company did not grant any loans and similar benefits to members of the management and supervisory authorities.

32.2. Other transactions involving members of the Management Board

Both in the 9-month period concluding on 30 September 2015, and in the one concluded on 30 September 2014, there were no transactions with members of the management and supervisory authorities.

32.3. Remuneration of chief executive staff of the Group

32.3.1. Remuneration paid or payable to the members of the Management Board and to the members of the Supervisory Council of the Group

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>
Management Board of the parent company		
Short-term employee benefits	2 205	2 225
Long-service bonuses	-	-
Post-employment benefits	-	-
Benefits for termination of the contract of employment	-	-
Supervisory Board of the parent company		
Short-term employee benefits	817	765
Long-service bonuses	-	-

Post-employment benefits	-	-
Benefits for termination of the contract of employment	-	-
Management Boards of subsidiaries		
Short-term employee benefits	4 537	4 823
Long-service bonuses	406	47
Post-employment benefits	49	79
Benefits for termination of the contract of employment	11	320
Share-based employee benefits	-	-
Supervisory Board of subsidiaries		
Short-term employee benefits	-	-
Long-service bonuses	-	-
Post-employment benefits	-	-
Benefits for termination of the contract of employment	-	-
Total	8 025	8 259

32.3.2. Remuneration paid or entitled to other members of the main management

	<i>9 months period ended</i> 30 September 2015 <i>(unaudited)</i>	<i>9 months period ended</i> 30 September 2014 <i>(unaudited)</i>
Short-term employee benefits	12 359	12 923
Long-service bonuses	1 392	197
Post-employment benefits	86	67
Benefits for termination of the contract of employment	-	252
Share-based employee benefits	-	-
Total amount of remuneration paid to the chief executive staff (except for members of the Management Board and the Supervisory Board)	13 837	13 439

33. Goals and rules of financial risk management

Apart from derivative instruments, the main financial instruments used by the Group consist of bank credits, loans granted from affiliates and other institutions, funds, and short-term deposits. The main goal of these financial instrument is obtaining funds for the Group's activities. The Group also has other financial instruments, such as receivables and liabilities due to supplies and services created directly within conducted activities.

The Group also concludes transactions with the use of derivative instruments, above all contracts for interest rates change (interest rate swaps). The goal of these transactions is the interest rate risk management arising within the Group's activities, and resulting from resources of financing used by it.

The rule which the Group follows currently and through the whole period included in the statement is non-conducting of the exchange of financial instruments.

Main kinds of risk resulting from financial instruments of the Group include the interest rate risk management, liquidity risk, foreign currency risk, and credit risk. The Management Board verifies and consults rules of the management of any of these kinds of risk – these rules were discussed shortly below. The Group also monitors market price risk regarding all possessed financial instruments.

33.1. Interest rate risk

Exposure of the Group to risk caused by the changes of interest rates mainly concerns long-term financial liabilities.

The Group uses financial liabilities, mostly variable rate credits and loans.

In order to minimise interest rate risk, the Group concludes the contracts for interest rates change (interest rate swaps), within which it agreed to change, within specified time intervals, the difference between the amount of interests calculated according to the fixed and the variable rate of the agreed main amount. The transactions are to protect incurred financial liabilities.

Interest rate risk – the sensitivity gap

In the interest rate sensitivity gap analysis, the Group uses yield curve shift by potential possible change of benchmark interest rates during the coming year. For the needs of the interest rate sensitivity gap analysis, average levels of benchmark interest rates in a given year were used. The scale of potential interest rate sensitivity gap was estimated on the basis of volatilities implied of ATMF options for an interest rate quoted on the interbank market for foreign currencies, for which the Group has the exposition to interest rate risk from the balance sheet date.

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

Classes of financial instruments	As of 30 September 2015 (unaudited)		Interest rate risk sensitivity study as of 30 September 2015 (unaudited)							
	Carrying amount	Value at risk	WIBOR				EURIBOR			
			WIBOR + 59	WIBOR - 59	EURIBOR + 5	EURIBOR - 5	Other comprehensive income	Other comprehensive income	Other comprehensive income	Other comprehensive income
		Profit / loss	Other comprehensive income	Profit / loss	Other comprehensive income	Profit / loss	Other comprehensive income	Profit / loss	Other comprehensive income	
Other financial assets	51 827	47 888	68	-	(68)	-	18	-	(18)	-
Trade and other receivables	275 210	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	263 972	263 972	1 152	-	(1 152)	-	34	-	(34)	-
Interest-bearing loans and borrowings	(1 282 921)	(1 282 921)	(4 477)	-	4 477	-	(262)	-	262	-
Trade payables and other financial liabilities	(423 429)	-	-	-	-	-	-	-	-	-
Derivative financial instruments	(17 789)	(17 790)	-	-	-	-	-	303	-	(303)
Total	(1 133 130)	(988 851)	(3 257)	-	3 257	-	(210)	303	210	(303)

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

Classes of financial instruments	As of 30 September 2014 (unaudited)		Interest rate risk sensitivity study as of 30 September 2014 (unaudited)							
	Carrying amount	Value at risk	WIBOR				EURIBOR			
			WIBOR + 71	WIBOR - 71	EURIBOR + 49	EURIBOR - 49	Profit / loss	Other comprehensive income	Profit / loss	Other comprehensive income
Other financial assets	122 650	100 623	200	-	(200)	-	355	-	(355)	-
Trade and other receivables	265 895	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	441 701	441 701	2 399	-	(2 399)	-	509	-	(509)	-
Interest-bearing loans and borrowings	(1 236 382)	(1 236 382)	(4 288)	-	4 288	-	(3 099)	-	3 099	-
Trade payables and other financial liabilities	(419 253)	-	-	-	-	-	-	-	-	-
Derivative financial instruments	(25 087)	(25 087)	-	-	-	-	-	4 470	-	(4 470)
Total	(850 476)	(719 145)	(1 689)	-	1 689	-	(2 235)	4 470	2 235	(4 470)

33.2. Currency risk

The Group is exposed to currency risk due to concluded transactions. Such risk also concerns credit and loan liabilities. The Group does not use derivative instruments protecting from the change of currency rate.

Potential possible changes of currency rates were calculated on the basis of annual volatilities implied of currency options quoted on the interbank market for a given pair of currencies from the balance sheet date.

The Group identifies exposure to EUR/PLN exchange rate changes. The below table presents gross financial results sensitivity for rationally possible to occur exchange rate changes, assuming invariability of other risk factors for these classes of financial instruments exposed to exchange rate change risk.

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

Classes of financial instruments	As of 30 September 2015 (unaudited)		Analysis of sensitivity to interest rate risk as of 30 September 2015 (unaudited)			
	Carrying amount	Value at risk	EUR/PLN		EUR/PLN	
			kurs EUR/PLN + 7.675%	Other comprehensive income	kurs EUR/PLN - 7.675%	Other comprehensive income
			4.5639		3.9133	
			Profit / (loss)	Other comprehensive income	Profit / (loss)	Other comprehensive income
Other financial assets	51 827	36 360	2 791	-	(2 791)	-
Trade and other receivables	275 210	304	23	-	(23)	-
Derivative financial instruments	-	-	-	-	-	-
Cash and cash equivalents	263 972	68 800	5 280	-	(5 280)	-
Interest-bearing loans and borrowings	(1 282 921)	(524 102)	(40 225)	-	40 225	-
Trade payables and other financial liabilities	(423 429)	(1 189)	(91)	-	91	-
Derivative financial instruments	(17 789)	-	-	-	-	-
Total	(1 133 130)	(419 827)	(32 222)	-	32 222	-

Classes of financial instruments	As of 30 September 2014 (unaudited)		Analysis of sensitivity to interest rate risk as of 30 September 2014 (unaudited)			
	Carrying amount	Value at risk	EUR/PLN		EUR/PLN	
			kurs EUR/PLN + 6.3%	Other comprehensive income	kurs EUR/PLN - 6.3%	Other comprehensive income
			4.4386		3.9124	
			Profit / (loss)	Other comprehensive income	Profit / (loss)	Other comprehensive income
Other financial assets	122 650	72 459	4 565	-	(4 565)	-
Trade and other receivables	265 895	4 166	262	-	(262)	-
Derivative financial instruments	-	-	-	-	-	-
Cash and cash equivalents	441 701	103 794	6 539	-	(6 539)	-
Interest-bearing loans and borrowings	(1 236 382)	(632 429)	(39 843)	-	39 843	-
Trade payables and other financial liabilities	(419 253)	(2 879)	(181)	-	181	-
Derivative financial instruments	(25 087)	-	-	-	-	-
Total	(850 476)	(454 889)	(28 658)	-	28 658	-

33.3. Credit risk

Credit risk is a potential credit event, which may be materialised in the form of the following factors: counterpart insolvency, partial repayment of receivables, significant delay in receivables repayment, or other not predicted default on contractual terms.

The Group concludes transactions only with reputable companies of good credit rating. All customer who want to use credit terms, are subject to procedures of initial verification. Moreover, thanks to current monitoring of receivables, exposure of the Group to non-collectible receivables risk is insignificant.

Main recipients of electricity are big energy groups, such as ENERGA S.A., the TAURON Polska Energia S.A. Capital Group, RWE Polska. Transactions concluded on an exchange are settled on a day-to-day basis by the Towarowa Giełda Energii S.A. company, which minimises credit risk.

In relation to other financial assets of the Group, such as funds and their equivalents, financial assets available for sale, and some derivative instruments, the Group's credit risk occurs as a result of incapability to pay by the other party of an agreement, and the maximum exposure to this risk is equal to the balance sheet amount of these instruments.

33.4. Liquidity risk

The Group monitors risk to a shortage of funds by means of the tool for periodic planning of liquidity. This tool takes into account maturity dates of both investment and financial assets (e.g. receivables accounts, other financial assets), as well as projected cash flows from operating activities.

The goal of the Group is maintenance of balance between continuity and flexibility of financing through the use of various resources of financing, such as overdraft facilities, bank credits, debentures, preferred shares, financial lease agreements, and lease agreements with the purchase option.

The table below presents financial liabilities of the Group as of 30 September 2015 and 31 December 2014 according to the maturity date based on contractual non-discounted payments.

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Interim condensed consolidated financial report for the period of 9 months ended 30 September 2015
(in thousands of zlotys)

<i>30 September 2015 (unaudited)</i>	<i>Less than 3 months</i>	<i>3 – 12 months</i>	<i>1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Interest bearing loans and borrowings	226 055	172 336	775 487	210 857	1 384 735
Trade payables and other financial liabilities	316 520	18 396	88 482	31	423 429
Derivative financial instruments	2 056	5 416	10 395	-	17 867
	544 631	196 148	874 364	210 888	1 826 031
	544 631	196 148	874 364	210 888	1 826 031
<i>31 December 2014</i>	<i>Less than 3 months</i>	<i>3 – 12 months</i>	<i>1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Interest bearing loans and borrowings	180 585	171 088	789 537	184 951	1 326 161
Trade payables and other financial liabilities	288 338	66 864	103 671	71	458 944
Derivative financial instruments	2 416	6 479	15 899	-	24 794
	471 339	244 431	909 107	185 022	1 809 899
	471 339	244 431	909 107	185 022	1 809 899

Derivative instruments indicated in above tables were presented in gross values of non-discounted payments. However, these contracts can be settled either in gross values, or net amounts. The tables shown below present agreements of these values to balance sheet values of derivative instruments:

<i>30 September 2015 (unaudited)</i>	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 – 12 months</i>	<i>1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Inflows	-	(13)	(95)	188	-	80
Outflows	-	2 056	5 416	10 395	-	17 867
Net amount	-	(2 069)	(5 511)	(10 207)	-	(17 787)
Discounted using appropriate	-	(2 068)	(5 512)	(10 209)	-	(17 789)
	-	(2 068)	(5 512)	(10 209)	-	(17 789)
<i>31 December 2014</i>	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 – 12 months</i>	<i>1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Inflows	-	64	145	807	-	1 016
Outflows	-	2 416	6 479	15 899	-	24 794
Net amount	-	(2 352)	(6 334)	(15 092)	-	(23 778)
Discounted using appropriate	-	(2 352)	(6 332)	(15 059)	-	(23 743)
	-	(2 352)	(6 332)	(15 059)	-	(23 743)

34. Financial instruments

34.1. Fair values of particular classes of financial instruments

The tables shown below present a comparison between balance sheet values and fair values of all financial instruments of the Group, divided into particular classes and categories of assets and liabilities.

	<i>Category according to IAS 39</i>	<i>30 September 2015 (unaudited)</i>	<i>31 December 2015</i>	<i>30 September 2015 (unaudited)</i>	<i>31 December 2015</i>	<i>Level of the fair value hierarchy for needs of disclosures</i>
<i>Financial assets</i>						
Other financial assets	LaR	51 827	107 339	51 827	107 339	2
Trade receivables and other receivables	LaR	275 210	253 977	275 210	253 977	2
Derivative financial instruments	FVtPoL	-	-	-	-	2
Cash and cash equivalents	FAHtM	263 972	356 120	263 972	356 120	1
<i>Financial liabilities</i>						
Interest-bearing bank credits and loans, including:		1 282 921	1 215 774	1 282 921	1 215 774	3
– long-term ones interested according to a variable rate	FLaAC	887 700	867 221	887 700	867 221	
– short-term ones interested according to a variable rate	FLaAC	395 221	348 553	395 221	348 553	
Liabilities due to supplies and services and other financial liabilities	FLaAC	423 429	458 944	423 429	458 944	2
Derivative financial instruments	FVtPoL	17 789	23 743	17 789	23 743	2

Abbreviations used:

- LaR* – Loans and receivables,
FVtPoL – Financial assets/ financial liabilities at fair value through profit or loss,
FAHtM – Financial assets held to maturity
FLaAC – Other financial liabilities at amortised cost
HFS – Financial assets held for sale

As of 30 September 2015 and 31 December 2014, the Group had following financial instruments evaluated in the fair value:

	<i>30 September 2015 (unaudited)</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Derivatives hedging assets	-	-	-	-
Derivatives hedging liabilities	-	-	17 789	-
	<i>31 December 2014</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Derivatives hedging assets	-	-	-	-
Derivatives hedging liabilities	-	-	23 743	-

In the 9-month period concluded on 30 September 2015 and the one concluded on 31 December 2014, there were no shifts between the level 1 and the level 2 of the fair value hierarchy, and none of instruments was shifted to the level 3 of the fair value hierarchy.

34.2. Interest rate risk

The below table presents the interest rate gap constituting the Group's exposure to interest rate risk and concentration of this risk divided into currencies and kind of interest rate taking into account effect of protection transactions Interest Rate Swap exchanging stream of cash interest payments based on the variable EURIBOR rate for the fixed rate in EUR.

	<i>Type of interest rate</i>	<i>Carrying amount as of 30 September 2015 (unaudited)</i>	<i>Carrying amount as of 31 December 2014</i>
Financial assets at interest rate risk – PLN	Fixed	-	-
	Variable	206 700	311 992
Financial assets at interest rate risk – Other currencies	Fixed	-	-
	Variable	105 160	146 987
Financial liabilities at interest rate risk – PLN	Fixed	-	-
	Variable	758 819	599 077
Financial liabilities at interest rate risk – Other currencies	Fixed	262 648	308 714
	Variable	261 454	307 982
Net exposure – PLN	Fixed	-	-
	Variable	(552 119)	(287 085)
Net exposure – Other currencies	Fixed	(262 648)	(308 714)
	Variable	(156 294)	(160 995)

Interest rate of financial instrument of variable interest rate is updated in periods shorter than one year. Interests on financial instruments of fixed interest rate are fixed through the whole period to the date of maturity of these instruments. Other financial instruments of the Group not included in above tables are not subject to interest and they are not subject to interest rate risk.

34.2.1. Hedging

The Group secures interest rate risk related to the incurred corporate credit denominated in EUR of variable interest rate based on the EURIBOR 3M benchmark interest rate using derivative transactions. The instrument securing exposure to interest rate risk is the Interest Rate Swap transaction, within which the Groups exchanges stream of cash interest payments based on the variable EURIBOR 3M rate for payments of fixed interest rate at 3.1050%. The Groups indicates designated derivative instruments as protecting instruments in the model of cash flow security, and includes them in accordance with protections accounting rules.

In the tables shown below, basic parameters of derivative transaction indicates as security instruments, including periods, when cash flows due to cash flow securities and when they will influence the financial result, as well as their fair value in PLN as of 30 September 2015 and 31 December 2014 are presented.

<i>Instrument type</i>	<i>Nominal value in the transaction currency [EUR]*</i>	<i>Fair value in PLN</i>	<i>Expected duration of hedged item's realisation</i>
	<i>30 September 2015 (unaudited)</i>	<i>30 September 2015 (unaudited)</i>	<i>30 September 2015 (unaudited)</i>
IRS transaction	61 966	(17 789)	in quarterly periods, in January, April, July, and October each year, until the date of maturity of IRS, i.e. July 2019

** the nominal values depreciated in accordance with the credit repayment schedule*

<i>Instrument type</i>	<i>Nominal value in the transaction currency [EUR]*</i>	<i>Fair value in PLN</i>	<i>Expected duration of hedged item's realisation</i>
	<i>31 December 2014</i>	<i>31 December 2014</i>	<i>31 December 2014</i>
IRS transaction	72 429	(23 743)	in quarterly periods, in January, April, July, and October each year, until the date of maturity of IRS, i.e. July 2019

** the nominal values depreciated in accordance with the credit repayment schedule*

The change in the fair value of cash flow securities transferred onto the equity is presented below:

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>Year ended 31 December 2014</i>
Opening balance	(21 902)	(23 248)
Effective part of profits / losses on a security instrument	(644)	(8 059)
Amounts charged to the income statement, including:	(6 375)	(9 405)
– adjustment of costs of interest	(6 375)	(9 405)
– adjustment under ineffective hedging	-	-
Closing balance	(16 171)	(21 902)
Deferred tax assets – recognized in the revaluation reserve	3 073	4 161
Closing balance including deferred tax	(13 098)	(17 741)

35. Capital management

The main goal of the management of the Group's capital is maintenance of good credit rating and safe equity ratios, which would support the Group's operating activities and increase the values for its shareholders.

The Group manages the capital structure, and as a result of changes of economic conditions, introduces amendments to it. In the 9-month period concluded on 30 September 2015 and the year concluded on 31 December 2014, there were no introduced amendments to goals, rules and processes applying in this area.

The Group monitors the balance of its capitals using the leverage ratio, which is calculated as a relation of net debt to the sum of capitals enlarged with net debt. The Group's principles state that this rate was within the range of 20-60%. The Group includes interest bank credits and loans, liabilities due to supplies and services, and other liabilities, decreased by the cash and cash equivalents in the net debt. The capital includes the equity decreased by reserve capitals due to unrealised net profits.

	<i>30 September 2015</i> <i>(unaudited)</i>	<i>31 December 2014</i>
Interest-bearing credits and loans	1 282 921	1 215 774
Derivative financial instruments (liabilities)	17 789	23 743
Trade liabilities and other financial liabilities	423 429	458 944
Minus cash and its equivalents	263 972	356 120
Net debt	<u>1 460 167</u>	<u>1 342 341</u>
Equity	3 782 867	3 819 717
Capitals from revaluation of security instruments	(13 099)	(17 741)
Total capital	3 795 966	3 837 458
Net capital and debt	5 256 133	5 179 799
Leverage ratio	27,78%	25,91%

36. Events after the balance sheet date

Changes in the Management Board and the Supervisory Board

On 2 October 2015, the Supervisory Board of the Company dismissed three members of the Management Board of the Company; the fourth member of the Management Board resigned. At the same time, at the same meeting, a new composition of the Management Board (more about changes in the Management Boards of the company in section 2.3 of this document on page 6) was elected. The former member of the Supervisory Board, Mr Tomasz Zadroga, who, before the adoption of resolution to appoint to the composition of the Management Board, had submitted a statement of resignation from membership in the Supervisory Board of the company with immediate effect, was also among those appointed to the new Management Board. Currently, the Supervisory Board of the Company works in the composition made up of seven people.

Termination of the Corporate Collective Labour Agreement in PAK KWBK S.A.

On 29 October 2015, the Management Board of PAK KWBK S.A. decided to terminate the Corporate Collective Labour Agreement in PAK KWBK S.A. ("ZUZP"). The termination follows the completion of the negotiations with trade union organisations on suspension of the application of the ZUZP in the company for three years. These negotiations did not lead to the signing of the agreement. The period of termination notice expires on 31 January 2016.

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BALANCE SHEET

Assets

	<i>As of</i> 30 September 2015 <i>(unaudited)</i>	<i>As of</i> 30 June 2015 <i>(unaudited)</i>	<i>As of</i> 31 December 2014	<i>As of</i> 30 September 2014 <i>(unaudited)</i>	<i>As of</i> 30 June 2014 <i>(unaudited)</i>
A. Non-current assets	3 735 548	3 586 924	3 430 880	3 309 943	3 159 533
I. Intangible assets	265 791	197 417	199 867	151 203	102 643
1. Development expenses	-	-	-	-	-
2. Goodwill	-	-	-	-	-
3. Other intangible assets	265 791	197 417	199 867	151 203	102 643
4. Prepayments for intangible assets	-	-	-	-	-
II. Property, plant and equipment	2 216 153	2 139 547	1 999 969	1 913 287	1 811 273
1. Tangible fixed assets	1 243 342	1 254 405	1 285 911	1 312 120	1 332 371
a) land (including perpetual usufruct)	1 249	1 250	1 252	1 246	1 246
b) buildings, premises and constructions	570 925	573 431	589 378	596 307	606 221
c) plant and machinery	666 808	675 386	691 208	710 677	721 051
d) motor vehicles	2 064	2 029	1 790	1 489	1 403
e) other	2 296	2 309	2 283	2 401	2 450
2. Construction in progress	965 442	872 300	693 396	575 747	446 613
3. Prepayments for construction in progress	7 369	12 842	20 662	25 420	32 289
III. Long-term receivables	-	-	-	-	-
1. From affiliates	-	-	-	-	-
2. From other entities	-	-	-	-	-
IV. Long-term investments	1 248 264	1 244 916	1 224 778	1 238 439	1 238 141
1. Property	-	-	-	-	-
2. Intangible assets	-	-	-	-	-
3. Long-term financial assets	1 248 264	1 244 916	1 224 778	1 238 439	1 238 141
a) in affiliates	1 248 113	1 244 765	1 224 627	1 238 288	1 237 990
– shares	1 171 334	1 168 739	1 147 444	1 147 444	1 147 444
– other securities	-	-	-	-	-
– loans granted	76 779	76 026	77 183	90 844	90 546
– other long-term financial assets	-	-	-	-	-
b) in other entities	151	151	151	151	151
– shares	151	151	151	151	151
– other securities	-	-	-	-	-
– loans granted	-	-	-	-	-
– other long-term financial assets	-	-	-	-	-
4. Other long-term investments	-	-	-	-	-
V. Long-term prepayments and deferred costs	5 340	5 044	6 266	7 014	7 476
1. Deferred tax assets	-	-	-	-	-
2. Other prepayments and deferred costs	5 340	5 044	6 266	7 014	7 476
B. Current assets	427 274	450 430	519 818	601 902	530 447
I. Inventories	203 064	186 755	180 519	184 400	182 512
1. Raw materials	47 388	53 390	42 509	45 294	47 494
2. Semi-finished goods and work-in-	-	-	-	-	-

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progress					
3. Finished goods	-	-	-	-	-
4. Goods	132 514	117 602	135 722	138 236	131 728
5. Inventory prepayments	23 162	15 763	2 288	870	3 290
II. Short-term receivables	171 327	141 671	149 294	140 989	140 463
1. Receivables from affiliates	71 095	57 806	45 427	49 133	60 532
a) trade receivables, due in:	55 711	42 422	38 760	49 133	56 022
– up to 12 months	55 711	42 422	38 760	49 133	56 022
– over 12 months	-	-	-	-	-
b) other	15 384	15 384	6 667	-	4 510
2. Receivables from other entities	100 232	83 865	103 867	91 856	79 931
a) trade receivables, due in:	69 830	56 886	58 007	45 966	47 434
– up to 12 months	69 830	56 886	58 007	45 966	47 434
– over 12 months	-	-	-	-	-
b) taxation, subsidy, customs duty, social security, health insurance and other debtors	16 303	14 464	31 272	24 292	22 554
c) other	14 099	12 515	14 588	21 598	9 943
d) submitted to court	-	-	-	-	-
III. Short-term investments	48 632	119 736	189 489	275 552	203 055
1. Short-term financial assets	48 632	119 736	189 489	275 552	203 055
a) in affiliates	24 055	23 602	15 707	16 765	16 264
– shares	-	-	-	-	-
– other securities	7 522	7 522	-	-	-
– loans granted	16 533	16 080	15 707	16 765	16 264
– other long-term financial assets	-	-	-	-	-
b) in other entities	-	-	-	-	-
– shares	-	-	-	-	-
– other securities	-	-	-	-	-
– loans granted	-	-	-	-	-
– other long-term financial assets	-	-	-	-	-
c) cash and other monetary assets	24 577	96 134	173 782	258 787	186 791
– cash on hand and cash at bank	24 577	96 134	173 782	258 787	186 791
– other cash and cash equivalents	-	-	-	-	-
– other monetary assets	-	-	-	-	-
2. Other short-term investments	-	-	-	-	-
IV. Short-term prepayments and deferred costs	4 251	2 268	516	961	4 417
TOTAL ASSETS	4 162 822	4 037 354	3 950 698	3 911 845	3 689 980

Liabilities and equity

	<i>As of 30 September 2015 (unaudited)</i>	<i>As of 30 June 2015 (unaudited)</i>	<i>As of 31 December 2014</i>	<i>As of 30 September 2014 (unaudited)</i>	<i>As of 30 June 2014 (unaudited)</i>
A. Equity	2 926 249	2 937 594	2 995 960	2 967 476	2 953 272
I. Share capital	101 647	101 647	101 647	101 647	101 647
II. Unpaid share capital (negative value)	-	-	-	-	-
III. Treasury shares (negative value)	-	-	-	-	-
IV. Reserve capital	2 542 060	2 542 058	2 398 399	2 398 398	2 398 396
V. Revaluation reserve	286 222	286 224	286 229	286 230	286 232
VI. Other reserves	5 877	5 877	5 877	5 877	5 877
VII. Accumulated profits (losses) from previous years	(834)	(834)	(834)	(834)	(834)
VIII. Net profit (loss) for the period	(8 723)	2 622	204 642	176 158	161 954
IX. Deductions from net profit during the period (negative value)	-	-	-	-	-
B. Liabilities and provisions for liabilities	1 236 573	1 099 760	954 738	944 369	736 708
I. Provisions for liabilities	283 621	217 365	241 429	268 607	237 800
1. Deferred tax liability	60 149	62 685	71 878	65 003	60 390
2. Provision for retirement benefits and similar obligations	11 820	11 642	27 325	94 078	92 786
– long-term	11 544	11 281	10 969	87 970	86 351
– short-term	276	361	16 356	6 108	6 435
3. Other provisions	211 652	143 038	142 226	109 526	84 624
– long-term	17 096	16 992	17 141	22 280	22 103
– short-term	194 556	126 046	125 085	87 246	62 521
II. Long-term liabilities	472 688	508 532	338 049	347 241	199 053
1. To affiliates	843	749	339	300	104
2. To other entities	471 845	507 783	337 710	346 941	198 949
a) loans	463 180	497 793	325 713	330 803	180 055
b) debt securities issued	-	-	-	-	-
c) other financial liabilities	-	-	-	-	3
d) other	8 665	9 990	11 997	16 138	18 891
III. Short-term liabilities	413 716	323 232	342 105	261 129	246 461
1. To affiliates	117 282	93 919	104 576	93 747	99 588
a) trade creditors, payable in:	109 567	85 471	93 172	84 857	80 902
– up to 12 months	109 567	85 471	93 172	84 857	80 902
– over 12 months	-	-	-	-	-
b) other	7 715	8 448	11 404	8 890	18 686
2. To other entities	290 799	223 274	232 795	162 555	141 527
a) loans	95 675	52 307	27 921	22 925	10 792
b) debt securities issued	-	-	-	-	-
c) other financial liabilities	-	4	18	27	31
d) trade liabilities payable in:	20 864	31 008	28 092	28 388	29 484
– up to 12 months	20 864	31 008	28 092	28 388	29 484
– over 12 months	-	-	-	-	-
e) advance payments received	98	98	35	53	37
f) bills of exchange payable	-	-	-	-	-
g) taxation, customs duty and social	18 910	17 200	75 132	17 161	19 193

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security creditors					
h) payroll	4 059	4 050	4 037	3 783	3 613
i) other	151 193	118 607	97 560	90 218	78 377
3. Special funds	5 635	6 039	4 734	4 827	5 346
IV. Accruals and deferred income	66 548	50 631	33 155	67 392	53 394
1. Negative goodwill	-	-	-	-	-
2. Other accruals and deferred income	66 548	50 631	33 155	67 392	53 394
– long-term	15 313	15 396	15 562	15 318	15 449
– short-term	51 235	35 235	17 593	52 074	37 945
TOTAL LIABILITIES AND EQUITY	4 162 822	4 037 354	3 950 698	3 911 845	3 689 980

PROFIT AND LOSS ACCOUNT (CALCULATION VARIANT)

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
A. Net sales of finished goods, goods for resale and raw materials, of which:	1 188 994	390 478	1 223 156	417 483
– from affiliates	415 136	146 024	402 458	137 216
I. Net sales of finished goods	1 105 060	362 351	1 138 243	373 710
II. Net sales of goods for resale and raw materials	83 934	28 127	84 913	43 773
B. Cost of finished goods, goods for resale and raw materials sold, of which:	1 194 780	413 508	1 129 252	389 617
– to affiliates	439 808	172 657	380 233	119 803
I. Cost of finished goods sold	1 118 275	386 743	1 049 538	348 755
II. Cost of goods for resale and raw materials sold	76 505	26 765	79 714	40 862
C. Gross profit (loss) on sales (A–B)	(5 786)	(23 030)	93 904	27 866
D. Selling expenses	2 197	856	2 276	707
E. Administrative expenses	26 665	9 805	29 280	10 038
F. Profit (loss) on sales (C–D–E)	(34 648)	(33 691)	62 348	17 121
G. Other operating income	1 322	282	6 391	2 763
I. Gains on the sale of non-financial non-current assets	123	27	1 619	1 580
II. Grants	249	83	389	130
III. Other	950	172	4 383	1 053
H. Other operating expenses	26 088	(19 289)	11 093	2 923
I. Loss on the sale of non-financial non-current assets	-	-	-	-
II. Impairment of non-financial assets	23 683	(20 077)	4 235	(162)
III. Other	2 405	788	6 858	3 085
I. Operating profit (loss) (F+G–H)	(59 414)	(14 120)	57 646	16 961
J. Finance income	44 583	435	132 491	1 710
I. Dividends and shares in profits, of which:	42 948	1	128 796	0
– from affiliates	42 898	0	128 695	(101)
II. Interest, of which:	1 621	431	2 978	1 320
– from affiliates	1 000	334	1 282	449
III. Gains on the sale of investments	-	-	-	-
IV. Revaluation of investments	-	-	676	351
V. Other	14	3	41	39
K. Finance costs	5 611	196	2 177	974
I. Interest, of which:	2 171	718	1 358	950
– to affiliates	-	-	-	-
II. Loss on the sale of investments	-	-	-	-
III. Impairment of investments	471	(914)	-	-
IV. Other	2 969	392	819	24
L. Gross profit (loss) on ordinary activities (I+J–K)	(20 442)	(13 881)	187 960	17 697
M. Result on extraordinary items (M.I.–M.II.)	-	-	-	-

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I. Extraordinary gains	-	-	-	-
II. Extraordinary losses	-	-	-	-
N. Gross profit (loss) (L±M)	(20 442)	(13 881)	187 960	17 697
O. Corporate profits tax	(11 719)	(2 536)	11 802	3 493
P. Other tax charges	-	-	-	-
R. Net profit (loss) (N–O–P)	(8 723)	(11 345)	176 158	14 204

STATEMENT OF CASH FLOWS

	<i>9 months period ended 30 September 2015 (unaudited)</i>	<i>3 months period ended 30 September 2015 (unaudited)</i>	<i>9 months period ended 30 September 2014 (unaudited)</i>	<i>3 months period ended 30 September 2014 (unaudited)</i>
A. Cash flow from operating activities				
I. Net profit (loss)	(8 723)	(11 345)	176 158	14 204
II. Adjustments, total	(60 776)	(9 795)	(120 731)	11 575
1. Depreciation	63 215	21 472	69 615	22 554
2. Foreign exchange gains (losses)	1 016	(833)	(668)	(371)
3. Interest and shares in profits (dividends)	(41 777)	384	(128 722)	502
4. Profit (loss) on investing activities	189	(27)	(1 619)	(1 580)
5. Change in provisions	149 201	53 922	105 388	30 807
6. Change in inventories	(22 545)	(16 308)	(11 108)	(1 888)
7. Change in receivables	(6 648)	(29 705)	(245)	(3 319)
8. Change in short-term liabilities, except for loans and borrowings	(49 513)	15 129	(56 671)	(4 002)
9. Change in prepayments, accruals and deferred income	31 196	14 179	32 727	17 518
10. Other adjustments	(185 110)	(68 008)	(129 428)	(48 646)
III. Net cash flow from operating activities (I±II)	(69 499)	(21 140)	55 427	25 779
B. Cash flow from investing activities				
I. Inflows	28 190	133	128 890	4 590
1. Sale of intangible assets and tangible fixed assets	154	42	94	25
2. Sale of investments in property and intangible assets	-	-	-	-
3. From financial assets, of which:	28 036	91	128 796	4 565
a) in affiliates	27 986	41	128 695	4 509
b) in other entities	50	50	101	56
– sale of financial assets	-	-	-	-
– dividends and shares in profits	50	50	101	56
– repayment of long-term loans granted	-	-	-	-
– interest received	-	-	-	-
– other	-	-	-	-
4. Other investing inflows	-	-	-	-
II. Outflows	300 923	54 489	305 395	84 946
1. Purchase of intangible assets and tangible fixed assets	268 833	51 894	305 395	84 946
2. Investments in property and intangible assets	-	-	-	-
3. For financial assets, of which:	32 090	2 595	-	-
a) in affiliates	32 090	2 595	-	-
b) in other entities	-	-	-	-
– purchase of financial assets	-	-	-	-
– long-term loans granted	-	-	-	-
4. Other investing outflows	-	-	-	-

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III. Net cash flow from investing activities (I-II)	(272 733)	(54 356)	(176 505)	(80 356)
C. Cash flow from financing activities				
I. Inflows	236 066	27 066	355 000	164 000
1. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital	-	-	-	-
2. Loans and borrowings	236 066	27 066	355 000	164 000
3. Issue of debt securities	-	-	-	-
4. Other financial inflows	-	-	-	-
II. Outflows	42 495	23 047	132 890	37 447
1. Re-acquisition of own shares	-	-	-	-
2. Dividends and other payments to shareholders	-	-	34 560	34 560
3. Outflows due to appropriation of profit other than payments to shareholders	-	-	-	-
4. Repayment of loans and borrowings	29 517	18 803	90 951	-
5. Redemption of debt securities	-	-	-	-
6. Relating to other financial liabilities	-	(46)	-	(16)
7. Finance lease payments	87	87	23	23
8. Interest paid	12 726	4 148	6 735	2 644
9. Other financing outflows	165	55	621	236
III. Net cash flow from financing activities (I-II)	193 571	4 019	222 110	126 553
D. Total net cash flow (A.III±B.III±C.III)	(148 661)	(71 477)	101 032	71 976
E. Balance sheet change in cash and cash equivalents, of which:	(149 206)	(71 558)	101 024	71 996
– change in cash and cash equivalents due to foreign exchange gains/losses	(545)	(81)	(8)	20
F. Cash and cash equivalents at the beginning of the period	173 239	96 055	157 852	186 908
G. Cash and cash equivalents at the end of the period (F±D), of which:	24 578	24 578	258 884	258 884
– of restricted use	5 707	5 707	7 062	7 062

STATEMENT OF CHANGES IN EQUITY

	<i>As of</i> <i>30 September</i> <i>2015</i> <i>(unaudited)</i>	<i>As of</i> <i>30 June</i> <i>2015</i> <i>(unaudited)</i>	<i>As of</i> <i>31 December</i> <i>2014</i>	<i>As of</i> <i>30 September</i> <i>2014</i> <i>(unaudited)</i>	<i>As of</i> <i>30 June</i> <i>2014</i> <i>(unaudited)</i>
I. Equity at the beginning of the period (OB)	2 995 960	2 995 960	2 825 878	2 825 878	2 825 878
– changes in accounting policy	-	-	-	-	-
– correction of prior period error	-	-	-	-	-
I.a. Equity at the beginning of the period (OB), after adjustments	2 995 960	2 995 960	2 825 878	2 825 878	2 825 878
1. Share capital at the beginning of the period	101 647	101 647	101 647	101 647	101 647
1.1. Changes in share capital	-	-	-	-	-
a) increases	-	-	-	-	-
b) decreases	-	-	-	-	-
1.2. Share capital at the end of the period	101 647	101 647	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 (due to)	-	-	-	-	-
b) decreases (due to)	-	-	-	-	-
2.2. Unpaid share capital at the end of the period	-	-	-	-	-
3. Treasury shares at the beginning of the period	-	-	-	-	-
a) increases	-	-	-	-	-
b) decreases	-	-	-	-	-
3.1. Treasury shares at the end of the period	-	-	-	-	-
4. Reserve capital at the beginning of the period	2 398 399	2 398 399	2 200 508	2 200 508	2 200 508
4.1. Changes in reserve capital	143 661	-	-	197 890	-
a) increases (due to)	143 661	143 659	197 891	197 890	197 888
– share premium	-	-	-	-	-
– statutory profit appropriation	-	-	-	-	-
– profit appropriation (in excess of statutory amounts)	143 654	143 654	197 297	197 297	197 297
– liquidation and disposal of fixed assets	7	5	594	593	591
b) decreases	-	-	-	-	-
4.2. Reserve capital at the end of the period	2 542 060	2 542 058	2 398 399	2 398 398	2 398 396
5. Revaluation reserve at the beginning of the period	286 229	286 229	286 823	286 823	286 823
5.1. Changes in revaluation reserve	(7)	(5)	(594)	(593)	(591)
a) increases	-	-	-	-	-
b) decreases (due to)	7	5	594	593	591
– liquidation and disposal of fixed assets	7	5	594	593	591
5.2. Revaluation reserve at the end of the period	286 222	286 224	286 229	286 230	286 232

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6. Other reserves at the beginning of the period	5 877	5 877	5 877	5 877	5 877
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	5 877	5 877
7. Accumulated profits from previous years at the beginning of the period	-	-	-	-	-
7.1. Accumulated profits from previous years at the beginning of the period	204 642	204 642	231 857	231 857	231 857
– changes in accounting policy	-	-	-	-	-
– correction of prior period error	-	-	-	-	-
7.2. Accumulated profits from previous years at the beginning of the period, after adjustments	204 642	204 642	231 857	231 857	231 857
a) increases (due to)	-	-	-	-	-
– appropriation of profit from previous years	-	-	-	-	-
b) decreases (due to)	204 642	204 642	231 857	231 857	231 857
– transfer of profit to reserve capital	143 654	143 654	197 297	197 297	197 297
– dividend payments to shareholders	60 988	60 988	34 560	34 560	34 560
7.3. Accumulated profits from previous years at the end of the period	-	-	-	-	-
7.4. Accumulated losses from previous years at the beginning of the period	(834)	(834)	(834)	(834)	(834)
– changes in accounting policy	-	-	-	-	-
– correction of prior period error	-	-	-	-	-
7.5. Accumulated losses from previous years at the beginning of the period, after adjustments	(834)	(834)	(834)	(834)	(834)
a) increases (due to)	-	-	-	-	-
– transfer of prior year losses	-	-	-	-	-
b) decreases (due to)	-	-	-	-	-
7.6. Accumulated losses from previous years at the end of the period	(834)	(834)	(834)	(834)	(834)
8. Net result	(8 723)	2 622	204 642	176 158	161 954
a) net profit	-	2 622	204 642	176 158	161 954
b) net loss	(8 723)	-	-	-	-
c) deductions from profit	-	-	-	-	-
II. Equity at the end of the period (CB)	2 926 249	2 937 594	2 995 960	2 967 476	2 953 272

ADDITIONAL INFORMATION TO THE QUARTERLY CONDENSED FINANCIAL STATEMENT

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.

At the date of preparation of these financial statement, the shareholder structure is as follows:

Shareholder	<i>volume</i>	<i>in zlotys</i>	<i>%</i>	<i>volume</i>	<i>%</i>
	<i>Number of shares</i>	<i>The nominal value of one share</i>	<i>Share in the total number of shares</i>	<i>Number of votes</i>	<i>Share in the total number of votes</i>
Zygmunt Solorz Żak (directly) through: Elektrim S.A., Embud Sp. z o.o., IPOPEMA 116 FIZ Aktywów Niepublicznych, Trigon XIX FIZ, Argumenol Investment Company Limited	26 200 867	2.00	51.55	26 200 867	51.55
ING OFE	5 068 410	2.00	9.97	5 068 410	9.97
Other shareholders	19 554 270	2.00	38.48	19 554 270	38.48
Total shareholders	50 823 547	2.00	100.00	50 823 547	100.00

The Company is the parent company of the Capital Group of Zespół Elektrowni Pątnów – Adamów – Konin S.A.

The main subject of the Company's activities is:

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

1. Continuation of activity

The financial statement of the Company was developed with the assumption of continuing business activity by the Company in the foreseeable future, at least 12 months after the balance sheet date that is after 30 September 2015.

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

2. Merger of commercial companies

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

3. Accepted principles (policy) of accounting

The Company operated on the basis of the 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 Finances 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 the 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 1 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 1 July 2003 in case of the Corporate Chart of Accounts for ZE PAK S.A.

The financial statement has been prepared under the historical cost convention, which was modified in the case of:

- intangible assets,
- fixed assets,
- investments in subsidiaries and other long-term investments,
- other short-term investments (excluding cash and financial assets),
- financial instruments.

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

**ADDITIONAL INFORMATION
FOR EXPANDED CONSOLIDATED REPORT FOR 3rd QUARTER 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.*

NOVEMBER 12, 2015

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1. SELECTED FINANCIAL DATA

<i>Selected consolidated financial data</i>	<i>PLN thousand</i>	<i>PLN thousand</i>	<i>EUR thousand</i>	<i>EUR thousand</i>
	<i>9 months of 2015 period from 01.01.2015 to 30.09.2015</i>	<i>9 months of 2014 period from 01.01.2014 to 30.09.2014</i>	<i>9 months of 2015 period from 01.01.2015 to 30.09.2015</i>	<i>9 months of 2014 period from 01.01.2014 to 30.09.2014</i>
Sales revenue	2 254 784	1 971 437	542 211	471 602
Operating profit/loss	53 855	119 316	12 951	28 542
Profit/Loss before tax	26 482	89 931	6 368	21 513
Net profit/loss for the period	21 321	72 448	5 127	17 331
Net profit attributable to equity holders of the parent	21 179	66 922	5 093	16 009
Total comprehensive income	24 224	68 580	5 825	16 406
Net cash flow from operating activities	165 062	306 346	39 693	73 283
Net cash flow from investing activities	(284 023)	(404 039)	(68 299)	(96 653)
Net cash flow from financing activities	26 634	108 290	6 405	25 905
Net increase / (decrease) in cash and cash equivalents	(92 327)	10 597	(22 202)	2 535
Net profit per share (in PLN/EUR per share)	0.42	1.32	0.10	0.32
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547
	<i>as at 30.09.2015</i>	<i>as at 31.12.2014</i>	<i>as at 30.09.2015</i>	<i>as at 31.12.2014</i>
Total assets	6 820 538	6 867 688	1 609 149	1 611 263
Non-current assets	5 648 640	5 685 991	1 332 666	1 334 019
Current assets	1 171 898	1 181 697	276 482	277 244
Total equity	3 782 867	3 819 717	892 480	896 163
Share capital	101 647	101 647	23 981	23 848
Share capital attributable to equity holders of the parent	3 782 867	3 819 717	892 480	896 163
Total liabilities	3 037 671	3 047 971	716 668	715 100
Non-current liabilities	1 811 111	1 841 869	427 290	432 130
Current liabilities	1 226 560	1 206 102	289 379	282 970
Book value per share (in PLN/EUR per share)	74.43	75.16	17.56	17.63
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Additional information for expanded consolidated report for 3rd quarter of 2015

<i>Selected financial data of ZE PAK S.A.</i>	<i>PLN thousand 9 months of 2015 period from 01.01.2015 to 30.09.2015</i>	<i>PLN thousand 9 months of 2014 period from 01.01.2014 to 30.09.2014</i>	<i>EUR thousand 9 months of 2015 period from 01.01.2015 to 30.09.2015</i>	<i>EUR thousand 9 months of 2014 period from 01.01.2014 to 30.09.2014</i>
Sales revenue	1 188 994	1 223 156	285 919	292 600
Operating profit/loss	(59 414)	57 646	(14 287)	13 790
Profit/Loss before tax	(20 442)	187 960	(4 916)	44 963
Net profit/loss for the period	(8 723)	176 158	(2 098)	42 140
Net cash flow from operating activities	(69 499)	55 427	(16 713)	13 259
Net cash flow from investing activities	(272 733)	(176 505)	(65 584)	(42 223)
Net cash flow from financing activities	193 571	222 110	46 548	53 133
Total net cash flow	(148 661)	101 032	(35 749)	24 169
Net earnings per share (in PLN/EUR per share)	(0.17)	3.47	(0.04)	0.83
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547
	<i>as at 30.09.2015</i>	<i>as at 31.12.2014</i>	<i>as at 30.09.2015</i>	<i>as at 31.12.2014</i>
Total assets	4 162 822	3 950 698	982 122	926 893
Non-current assets	3 735 548	3 430 880	881 316	804 936
Current assets	427 274	519 818	100 805	121 957
Total equity	2 926 249	2 995 960	690 381	702 897
Share capital	101 647	101 647	23 981	23 848
Liabilities and provisions for liabilities	1 236 573	954 738	291 741	223 996
Non-current liabilities	472 688	338 049	111 520	79 311
Current liabilities	413 716	342 105	97 607	80 263
Book value per share (in PLN/EUR per share)	57.58	58.95	13.58	13.83
Weighted average number of 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 September 2015, which is 4.1585 EUR/PLN and starting from 1 January 2014 to 30 September 2014, which is 4.1803 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 September 2015, which is 4.2386 EUR/PLN and as of 31 December 2014, which is 4.2623 EUR/PLN.

2. DESCRIPTION OF THE GROUP

2.1. Basic information

As at 30 September 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.), Przedsiębiorstwo Remontowe PAK Serwis Sp. z o.o. (hereinafter referred to as the PAK Serwis Sp. z o.o.), Przedsiębiorstwo Serwisu Automatyki i Urządzeń Elektrycznych EL PAK Sp. z o.o. (hereinafter referred to as the EL PAK 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., Eko-Surowce Sp. z o.o., Energoinwest Serwis Sp. z o.o., PAK Górnictwo Sp. z o.o., PAK Holdco 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 September 2015.

The Group's mining assets are concentrated in three companies. (1) The PAK KWBK, which currently operates on Józwin, Tomislawice 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 September 2015

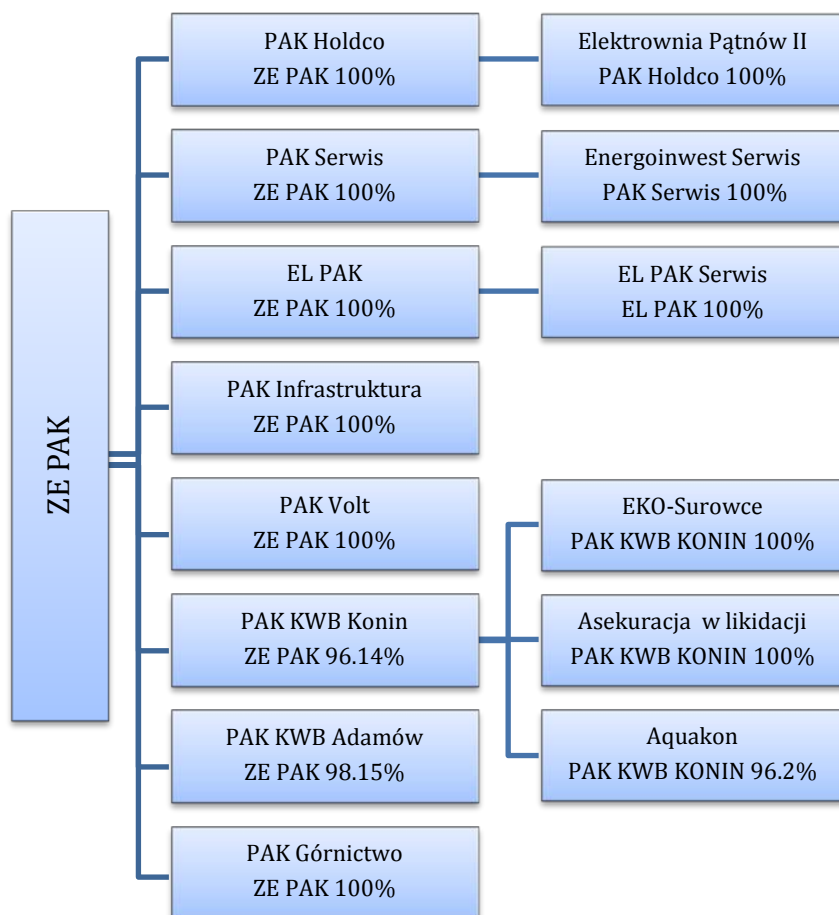


Table 1: Listing of the Group companies (without ZE PAK S.A.)

Entity	Registered office	Scope of activity	Percentage of capital held by the Group as of:	
			30 September 2015	31 December 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 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%
„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	96.14%	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	96.14%*	85.00%*
„Aquakon” sp. z o.o.	62-610 Sompolno Police	Mechanical services, repairs, reclamation of land, production and trade of mineral water	92.49%*	81.80%*
Eko-Surowce sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	vulcanization services, sale of lignite	96.14%*	85.00%*
KWE sp. z o.o.	62-540 Kleczew ul. 600-lecia 9	Preparation for construction of wind farms, generation of electricity	-	42.50%*
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%*

* indirect share via companies from ZE PAK Group.

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:

- Janusz Kaliszzyk President of the Management Board,
- Aneta Lato-Żuchowska Vice-President of the Management Board,
- Adrian Kaźmierczak Vice-President of the Management Board,
- Tomasz Zadroga Vice-President of the Management Board,
- Zygmunt Artwik Vice-President of the Management Board.

Mr. Janusz Kaliszzyk, Mrs. Aneta Lato-Żuchowska, Mr Adrian Kaźmierczak and Mr Tomasz Zadroga were appointed to the Management Board of the Company at the Supervisory Board meeting on 2 October 2015. At the same meeting, the Supervisory Board dismissed Mrs. Katarzyna Muszkat from the position of the President of the Board as well as Mrs. Anna Striżyk and Mr Piotr Jarosz from the position of the Vice-President of the Board. Mr Sławomir Sykucki resigned from the position of the Vice-President of the Board.

At the meeting on 30 October 2015, the Supervisory Board of the Company completed the current composition of the Board with Mr Zygmunt Artwik.

2.4. Description of changes within the Group's structure during the period covered by the report

In the 9 months of 2015 period, the following changes were made to the ZE PAK Capital Group's structure:

- On 29 January 2015, the liquidation process of the PAK CUI Sp. z o. o. company was ended with the adoption of the liquidation report of the Extraordinary Shareholders' Meeting. As of the date of submission of this report, the company was deleted from the National Court Register. PAK CUI Sp. z o.o. provided the IT services, the company's employees were transferred according to § 231 of the Labor Code to the ZE PAK S.A. structures.
- On 29 January 2015, the liquidation process of the PAK CBJ Sp. z o. o. company was ended with the adoption of the liquidation report of the Extraordinary Shareholders' Meeting. As of the date of submission of this report, the company was deleted from the National Court Register. PAK CUI Sp. z o.o. provided the services in terms of the performed research, analyses as well as physic and chemical measurements, the company's employees were transferred according to § 231 of the Labor Code to the ZE PAK S.A. structures.
- On 29 January 2015, PAK KWBK S.A. sold all shares in KWE Sp. z o.o. in liquidation for the entity from outside the Capital Group. KWE Sp. z o.o. was formed with the participation of PAK KWB Konin S.A. in the period prior to the acquisition of the mine's shares by ZE PAK S.A. The purpose of appointing KWE Sp. z o.o. was the

execution of the joint venture project involving the construction of a wind farm with the use of, among others, the excavated areas intended for reclamation.

- In accordance with the provisions of the agreement of acquisition from the State Treasury 85% of the shares of PAK KWBK S.A. and PAK KWBA S.A. of 2012, the Company obliged to the redemption of the remaining 15% of shares, which, in accordance with the Act on the commercialisation and privatisation, were granted to the entitled employees of both companies. On 18 March 2015, the Company launched the programme related to the redemption of employee shares. Until 30 September the Company, by the redemption of shares, increased its share in the PAK KWB Adamów SA initial capital to 98.15%, and in PAK KWB Konin SA to 96.14%.

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 the third quarter of 2015, the total sales revenues amounted to PLN 747 262 thousand and they increased by PLN 7 157 thousand in comparison to the third quarter of 2014, i.e. by 19.24%. In the 9-month period of 2015, the total sales revenues amounted to PLN 2 254 784 thousand and they were higher by PLN 283 347 thousand in comparison to the analogous period of the last year, i.e. by 14.37%.

Total electricity sales revenues (own production and from the market) in the third quarter of 2015, in comparison to the third quarter of 2014, increased by PLN 53 905 thousand i.e. by 9.22%. The increase in revenues is the result of the increased electricity sales from the market by PLN 104 019 thousand at simultaneous decrease in electricity sale from own production by PLN 50 114 thousand. A similar trend occurred in the nine months of 2015, in which, in comparison to the analogous period of the last year, we recorded an increase in electricity sales revenues by PLN 214 610 thousand in total, which was contributed by an increase in electricity sales from the market by PLN 285 649 thousand and the decrease in electricity sale from own production by PLN 71 039 thousand. The reason for the decrease in revenues from own production was the lower volume of the electricity production. However, it should be noted that the lower production was affected by the production of the unit no. 1 in the Pałnów I Power Plant within pre-commissioning (especially in the third quarter of 2015 in comparison to the third quarter of 2014) of 0.24 TWh, of which revenues were accrued for a reduction in investment expenses and not for electricity sales revenues in the income statement. In addition, the lower performance was affected by the repair in the Pałnów II Power Plant executed in the third quarter of 2015 (last year, the repair was executed in the fourth quarter).

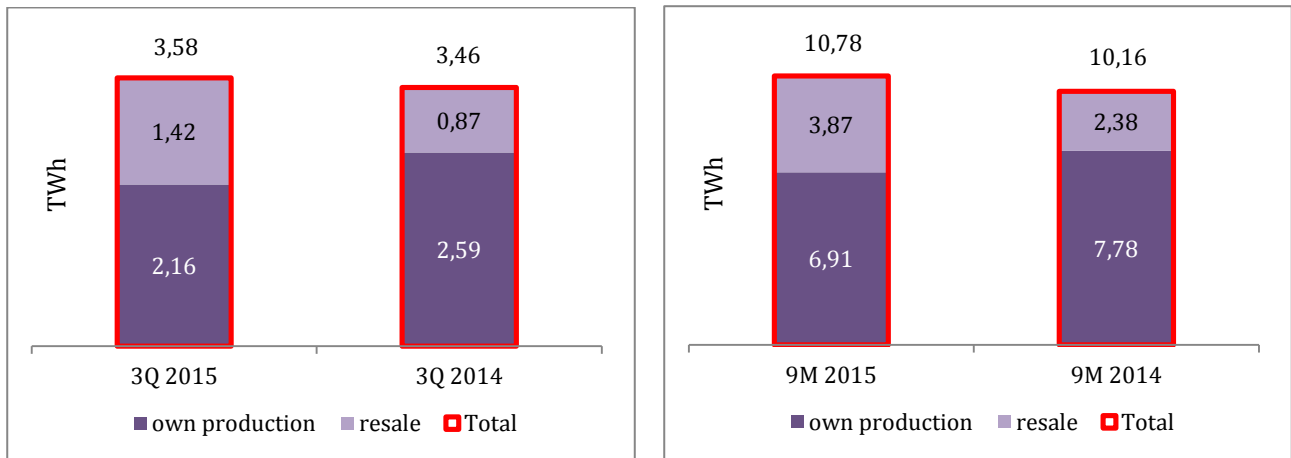
In the third quarter of 2015, in comparison to the third quarter of 2014, ownership units' sale revenues from energy certificates of origin decreased by PLN 3 399 thousand, i.e. by 23.18% due to a decrease in the average price of green certificates by 59.85%. Also during the nine months of 2015, in comparison with the analogous period of the last year, there was a decrease in the average price of green certificates by 48.25%, which resulted in a decrease in ownership units' sale revenues from energy certificates of origin by PLN 10 262 thousand.

Both for the third quarter of 2015 and the nine months of 2015, in comparison to the analogous periods of the last year, an increase in a compensation related to LTC termination does not take into account the fact that in 2014, the Company made two impairment write-downs of compensations related to LTC termination. The first one with the amount of PLN 5 317 thousand occurred in the second quarter of 2014, and the second one with the amount of PLN 76 258 thousand – in the third quarter of 2014 (both of them concerned adjustment of the stranded costs for 2008). If the write-downs had not been made in 2014, then, in the third quarter of 2015, in comparison to the third quarter of 2014, an increase in the compensations related to LTC termination would have amounted to PLN 5 497 thousand, i.e. 12.97%, and during 9 months of 2015, in comparison to 9 months of 2014, by PLN 7 347 thousand, i.e. by 5.66%. The main reason for increases in compensation in 2015 is a significant increase in costs related to the purchase of CO₂ allowances by the Pałnów II Power Plant.

Construction contracts revenues in the third quarter of 2015, in comparison to revenues earned in the analogous quarter of the previous year, decreased by PLN 13 090 thousand, i.e. by 30.24%. However, in the nine months of 2015, in comparison with the nine months of 2014, the decrease in revenues amounted to PLN 2 147 thousand, i.e. by 1.89%. In 2015, changes in revenues volumes in comparison to the analogous periods of the last year result from the different intensity of works in particular quarters at the final stage of modernisation works of units 1-2 in the Pałnów I Power Plant.

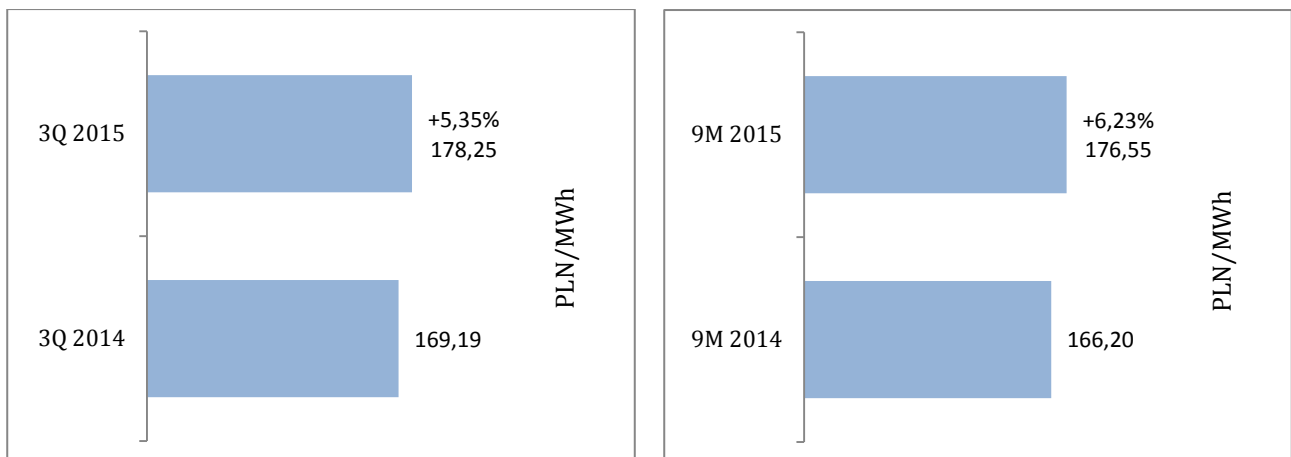
The heat sales revenues in the third quarter of 2015 were higher than those achieved in the third quarter of the previous year by PLN 489 thousand, i.e. 5.34%, and during the nine months of 2015, in comparison to the nine months of 2014, by PLN 2 855 thousand, i.e. 7.14%, thanks to higher executed production and price.

Chart 1: Sale of electricity



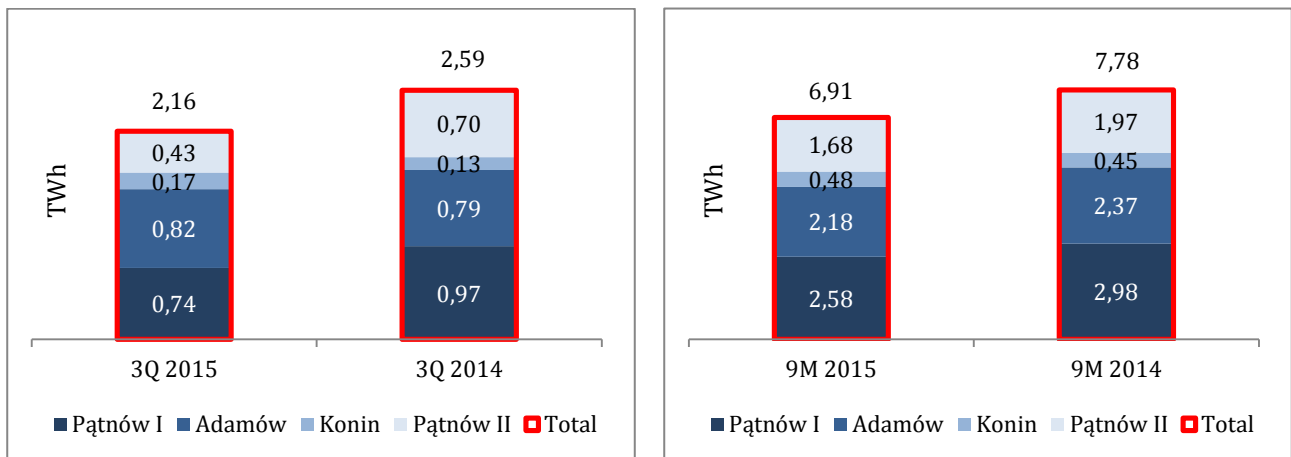
Source: own data

Chart 2: Average electricity sale prices



Source: own data

Chart 3: Net production of electricity



Source: own data

Table 2: Specification of consolidated sales revenue

	<i>PLN thousand</i> <i>3 months period</i> <i>ended 30 September</i> <i>2015</i>	<i>PLN thousand</i> <i>3 months period</i> <i>ended 30 September</i> <i>2014</i>	<i>PLN thousand</i> <i>change</i>	<i>%</i> <i>dynamics</i>
Electricity (decreased by excise tax)	387 873	437 987	(50 114)	(11.44)
Electricity resold from the market	250 956	146 937	104 019	70.79
Energy certificates of origin	11 266	14 665	(3 399)	(23.18)
Construction contracts	30 202	43 292	(13 090)	(30.24)
Compensation related to LTC termination	47 894	(33 861)	81 755	-
Heat	9 644	9 155	489	5.34
Other	9 427	8 505	922	10.84
Total sales revenues	747 262	626 680	120 582	19.24

	<i>PLN thousand</i> <i>9 months period</i> <i>ended 30 September</i> <i>2015</i>	<i>PLN thousand</i> <i>9 months period</i> <i>ended 30 September</i> <i>2014</i>	<i>PLN thousand</i> <i>change</i>	<i>%</i> <i>dynamics</i>
Electricity (decreased by excise tax)	1 219 181	1 290 220	(71 039)	(5.51)
Electricity resold from the market	683 767	398 118	285 649	71.75
Energy certificates of origin	38 949	49 211	(10 262)	(20.85)
Construction contracts	111 365	113 512	(2 147)	(1.89)
Compensation related to LTC termination	137 136	48 214	88 922	184.43
Heat	42 818	39 963	2 855	7.14
Other	21 568	32 199	(10 631)	(33.02)
Total sales revenues	2 254 784	1 971 437	283 347	14.37

Table 3: Selected items from the consolidated profit and loss account

	<i>PLN thousand</i> <i>3 months period</i> <i>ended 30 September</i> <i>2015</i>	<i>PLN thousand</i> <i>3 months period</i> <i>ended 30 September</i> <i>2014</i>	<i>PLN thousand</i> <i>change</i>	<i>%</i> <i>dynamics</i>
Sales revenues	747 262	626 680	120 582	19.24
Cost of goods sold	(699 115)	(607 213)	(91 902)	15.14
Gross profit (loss) on sales	48 147	19 467	28 680	147.33
Other operating income	4 004	16 611	(12 607)	(75.90)
Selling and distribution expenses	(1 094)	(1 216)	122	(10.03)
Administrative expenses	(29 847)	(40 139)	10 292	(25.64)
Other operating expenses	(1 012)	(5 436)	4 424	(81.38)
Profit (loss) on operating activities*	20 198	(10 713)	30 911	-
Finance income	(3 843)	1 936	(5 779)	-
Finance costs	(9 187)	(13 053)	3 866	(29.62)
Gross profit (loss)	7 168	(21 830)	28 998	-
Income tax (taxation)	(1 266)	2 573	(3 839)	-
Net profit (loss)	5 902	(19 257)	25 159	-
Net other comprehensive income	478	(474)	952	-
Comprehensive income for the period	6 380	(19 730)	26 110	-
EBITDA*	114 288	79 867	34 421	43.10

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A. CAPITAL GROUP
Additional information for expanded consolidated report for 3rd quarter of 2015

	<i>PLN thousand</i> <i>9 months period</i> <i>ended 30 September</i> <i>2015</i>	<i>PLN thousand</i> <i>9 months period</i> <i>ended 30 September</i> <i>2014</i>	<i>PLN thousand</i> <i>change</i>	<i>%</i> <i>dynamics</i>
Sales revenues	2 254 784	1 971 437	283 347	14.37
Cost of goods sold	(2 122 847)	(1 748 564)	(374 283)	21.41
Gross profit (loss) on sales	131 937	222 873	(90 936)	(40.80)
Other operating income	15 396	27 734	(12 338)	(44.49)
Selling and distribution expenses	(3 018)	(2 897)	(121)	4.18
Administrative expenses	(86 705)	(112 568)	25 863	(22.98)
Other operating expenses	(3 755)	(15 826)	12 071	(76.27)
Profit (loss) on operating activities*	53 855	119 316	(65 461)	(54.86)
Finance income	7 775	10 923	(3 148)	(28.82)
Finance costs	(35 148)	(40 308)	5 160	(12.80)
Gross profit (loss)	26 482	89 931	(63 449)	(70.55)
Income tax (taxation)	(5 161)	(17 483)	12 322	(70.48)
Net profit (loss)	21 321	72 448	(51 127)	(70.57)
Net other comprehensive income	2 903	(3 868)	6 771	-
Comprehensive income for the period	24 224	68 580	(44 356)	(64.68)
EBITDA*	337 695	389 976	(52 281)	(13.41)

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

Table 4: Consolidated cost by type

	<i>PLN thousand</i> <i>3 months period</i> <i>ended 30 September</i> <i>2015</i>	<i>PLN thousand</i> <i>3 months period</i> <i>ended 30 September</i> <i>2014</i>	<i>PLN thousand</i> <i>change</i>	<i>%</i> <i>dynamics</i>
Depreciation and amortization	94 090	90 558	3 532	3.90
Impairment of fixed assets	-	22	(22)	-
Impairment of inventory	(19 957)	3 987	(23 944)	-
Materials	100 576	134 213	(33 637)	(25.06)
External services	32 148	1 244	30 904	2 484.24
Taxes and fees excluding excise tax	40 708	37 566	3 142	8.36
Costs of CO ₂ emission	74 056	42 333	31 723	74.94
Employee benefits	126 849	140 902	(14 053)	(9.97)
Other costs by type	7 386	(1 347)	8 733	-
Cost of goods for resale and raw materials sold and resale of electricity purchased from the market	252 648	147 811	104 837	70.93
Total costs by type	708 504	597 289	111 215	18.62

	<i>PLN thousand</i> <i>9 months period</i> <i>ended 30 September</i> <i>2015</i>	<i>PLN thousand</i> <i>9 months period</i> <i>ended 30 September</i> <i>2014</i>	<i>PLN thousand</i> <i>change</i>	<i>%</i> <i>dynamics</i>
Depreciation and amortization	283 840	271 001	12 839	4.74
Impairment of fixed assets	-	(341)	341	-
Impairment of inventory	23 754	5 661	18 093	319.61
Materials	326 109	346 762	(20 653)	(5.96)
External services	87 861	107 643	(19 782)	(18.38)

Taxes and fees excluding excise tax	124 099	123 082	1 017	0.83
Costs of CO ₂ emission	232 512	129 616	102 896	79.39
Employee benefits	427 715	409 442	18 273	4.46
Other costs by type	30 354	16 188	14 166	87.51
Cost of goods for resale and raw materials sold and resale of electricity purchased from the market	675 412	390 568	284 844	72.93
Total costs by type	2 211 656	1 799 622	412 034	22.90

Cost of goods sold in the third quarter of 2015 amounted to PLN 699 115 and increased by PLN 91 902 thousand in comparison to the one incurred in the third quarter of 2014, i.e. by 15.14%. In the 9-month period of 2015, the cost of goods sold amounted to PLN 2 122 847 thousand and increased by PLN 374 283 thousand in comparison to the analogous period of the previous year, i.e. by 21.41%. The increase in the cost of goods sold was to the greatest extent affected by higher costs of CO₂ emission as a result of purchase of more allowances than it happened last year and the higher price of their purchase as well as higher value of electricity purchased from the market for sale.

Other operating income in the third quarter of 2015 amounted to PLN 4 004 thousand and it was lower by PLN 12 607 thousand than the one achieved in the analogous period of the last year, i.e. 75.90%, while in the period of nine months of 2015, it amounted to PLN 15 396 thousand, which means that in comparison to the nine months of 2014, it was lower by PLN 12 338 thousand. In both analysed periods, the highest decrease in revenue occurred in the profit from disposal of non-financial fixed assets item.

Selling and distribution expenses in the third quarter of 2015 amounted to PLN 1 094 thousand and they were lower by PLN 122 thousand than the ones incurred in the third quarter of 2014, i.e. by 10.03%, while in the period of nine months of 2015, they amounted to PLN 3 018 thousand, and they decreased by PLN 121 thousand in relation to nine months of the last year, i.e. by 4.18%.

In the third quarter of 2015, the administrative expenses amounted to PLN 29 847 thousand that is they decreased by PLN 10 292 thousand, i.e. by 25.64% in relation to the costs incurred in the third quarter of 2014. For the nine months of 2015, they amounted to PLN 86 705 thousand, which means that they were lower by PLN 25 863 thousand, i.e. by 22.98%. The decrease in the administrative expenses is primarily the result of the process of employment restructuring in the Capital Group.

Other operating expenses in the third quarter of 2015 years amounted to PLN 1 012 thousand and decreased in comparison to the third quarter of the previous year by PLN 4 424 thousand i.e. by 81.38%. In the 9-month period of 2015, the other operating expenses amounted to PLN 3 755 thousand, which means that they decreased by PLN 12 071 thousand, i.e. by 76.27%. The lower other operating expenses in the Group result mainly from the non-payment of equivalents for electricity to pensioners and the lower level of the created provisions in 2015.

In the third quarter of 2015, the ZE PAK Group achieved profit on operating activities in the amount of PLN 20 198 thousand in contrast to the loss in the amount of PLN 10 713 thousand, which was reported in the third quarter of 2014. In the 9-month period of 2015, the profit on operating activities amounted to PLN 53 855 thousand and it decreased by PLN 65 461 thousand in comparison to the nine months of the last year, i.e. by 54.86%.

In the third quarter of 2015, the results were affected by the negative financial activity result in the amount of PLN (13 030) thousand, which was worse by PLN 1 913 thousand than the result in the third quarter of 2014. The main cause of deterioration of the result was the depreciation of the EUR/PLN exchange rate, which resulted in the decrease of the positive exchange differences. For the period of nine months, the financial activity result was also negative and amounted to PLN (27 373) thousand, but it was better than the result for the 9 months by 2014 by PLN 2 012 thousand, which was influenced by a larger decrease in costs, mainly in the interest item, from the decrease in revenues in the item of interest and received dividends.

In the third quarter of 2015, the gross profit amounted to PLN 7 168 thousand compared with the loss recorded in the third quarter of the last year in the amount of PLN 21 830 thousand. For the 9-month period of 2015, the gross profit amounted to PLN 26 482 thousand that is it decreased by PLN 63 449 thousand in relation to the gross profit for nine months of the last year, i.e. by 70.55%.

In the third quarter of 2015, the net profit amounted to PLN 5 902 thousand compared with the loss recorded in the third quarter of the last year in the amount of PLN 19 257 thousand. For the 9-month period of 2015, the net profit amounted to PLN 21 321 thousand that is it decreased by PLN 51 127 thousand in relation to the net profit for nine months of 2014, i.e. by 70.57%.

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

In the balance sheet item "inventory", ZE PAK S.A. recognises, among others, the asset in the form of produced and the unsold energy certificates of origin, the so-called "green certificates." At the end of June 2015, the green certificates inventory, in relation with the significant decrease in the certificates performance, was impaired to the market value. The price, to which the value of one certificate was revaluated, amounted to 106.51 PLN/MWh, which resulted in the need to make an impairment write-down in the amount of PLN 43 753 thousand.

As a result of the increase in the market prices of green certificates to the level of PLN 121.25 as of 30 September 2015, the Company decided to make the reversal of the previously made impairment write-downs, this time upward, to improve the result of the third quarter of 2015. The reversal of the impairment write-down in the amount of PLN 20 077 thousand is the result of two events that is the sale of part of the certificates, against which impairment write-downs were made, and the revaluation of the value of the certificates in inventory from 106.51 PLN/MWh to 121.25 PLN/MWh.

Execution of the investment programme

In the period from 1 January to 30 September 2015, the investment expenses in the ZE PAK Capital Group along with the renovation components amounted to PLN 342 145 thousand. The investment tasks executed in this period mostly regarded the generation segment.

The investment tasks currently executed and planned in the Group are focused on four most important areas:

1. Continuation of the final stage of the modernisation process of units 1-4 in the Pałnów 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 CO₂ emissions to the projected level of 1.05 Mg/MWh after 2015.

In the third quarter of 2015, on the unit no. 1, the modernisation works were completed. The 720-hour Pre-commissioning was executed, which showed that the assumed basic technical parameters guaranteed by the contractors were achieved after the executed modernisation. Formal acceptances of particular facilities of the unit no. 1 after the completion of modernisation are in progress. Until now, all the planned acceptance tests required by the PSE S.A. determining the unit no. 1's compliance with the requirements of the Transmission Grid Operation and Maintenance Instructions have been executed. The unit no. 1 reached the planned maximum power of 222 MWe after modernisation. The unit produces electricity to the National Power System and can provide system services and the ones related to controllability of a generating unit in terms of power raving from the technical minimum of 132 MWe to the permanent generating capacity of 222 MWe and the service of the unit's participation in defence and restoration of the National Power System, the so-called island operation.

In the third quarter of 2015, the basic modernisation works on the unit no. 2 were also completed. On 24 September 2015, the first supply feeding steam from the boiler to the turbine took place. After reaching the nominal torques, electrical tests checking the preparation of the generator to co-operation with the grid of national power system were conducted. On 25 September 2015, the first synchronisation of the unit no. 2 with the National Power System took place. From that moment, tests of particular technological systems within the range of unit adjustment operation begun.

The course of the modernisation works on the unit no. 2 does not threaten meeting the deadlines of the unit commissioning set on 22 December 2015.

The investment programme for the Pałnów I Power Plant also expects the modernisation works on the units 3 and 4. However, it should be noted that the Company's investment programme has been developed in market conditions different from the current ones on the energy market, in particular in the sector of producers of electricity. Currently, investment decisions, especially in the conventional power engineering sector, are burdened with much greater risk. Changing economic and legal conditions, including the decrease in the profitability of energy production in coal-fired power plants, now justify a re-analysis of the effectiveness of investment tasks expected for the units nos. 3 and 4. In particular, it must take into account the requirements concerning BAT conclusions, which will be announced within the IED, and the current and expected economic, legal and technical conditions. Currently, uncertainty concerning the final form of the environment requirements prevents from making decisions related to high investment expenses. It is reasonable to wait for the concrete form of regulations on emission standards, which have a significant impact on the assumptions adopted for the calculation of the effectiveness of 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 second half of 2019. 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 to prepare a pricing for execution of this task were sent to selected entities. In the third quarter of 2015, ZE PAK S.A. received three tenders for the "turnkey" construction of the gas-steam unit with the peak-load boiler house in the Konin Power Plant along with provision of service of the steam turbine generators for twelve years of operation. The established tender committee proceeded to analyse and evaluate the technical part of the received tenders.

In the third quarter of 2015, we continued efforts to obtain a building permit for construction of a gas transmission pipeline to the Konin Power Plant as well. We also launched negotiations with PSE S.A. concerning the connection agreement.

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

3. The identification works in the area of the brown coal deposit of Poniec-Krobia and Oczkowice are continued pursuant to the license no. 10/2011/p of 11 May 2011 granted for the period of 5 years.

Currently, the process of transferring geological samples obtained during the concession works to the National Geological Archives finished.

In the third quarter of 2015, PAK Górnictwo Sp. z o. o., based on the approved geological documentation of the "Oczkowice" deposit, continued activities related to the development of technical and economic assumptions aimed at assessment of the economic evaluation of the profitability of the "Oczkowice" deposit utilisation and being a basis for further decisions in this regard in the future.

At the same time, activities aimed at protecting the documented "Oczkowice" brown coal deposit are in progress. These activities consist of among others:

- presenting the position at a meeting with governors concerning the protection of the documented mineral deposits,
 - participation in environmental proceedings on the construction of wind farms in the area of the granted licence's execution,
 - submission comments to the Polish Energy Policy by 2050 in order to, among others, include the "Oczkowice" deposit in the document,
 - co-operation with the Employers Association Brown Coal Producers Agreement [Związek Pracodawców Porozumienie Producentów Węgla Brunatnego] in terms of the protection of deposits and the role of brown coal in Poland's energy mix,
 - presentation of the position on the protection of the "Oczkowice" deposit, its placing in the "White Paper" and the list of strategic deposits at the meeting of the Parliamentary Extraordinary Committee of power engineering and energy resources [Sejmowa Komisja Nadzwyczajna do Spraw energetyki i surowców energetycznych],
 - participation in discussions in the Marshal Office of the Wielkopolska Province with representatives of local governments, the Wielkopolska Land Management Office [Wielkopolskie Biuro Planowania Przestrzennego] and associations on the possible utilisation of the "Oczkowice" deposit.
4. The continuation of identification and designing works executed at the perspective brown coal deposits of Dęby Szlacheckie, Ościsłowo and Piaski and the continuation of expenses for maintenance of the currently used open pits of Drzewce, Józwin, Tomisławice, Koźmin and Adamów until the exhaustion of their resources.

In three quarters of 2015, both mines belonging to the Capital Group executed investment tasks at active open pits with the purpose of maintaining optimal production capacities. In PAK KWBK S.A., the works related to the necessity of construction of water drainage systems arising from the progress of extraction works and the need to prepare the area for future extraction are being executed at the Józwin, Drzewce and Tomisławice open pits. The greatest expenses were incurred on the ongoing construction of the SK-6 pumping station, aiming at the dehydration of the Józwin open pit area, and the repair of the SRs 1800/1 excavator on the Józwin open pit as well as the construction of the Tomisławice open pit water drainage system. PAK KWBA S.A. is executing the works related to the construction of the deep-seated water drainage system related to the progress of extraction works,

which are executed in order to enable the correct deposit utilisation. The greatest expenses were incurred for the modernisation of the B1800 station and the construction of the water draining on the Adamów open pit.

In relation to the perspective deposits at the current stage, the following activities are executed:

Dęby Szlacheckie brown coal deposit

Deposit documentation stage.

As the part of works aimed at documentation of the deposit, the so-called "Appendix No. 1 to the geological documentation of the Dęby Szlacheckie deposit" was prepared and on 22 December 2014, the document was sent for approval to the Ministry of the Environment. The documentation was approved by the decision of the Minister of the Environment dated 13 May 2015.

The stage of works aiming at the preparation for the construction of the new Dęby Szlacheckie open pit mine:

In May 2015, in the Regional Directors of Environmental Protection in Poznań ("RDOŚ Poznań"), we applied for the issue of the environmental decision (including determination of the report's scope) for the project called: "Extraction of brown coal and associated minerals from the Dęby Szlacheckie deposit in districts of: Babiak and Koło, the Wielkopolska Province." In July 2015, the RDOŚ Poznań's letter determining the material competence of the authority was received. The RDOŚ Poznań acknowledged that it is the competent authority to issue the environmental decision for the scope: execution of an opencast excavation with construction of a technological system of overburden collection in it, execution of an external dump and construction of a overburden dump system, execution of the well drainage system and the surface drainage system, execution of the local yard transport facilities, execution of the final reservoir for completion of the deposit utilisation, reclamation works on dump plateaus. In August 2015, the RDOŚ Poznań's letter with the observations of the proceeding parties to the submitted investment project's data sheet and to the developed report on the impact of the investment on the environment was received. Pursuant to the decision of 12 August 2015, the RDOŚ Poznań defined the scope of the report on the impact of the investment on the environment.

Currently, PAK KWBK continues works concerning preparation of the report on the Dęby Szlacheckie open pit's impact on the environment. The final version of the document is being agreed with the author of the report.

Ościsłowo brown coal deposit

In March 2015, PAK KWBK SA applied to the Head of the Wilczyn Commune for the closure of the proceeding for the issue of the environmental decision concerning the project "Extraction of brown coal and associated minerals from the Ościsłowo deposit" because the competence of the authority issuing the environmental decision changed and, currently, the competent authority is the RDOŚ Poznań. The expert's report concerning the impact of the projected Ościsłowo open pit on bodies of surface and underground waters as well as protected areas and the report on the impact of the Ościsłowo open pit on the environment were prepared.

On 6 August 2015, an application for the issue of the decisions on the environmental conditions for the projected Ościsłowo open pit was submitted in the RDOŚ Poznań. With the application, the report on the Ościsłowo open pit's impact on the environment, consisting the required attachment to the application for the issue of the environmental decision, was also submitted.

On 16 September 2015, the proceedings on the issue of the environmental decision for the Ościsłowo Open Pit was initiated. The RDOŚ Poznań set a new deadline for settlement of the matter on 6 December 2015.

Piaski lignite deposit

In August 2014 PAK KWBK S.A. submitted application to the Rychwał, Stare Miasto and Rzgów Communes for the amendment of the study aiming at adapting the spatial layout in the Communes to the concept of use and delivery of lignite from the Piaski deposit. By the letter of August 2014, the Mayor of the Commune and City of Rychwał informed that in August 2013, the City Council proceeded to change the study. The project of the study was approved in June 2014 and a new resolution initiating the process of changing the commune study is not expected. Nevertheless, the submitted application will be submitted to the City Council in Rychwał, which is competent to initiate works on changing the study.

By the letter of 23 January 2015, the Mayor of the Commune and City of Rychwał informed that a copy of the application had been transferred to the Office of the City Council in Rychwał. He also informed that the last change of the study was conducted at the turn of 2013 and 2014 and was approved by the resolution of 30 June 2014. In the budget resolution for 2015, funds for the preparation of the next change of the commune study. Nevertheless, a copy of the submitted application will be transferred to the City Council in Rychwał.

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

Significant events of the reporting period

There were no other, from those described in quarterly report, significant events during III quarter of 2015 in Group.

Events after the balance sheet date

Changes in the Management Board and the Supervisory Board

On 2 October 2015, the Supervisory Board of the Company dismissed three members of the Management Board of the Company; the fourth member of the Management Board resigned. At the same time, at the same meeting, a new composition of the Management Board (more about changes in the Management Boards of the company in section 2.3 of this document on page 6) was elected. The former member of the Supervisory Board, Mr Tomasz Zadroga, who, before the adoption of resolution to appoint to the composition of the Management Board, had submitted a statement of resignation from membership in the Supervisory Board of the company with immediate effect, was also among those appointed to the new Management Board. Currently, the Supervisory Board of the Company works in the composition made up of seven people.

Termination of the Corporate Collective Labour Agreement in PAK KWBK S.A.

On 29 October 2015, the Management Board of PAK KWBK S.A. decided to terminate the Corporate Collective Labour Agreement in PAK KWBK S.A. ("ZUZP"). The termination follows the completion of the negotiations with trade union organisations on suspension of the application of the ZUZP in the company for three years. These negotiations did not lead to the signing of the agreement. The period of termination notice expires on 31 January 2016.

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 third quarter of 2015, Zespół Elektrowni Pątnów-Adamów-Konin S.A. and the consolidated companies under the Group were 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

- 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 refusing 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 then, after the negative decisions of the Head of the Customs Office, complaints were filed. In eleven cases, on 4 November 2015, hearings took place before the Provincial Administrative Court in Poznań /concern the periods: 01.2006-07.2006, 01-02.2007, 05-06.2007/. The judgments announcement date was set on 18 November 2015. In 11 subsequent cases, the Provincial Administrative Court in Poznań set the hearing date on 18 November 2015.
- 14 proceedings for the period of December 2007 – February 2009 (excluding July 2008) is suspended in the Provincial Administrative Court pursuant to the amicable application of both parties because of the resolution ref. II FPS 5/13 passed by the Supreme Administrative Court on 27 January 2014. So far, none of the parties has applied for resumption of the proceedings. These proceedings also included annual economic analysis. These proceedings should be undertaken at the latest by November 2016,
- 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 reached the recognition of our cassation appeal by the Supreme Administrative Court. On the hearing on 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 in Poznań in the judgment, against which the cassation appeal was submitted.

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

In the case of EPII, the proceeding for all periods (one case) was included in the cause list of the Provincial Administrative Court after the negative decision of the Head of the Customs Office. We do not possess economic analyses as the Company was not operational in 2001 and there is no comparative data. On 4 November 2015 in WSA in Poznań took place a hearing, the decision will be announced 18 November 2015.

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.

PAK KWBK S.A. is a party in the administrative proceedings related to the environmental decision regarding the lignite deposit in Tomisławice. On 7 August 2007, the Head of the Wierzbinek Commune issued an environmental decision regarding the Tomisławice lignite open pit.

On 5 December 2008, this decision was contested by nine natural persons supported by the Greenpeace organisation due to alleged major infringement of the regulations of the law. On 25 March 2009, the Self-government Appeal Court dismissed the application to revoke the environmental decision. The plaintiffs applied for a repeated examination of the case. On 4 May 2009, after repeated examination of the case, the Self-government Appeal Court sustained its previous decision. The plaintiffs again appealed against the environmental decision. On 5 May 2010, the Provincial Administrative Court in Poznań decided that the environmental decision, pursuant to which the license for the extraction of lignite at the Tomisławice deposit was granted, infringes the regulations of the law in a major manner. PAK KWBK S.A. and the Self-government Appeal Court submitted an appeal against this decision. On 21 March 2012, the Supreme Administrative Court revoked the contested decision of the Provincial Administrative Court in Poznań, and handed the case over for repeated examination. On 6 November 2012, the Regional Administrative Court in Poznań announced the decision overruling the decision of the Self-government Appeal Court of 25 March 2009 on dismissing

the statement of invalidity of the environmental decision. On 7 October 2014, the Supreme Administrative Court in Warsaw announced the judgment dismissing the cassation appeal of PAK Kopalnia Węgla Brunatnego Konin S.A. against the judgment of the Regional Administrative Court in Poznań of 6 November 2012 overruling the decision of the Local Government Appeal Court of 25 March 2009 refusing the annulment of the environmental approval issued on 7 August 2007 by the Head of the Wierzbinek Commune, associated with the exploitation of the Tomisławice lignite pit.

The dismissal of the cassation appeal of PAK Kopalnia Węgla Brunatnego Konin S.A. means that the judgment of the Regional Administrative Court in Poznań of 6 November 2012 became final, and the case concerning the annulment of the environmental decision returned for judicial review to the Local Government Appeal Court.

On 1 October 2015 Local Government Appeal Court made a decision on suspending the proceedings for annulment of the environmental decision issued by the mayor Wierzbinek in connection with unfinished by the European Commission proceeding against the Polish government concerning violations of environmental legislation in connection with a Tomisławice lignite pit.

The judgment of the Supreme Administrative Court in Warsaw of 7 October 2014 does not make the environmental approval, issued by the Head of the Wierzbinek Commune, invalid, and does not withhold the exploitation and mining works on the Tomisławice pit. The environmental approval of the Head of the Wierzbinek Commune of 7 August 2007 still remains in the legal transactions and causes legal consequences until the final settlement is issued by the Local Government Appeal Court.

Other judicial cases are presented in paragraph 29.1 of the Group's consolidated financial statement for the period ended 30 September 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 report*

<i>Shareholder</i>	<i>Number of shares and corresponding number of votes at the General Meeting*</i>	<i>%</i> Share [%] in the total number of shares/votes
Zygmunt Solorz-Żak (indirectly) through:	26 200 867	51.55
– <i>Elektrim S.A.</i>	196 560	0.39
– <i>Embud Sp. z o.o.</i>	592 533	1.16
– <i>IPOPEMA 116 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych</i>	9 000 000	17.71
– <i>Trigon XIX Fundusz Inwestycyjny Zamknięty</i>	10 004 001	19.68
– <i>Argumenol Investment Company Limited</i>	6 407 773	12.61
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 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.		196 560	0.39
– Embud Sp. z o.o.		592 533	1.16
– IPOPEMA 116 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych		9 000 000	17.71
– Trigon XIX Fundusz Inwestycyjny Zamknięty		10 004 001	19.68
– Argumenol Investment Company Limited		6 407 773	12.61

* 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.

According to adopted resolution the dividend was paid to shareholders 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 third quarter 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 third quarter 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 third quarter of 2015, PAK KBWK S.A., a company subject to consolidation under the ZE PAK Capital Group, made four emission of debentures in the total amount of PLN 26 500 thousand (including debentures of a value of PLN 21 500 thousand covered within the Group). In the third quarter of 2015, PAK KWBK S.A. also made redemptions of debentures in the amount of PLN 16 500 thousand (including PLN 11 500 thousand within the Group).

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. Capital Group must include a wide range of factors, actually, potentially, or theoretically, existent in the branch and markets, in which the Group conducts its activities. These are factors which originate both from the inside of the Group 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 Group'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;
- compensation for the stranded costs related to the termination of the Pątnów II Power Plant's PPA contract;
- seasonality and meteorological conditions;
- the investment expenses, especially entitling to receive free CO₂ allowances;
- EUR/PLN exchange rate, the level of interest rates.

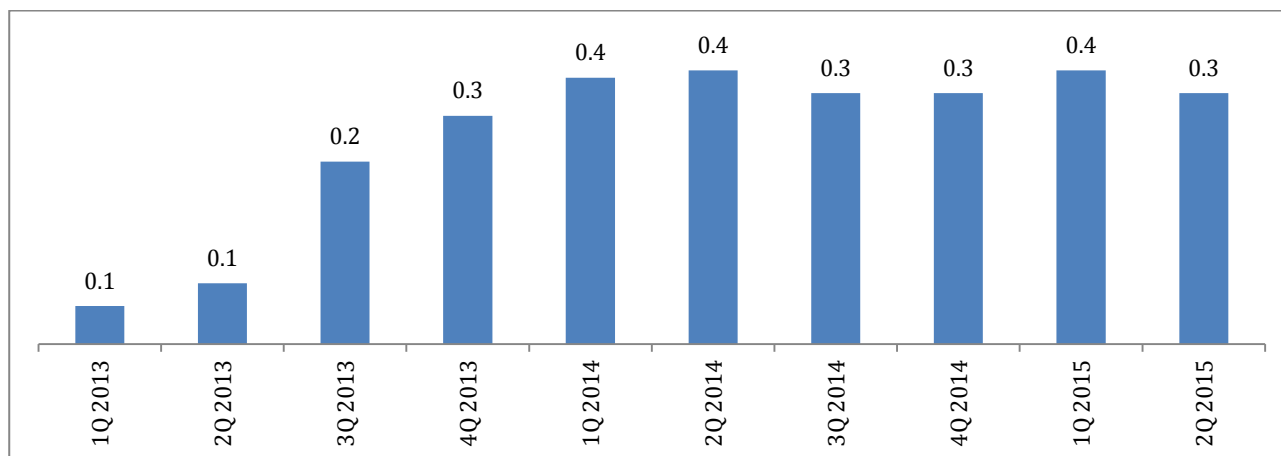
Moreover, another important factor that may have a significant impact on the Group's financial results in the coming quarters is the result of the value impairment test of assets of the Group. The last such test was carried out on 30 September 2015 and its result did not justify making an impairment write-down against the value of the asset components. It must be noted, however, that the Group's asset pricing model shows a sensitivity to a number of parameters, among others those described in this point. Due to further deterioration in the activities perspective, both the market ones and those having their source in legal conditions, the assumptions for the Group's asset pricing model may change. Hence, the result of the value impairment test in the future may lead to the need to make impairment write-downs against the value of the asset components. Another analysis of the reasons justifying the potential necessity to conduct the value impairment test of the Group's asset components will be executed at the end of the next reporting period.

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.

In the first quarter of 2015, the dynamics of the gross domestic product ("GDP") was 3.6% and managed to even the level recorded in the first half of 2014; in the second quarter, it returned to the levels recorded in the second half of 2014, reaching 3.3%. The reading concerning the third quarter will be announced on 13 November 2015. The pace of development, which was below the expectations, in the second quarter cooled down a bit expectations about the rest of the year. However, it should not rather be assumed (excluding some extraordinary events) that the dynamics pace would rapidly decrease below 3.0% in the remaining quarters of 2015. It should be noted that the stable GDP growth pace at the similar level has already been recorded for more than a year and a half, and the subsequent disclosed economic data concerning the economy are rather in favour of maintenance of this trend in the subsequent months of the year. However, it is worth noting that the base for the readings in the next quarters is already higher and higher.

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



Source: Own development based on the Central Statistical Office data.

The data on the growth rate of industrial manufacturing in the first three quarters of the 2015 show that during the analysed period, the production sold to the industry was higher by 4.5% compared with the analogous period of the last year, when the growth of 3.4% was recorded, while the building and construction output was higher by about 2.0% than last year, when the increase of 5.5% was recorded. The increase in retail sales dynamics (in fixed prices) for the period from January to September 2015 was 3.5% in comparison to the analogous period of the last year. However, it is necessary to note, that retail sales data in the third quarter alone were below expectations (subsequently 3.5% in July, 2.0% in August, and 2.9% in September). The factor supporting the consumer demand is likely to be the improving situation on the labour market as evidenced by even a decrease in the unemployment rate published by the Central Statistical Office below 10% for the first time in ten years to the level of 9.7% in September 2015. High increases in the real wage bills are also the consequence of the positive trends in the labour market. The sustaining recovery still lacks significant inflation stresses, which encouraged the Monetary Policy Council to lower basic interest rates by as many as 50 basis points in the first quarter. The deep decrease in the fuels price was the factor supporting the current lack of low inflation stress. However, in the future quarters, this factor will not influence so significantly (base effect), while e.g. higher food prices may make their presence felt.

The data concerning the functioning of the Public Power System and the Balancing Market, presented by Polskie Sieci Elektroenergetyczne S.A., show that the national electricity consumption in the nine months of 2015, in comparison to the analogous period of the year before, increased by 1.97%. Whereby a slight decrease in consumption was reported only in January, while in all other months of 2015, there was an increase in consumption. In the third quarter alone, the increase in consumption was a little more – 2.2%. It should be noted that the increase in consumption in the third quarter was supported by, among others, relatively high temperatures, especially in August. On the other hand, high temperatures, low precipitation and numerous emergency shutdowns of power units led to the introduction of the 20th level of power supply limitations in the country, which was related to limitations in the capabilities of the collection of energy for numerous industrial recipients, which, in turn, reduced the potential of energy consumption during this period. A stable rate of economic development, including the dynamics of the growth of industrial production, also influenced the consumption in the analysed period. In the period from January to September 2015, the total electricity production increased by 3.48%, while there were no significant changes in the structure of energy production from the two main (taking into account the volume of the produced energy) raw materials. The energy production from hard coal increased by 2.42%, and from brown coal decreased by 0.36%. However, it is worth noting that in the third quarter, the production from hard coal increased dynamically. For example, in September, the increase was 10.73% and in August – as much as 19.13% in relation to the analogous months of the previous year. Once again, there was a dynamic increase in generation from wind sources, this time by 26.0% in relation to the nine months of 2014. The generation from wind

sources grew dynamically because of both the increase in installed capacities and favorable wind conditions. In stepped manner, in comparison to the nine months of the previous year, the production from gas sources increased by as much as 52.38%, which can probably be related to the reintroduction of support for the production in co-generation. However, the adverse balance in international exchange decreased – excess of import over export of energy decreased by over 79% in the nine months of 2015. After the nine months of 2015, exchange balance was (-0.35) TWh, while during the analogous period of 2014, import surplus was as much as 1.7 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 CO₂ 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..

On 8 July 2015, the European Parliament approved regulations for the creation of the market stability reserve (MSR) for the EU market for the CO₂ 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 framework of the solidarity package, and then they will be divided between the poorest EU countries (with the GDP of less than 90% of the EU average). According to the creators' assumptions, MSR is aimed at influencing the prices of the CO₂ 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.

On 26 September 2015 Polish President signed 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.

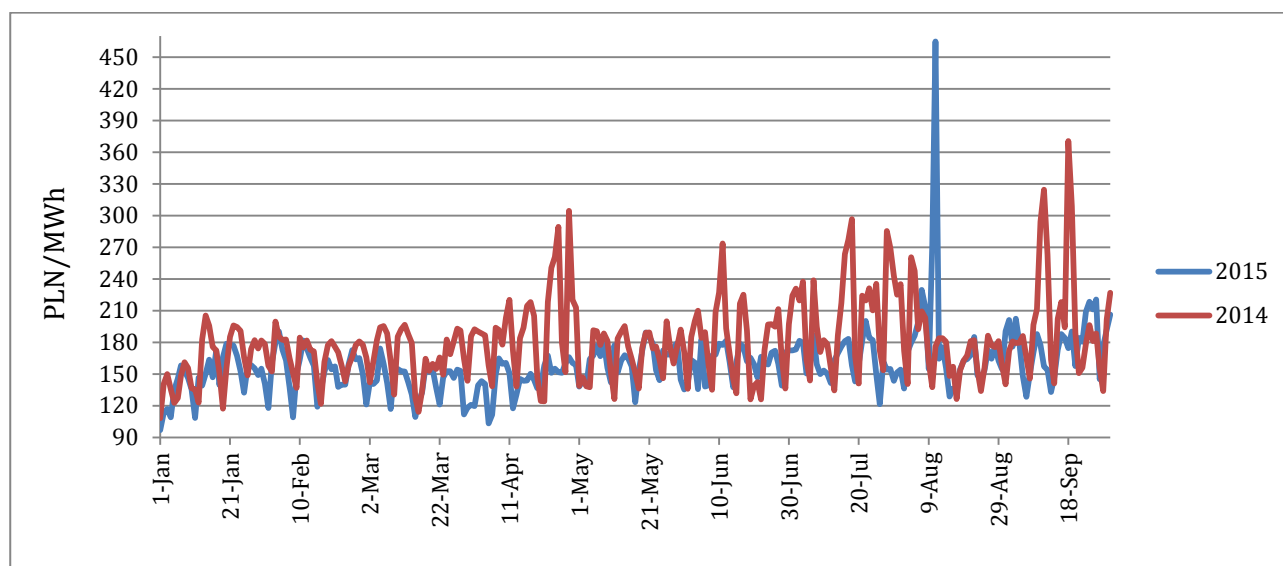
11.3. Electricity prices

The Group 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 its recipients.

During the three quarters of the current year, we observe a significant decrease in the average price of energy in relation to the analogous period of the previous year. The weighted average of the quotations of the IRDN index (Next Day Market Forecast) on TGE (Polish Power Exchange), after three quarters of 2015, stood at 156.93 PLN/MWh, which means a decrease in relation to the analogous period of 2014 by 24.11 PLN/MWh, i.e. by about 13%. It should be noted, however, that in 2015, the weighted average prices of the IRDN index is rising from quarter to quarter. If it amounted to 146.39 PLN/MWh in the first quarter, in the third quarter it already reached the level of 171.72 PLN/MWh. 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 System, as well as weather conditions. The

first months of the year were characterised by excellent wind conditions. During the three quarters of 2015, wind generation constituted 5.5%¹ of the total energy production in Poland, while in the analogous period of the previous year, this share was 4.4%. Relatively high temperatures in the first quarter of 2015 in relation to the averages of the previous years were the factor supporting the decrease in prices on the energy market at the beginning of the year. 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 hard coal mining could also impact the energy prices in the analysed period. Kompania Węglowa, the largest mining company in Europe, has launched the sale of its growing coal inventory offering lower and lower prices, which have never been recorded on the market before. This caused pressure on other mining companies and, consequently, reduced the prices of raw material for energy producers based on hard coal. In turn, the heatwave and drought that persisted in Poland in August, which resulted, as a consequence, the first announcement of the 20th level of power supply limitations since 1987, were the factor that, without a doubt, influenced the energy prices the most in the third quarter of 2015. 10 August proved to be a special day, when the demand for power increased to almost 22.2 GW, and numerous failures of power units, caused by not only temperatures, but also low river levels, launched an escalation matrix. In order to avoid even worse consequences, PSE decided to introduce the 20th level of power supply limitations and restrictions on collection of energy for consumers with the contracted power of over 300 kW. Restrictions on access to energy were taking place for several days, but prices on the market did not react in such a drastic way.

Chart 5: Energy prices (IRDN)



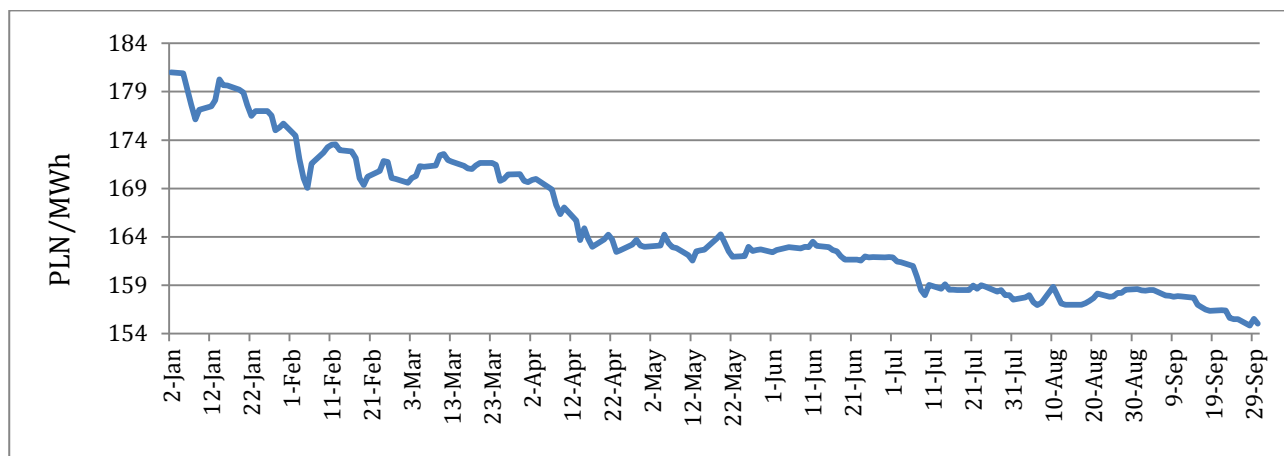
Source: Own development based on the TGE data.

On the futures market of the electricity of the Polish Power Exchange, the most liquid instrument, the annual contract BASE_Y-16, was being quoted at lower and lower levels over the first three quarters of 2015. The most dynamic decrease was recorded at the beginning of the year, when the price decreased from over PLN 180 to about PLN 162 in mid-April. Another downward impulse took place in July, and then in September. At the end of the third quarter, the price of the futures contract for the supply of electricity for 2016 is quoted close to its minimum – about PLN 155.

It is worth emphasising that usually the level of quotations of futures contracts was largely determined by the SPOT market moods. However, in the third quarter, despite the growths on the SPOT market, prices on the futures market did not react to this impulse, and even showed a negative correlation. Predictions concerning the carbon market, about the plan to withdraw the excess allowances to the provision (MSR – Market Stability Reserve), were also an important variable. In the first half of this year, arrangements in this regard strongly influenced the level of energy prices quotations in the subsequent years.

¹ On the basis of the PSE data "Structure of electricity generation in domestic power plants, the amounts of exports of electricity and domestic electricity consumption – monthly and cumulative amounts from the beginning of the year – gross amounts."

Chart 6: The price of the futures contract for the supply of electricity (band) for 2016



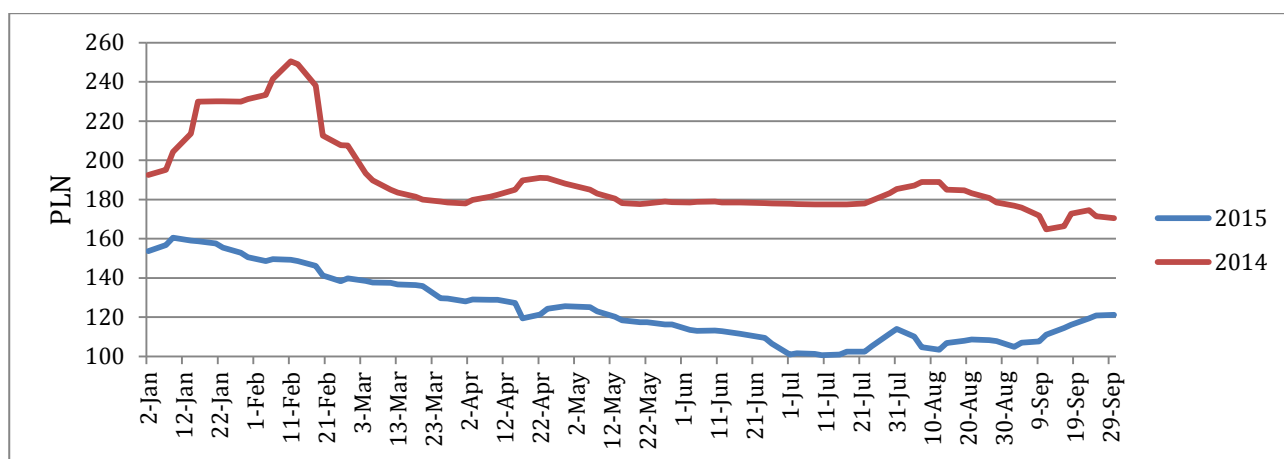
Source: Own development based on the TGE data.

11.4. Prices and supply of certificates of origin

Due to the fact that a part of the generated electricity derives from the co-combustion 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 it fulfils specific regulatory requirements. The number of obtained certificates of origin is significantly higher than the number of certificates that the Companies from the ZE PAK CG are obligated to present for redemption, thus it is possible to dispose of their excess to other market participants.

Comparing the price of green certificates in the first three quarters of 2015 and the analogous period of the previous year, the differences in the quoted levels are clearly visible. Although there is a moderate augmentation on this market in September, where the price increased from its minimum nearly PLN 100 to PLN 121, the price difference still, however, exceeds PLN 40 at the end of the third quarter of 2015 in relation to the end of the third quarter of the previous year. The average price of green energy origin rights for three quarters of 2015 amounted to PLN 126.57² and decreased by over 35% in relation to the average of the analogous period last year. Faced with an oversupply of green energy origin rights, it seems that a permanent change of the downward trend of prices could be brought by only a new act on RES limiting support for installation of biomass co-combustion to some extent and eliminating the support of the so-called "large" hydrological systems producing energy.

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



Source: Own development based on the TGE data.

² The weighted average of the PMOZE_A instrument quotations on 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.

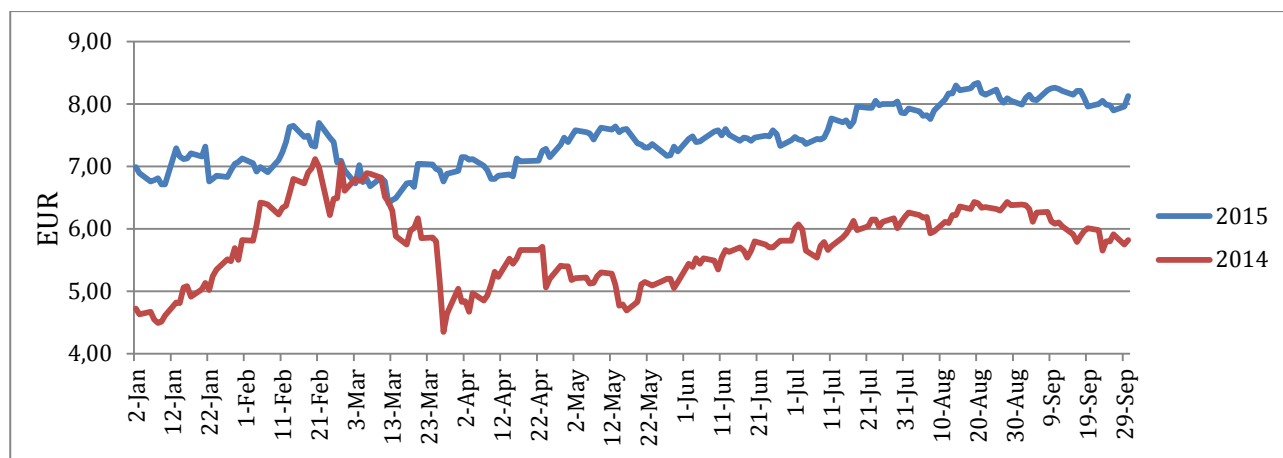
Two lignite mines, PAK KWBA S.A. and PAK KWBK S.A., which are the only suppliers of lignite to the ZE PAK Capital Group power plants, satisfy the entire demand of generation assets for this basic fuel. Therefore, the ZE PAK Capital Group does not rely on external suppliers and eliminates the exposure 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 allowances 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 CO₂ 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 average price of emission rights for the nine months of 2015 amounted to 7.44 EUR/EUA³, which is a substantial increase by nearly 30% in relation to the average price in the analogous period of the last year at 5.74 EUR/EUA. In the third quarter of 2015, we dealt with a constant upward trend in the market of CO₂ allowances; from early July to late September, the price increased by EUR 0.71, which is 9.5%. The CO₂ emission allowances market largely depends on political decisions taken at the EU level. It was also visible in the analysed quarter, when the CO₂ emission allowances 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 passed provisions, pursuant to which MSR is to start to operate at the beginning of 2019, and 900 million allowances withdrawn from the market within the backloading will not return to the market, but to the MSR pool. Such provisions became an important support for the increase in the credit of CO₂ emission units. The shape of proposals for the CO₂ emission reductions planned by particular countries, which are to be discussed at the Paris climate summit in December this year, seems to be a factor that may be important for the EUAs prices in the near future.

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



Source: Own development based on the ICE data.

³ The arithmetic mean of the day-end levels for quotations of EUAs on ICE.

11.7. Compensation for the stranded costs related to the termination of the Pańków II Power Plant's "Long-term Contract" ("LCT")

The long-term contract for the sale of power and electricity (KDT) was concluded between Elektrownia Pańków II Sp. z o.o. and Polskie Sieci Elektroenergetyczne S.A. The contract was a long-term agreement in the scope of supply of electricity according to the established price formula.

Due to the early termination (on 1 April 2008) of the Pańków II Power Plant's KDT, pursuant to the Act of 29 June 2007 on the principles of coverage of costs incurred by producers due to early termination of long-term agreements for the sale of power and electricity, EPII is entitled to receive sufficient compensation. The amount of compensation is estimated according to an applicable formula specified in the Act. The Pańków II Power Plant is entitled to receive the above mentioned compensation until the end of 2025.

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 Group's production level. The current Group'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 Group'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 Group'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. Moreover, the part of the Group's planned investment projects reported to the National Investment Plan involves the allocation of free units allowing for CO2 emission.

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

Despite the fact that the Group 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:

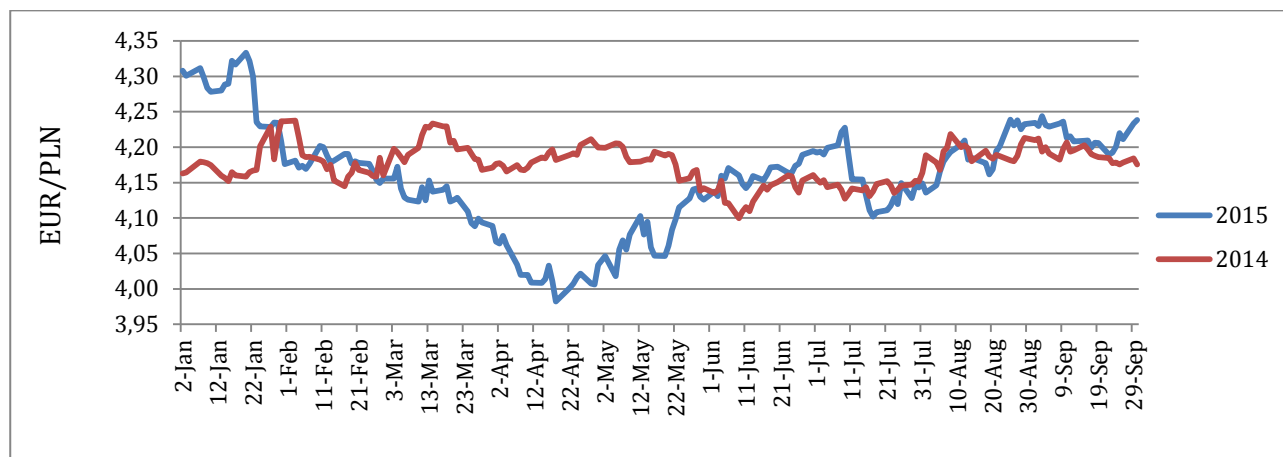
- A significant part of the debt (i.e. the Corporate Credit taken by the Pańków II Power Plant) is denominated in EUR, which causes that the depreciation of the value of PLN in relation to EUR has negative impact on financial results, because it increases the financing costs in PLN related to the foreign currency debt, whereas the depreciation of the value of EUR in relation to PLN has a positive impact on financial results, because it decreases the financial costs in PLN related to the foreign currency debt.
- ZE PAK SA and EPII use debt financing based on a variable interest rate.
- PAK Serwis Sp. z o.o., subsidiary embraced by consolidation, in the first quarter of 2015, had its facility, within the meaning of the agreement on avoiding double taxation, in Germany, where it conducted a part of its activities and EUR was the functional currency for that facility. Currently, the facility has already been closed down due to the completion of works in Germany.
- The transactions related to the EUA purchase are settled in EUR.

Currently, the ZE PAK CG companies do 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 CG, 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 Group 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. and EPII. The Group uses financial liabilities, mostly variable rate credits and loans. In order to minimise interest rate risk, the Group concludes the contract for interest rates change (interest rate swaps), within which it agreed to change, within specified time intervals, the difference between the amount of interests calculated according to the fixed and the variable rate of the agreed main amount. The transactions are to protect incurred financial liabilities and concern the EPII's corporate credit based on the variable EURIBOR interest rate. IRS instruments were used in security.

During nine months of 2015, the EUR/PLN exchange rate showed noticeably greater variability than it was during the analogous period of the previous year. In the second quarter of 2015, it decreased definitely, descending to below 4.00 in mid-April, but since then, the trend has changed for the upward one. The increase lasting from the mid-April raised the quotation level to nearly 4.25 EUR/PLN at the end of September, although it is still less than at the beginning of the year. The euro weakness in relation to other currencies of the first months of the year 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 still remained at relatively high level in relation to the currently recorded levels of real interest rates in many economies, not only of the euro area. In the second quarter, the PLN quotations were influenced by uncertainty about the manner of resolving the issue of the Greek debt. However, in the third quarter, the emerging economy currencies (which includes also PLN) reacted negatively to the problems of the Chinese economy and the concerns about the perspectives for the global economic growth. To some extent, the course of two election campaigns (presidential and parliamentary ones) and the potential impact of some election promises on the future condition of the Polish economy also left a stamp on the level of the PLN quotations.

Chart 9: Average EUR/PLN exchange rate



Source: Own development based on NBP average exchange rate tables