

FINANCIAL SUPERVISORY COMMISSION

Quarterly report SA-P 2017

(In accordance with § 82 section 1 point 1 of the Regulation of the Minister of Finance of 19 February 2009 - Journal of Laws No. 33, item 259)

(for issuers of securities engaged in manufacturing, construction, trading or service activities)

for the first half of 2017 fiscal year for the period of 2017.01.01 - 2017.06.30

date of transfer

Elektrociepłownia "Będzin" S.A. (full name of the issuer)	
BĘDZIN shortened name of the issuer	ENERGETYKA (Sector according to WSE classification in Warsaw)
61-144 (postal code)	Poznań (city/town)
Bolesława Krzywoustego (street)	7 (number)
(phone)	(fax)
ecbedzin@ecb.com.pl (e-mail)	www.ecbedzin.pl (www)
625-000-76-15 (Tax ID)	271740563 (REGON)

SELECTED FINANCIAL DATA (current year)	In PLNk		in EURk	
	H1 2017	H1 2016	H1 2017	H1 2016
I. Net revenue from the sale of products, goods and materials	1 224	1 240	288	283
II. Profit (loss) on operating activities	696	660	164	151
III. Gross profit (loss)	1 907	233	449	53
IV. Net profit (loss)	1 817	233	428	53
V. Net cash flow from operating activities	1 505	-19 925	354	-4 549
VI. Net cash flow from investing activities	2 401	-80	565	-18
VII. Net cash flow from financial activities	-3 554	19 652	-837	4 486
VIII. Net cash flow, total	352	-353	83	-81
IX. Total assets	157 532	157 922	37 272	35 697
X. Liabilities and provisions for liabilities	63 893	66 100	15 117	14 941
XI. Long-term liabilities	19 430	62 457	4 597	14 118
XII. Short-term liabilities	44 284	3 544	10 478	801
XIII. Equity capital	93 639	91 822	22 155	20 755
XIV. Share capital	15 746	15 746	3 726	3 559
XV. Number of shares	3 149 200	3 149 200	3 149 200	3 149 200
XVI. Profit (loss) per ordinary share (in PLN/EUR)	0,58	0,07	0,14	0,02
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	0,58	0,07	0,14	0,02
XVIII. Book value per share (in PLN/EUR)	29,73	29,16	7,04	6,59
XIX. Diluted book value per share (in PLN/EUR)	29,73	29,16	7,04	6,59
XX. Declared or paid dividend per share (in PLN/EUR)				

BALANCE in PLN k	H1 2017	2016	H1 2016
Assets			
I. Non-current assets	164 522	165 361	166 159
1. Intangible and legal assets, including:	38	12	14
- advance payments on intangible and legal assets		7	
2. Property, plant and equipment	557	557	559
3. Long-term receivables	21 505	22 365	23 188
3.1 From related parties			
3.2 From other entities	21 505	22 365	23 188
4. Long-term investments	131 247	131 247	131 240
4.1 Real estate			
4.2 Intangible and legal assets			
4.3 Long-term financial assets	131 247	131 247	131 240
a) in related parties	131 247	131 247	131 240
- shares or stock in subordinate entities priced according to property rights method	659	659	652
b) in other entities			
4.4 Other long-term investments			
5. Long-term prepayments	1 175	1 170	1 158
5.1 Deferred income tax assets	1 175	1 170	1 158
5.2 Other prepayments			
II. Current assets	3 010	2 671	2 800
1. Inventories			
2. Short-term receivables	1 690	1 613	1 539
2.1 From related parties			
2.2 From other entities	1 690	1 613	1 539
3. Short-term investments	1 302	950	1 251
3.1 Short-term financial assets	1 302	950	1 251
a) in related parties			
b) in other entities			
c) cash and cash equivalents	1 302	950	1 251
3.2 Other short-term investments			
4. Short-term prepayments	18	8	10
Total assets	157 532	157 922	158 959
Liabilities			
I. Equity	93 639	91 822	91 734
1. Share capital	15 746	15 746	15 746
2. Called up share capital (negative value)			
3. Own shares (negative value)			
4. Supplementary capital	60 815	60 493	60 494
5. Capital from remeasurement of defined benefit plan			
6. Other capital reserves	15 261	15 261	15 261
7. Accumulated profit (loss) from previous years			
8. Net profit (loss)	1 817	322	233
9. Write-off on net profit during the financial year (negative value)			
II. Liabilities and provisions for liabilities	63 893	66 100	67 226
1. Provisions for liabilities	165	85	10
1.1 Deferred income tax liabilities reserve	157	62	
1.2 Employee benefits reserve	8	8	10
a) long-term			4
b) short-term	8	8	6
1.3 Other reserves	0	15	0
a) long-term			
b) short-term	0	15	
2. Long-term liabilities	19 430	62 457	60 876
2.1 To related parties		1 000	
2.2 To other entities	19 430	61 457	60 876
a) loans and borrowings	15 930	17 190	18 440
b) arising from issuance of debt securities		29 768	29 707
c) other	3 500	14 499	12 729
3. Short-term liabilities	44 284	3 544	6 325
3.1 To related parties	2 790	930	
a) other	2 790	930	
3.2 To other entities	41 491	2 611	6 321
a) loans and borrowings	2 510	2 450	2 400
b) arising from issuance of debt securities	29 815		
c) deliveries and services	19	40	3 514
d) taxes, duties, insurances and other benefits	100	98	94
e) remuneration	18	23	13
f) other	9 029		300
3.3 Special funds	3	3	4
4. Prepayments	14	14	14
4.1 Negative company value			
4.2 Other prepayments	14	14	14
a) long-term	14	14	14
b) short-term			
Total liabilities	157 532	157 922	158 959
Book value	93 639	91 822	91 734
Number of shares	3 149 200	3 149 200	3 149 200
Book value per share (in PLN)	29,73	29,16	29,13
Diluted number of shares	3 149 200	3 149 200	3 149 200
Diluted book value per share (in PLN)	29,73	29,16	29,13

Profit and loss account - comparative

No.	Name	H1 2017	H1 2016
A	Net revenue from sales, including:	1 224	1 240
-	<i>from affiliated entities</i>	150	183
I	Net revenue from sales of finished products	1 224	941
II	Change in the balance of products (increase - positive value, decrease - negative value)		9
III	Manufacturing cost of products for internal purposes		
IV	Net revenue from sales of merchandise and raw materials		290
B	Operating cost	528	575
I	Amortization	9	9
II	Materials and energy	1	
III	External services	139	176
IV	Taxes and charges, including:	20	28
	- <i>excise tax</i>		
V	Payroll	312	265
VI	Social security and other benefits	35	42
VII	Other expenses by kind	12	5
VIII	Cost of merchandise and raw material sold		50
C	Selling profit (loss) (A-B)	696	665
D	Other operating income	-	-
I	Profit on disposal of non-financial fixed assets		
II	Grants		
III	Other operating income		
E	Other operating cost	-	5
I	Loss on disposal of non-financial fixed assets		
II	Revaluation of of non-financial assets		
III	Other operating cost		5
F	Profit (loss) on operating activities (C+D-E)	696	660
G	Financial revenue	2 680	810
I	Dividends received and share of profits, including:	2 614	800
-	<i>from affiliated entities</i>	2 614	800
II	Interest, including:	2	2
-	<i>from affiliated entities</i>		
III	Profit on disposal of investments	-	
IV	Revaluation of investments	-	
V	Other	64	8
H	Financial cost	1 469	1 237
I	Interest, including:	1 469	1 237
-	<i>to related parties</i>	52	8
II	Loss on disposal of investments		
III	Revaluation of investments		
IV	Other		
I	Gross profit (loss) (F+G-H)	1 907	233
J	Corporate income tax	90	
I	current part		
II	deferred part	90	
K	Other statutory reductions in profit (increases in loss)		
L	Net profit (loss) (I-J-K)	1 817	233

Net profit (loss) (annualized)	1 905	322
Weighted average of ordinary shares	3 149 200	3 149 200
Profit (loss) on one ordinary share (PLN)	0,58	0,07
Diluted weighted average of ordinary shares	3 149 200	3 149 200
Diluted profit (loss) per one ordinary share (PLN)	0,58	0,07

STATEMENT OF CHANGES IN EQUITY	H1 2017	2016	H1 2016
I. Equity (Opening Balance)	91 822	91 501	91 501
I.a. Equity (Opening Balance), after adjusting to comparative data	91 822	91 501	91 501
1. Opening balance of share capital	15 746	15 746	15 746
1.2. Share capital (Closing Balance)	15 746	15 746	15 746
4. Opening balance of supplementary capital	60 493	60 346	60 346
4.1. Changes in supplementary capital	322	148	148
a) increases (due to)	322	148	148
- from profit distribution (statutory)	322	148	148
b) decreases (due to)	0	0	0
4.2. Closing balance of supplementary capital	60 815	60 493	60 494
5. Opening balance of revaluation reserve			
6. Opening balance of other reserve capitals	15 261	15 261	15 261
6.2. Closing balance of other reserve capitals	15 261	15 261	15 261
7. Profit from previous years at the beginning of the period	322	148	148
7.2. Profit from previous years, at the beginning of the period, after adjusting to comparative data	322	148	148
a) decreases (due to)	322	148	148
<i>profit distribution</i>	322	148	148
8. Net profit	1 817	322	233
a) Net profit	1 817	322	233
II. Share capital (Closing Balance)	93 639	91 822	91 734
III. Equity, less the recommended profit distribution (to cover the loss)	93 639	91 822	91 734

CASHFLOW	H1 2017	H1 2016
A. Cash flows from operating activities - indirect method		
I. Net profit (loss)	1 817	233
II. Total adjustments	-312	-20 158
2. Amortisation and depreciation	9	9
4. Interest and profit sharing (dividend)	-1 145	437
6. Change in provisions	81	-38
8. Change in receivables	784	-24 074
9. Change in short-term liabilities (excluding credits and loans)	-24	3 517
10. Change in prepayments and accruals	-17	-9
III. Net cash flows from operating activities (I+/-II)	1 505	-19 925
B. Cash flows from investment activities		
I. Inflows	2 614	800
3. From financial assets, including:	2 614	800
a) in related parties	2 614	800
- dividend and profit sharing	2 614	800
II. Outflows	213	880
1. Purchase of intangible assets and tangible fixed assets	34	
3. For financial assets, including:	0	880
a) in related entities	0	880
- purchase of financial assets		880
4. Other outflows from investment activities	179	
III. Net cash flows from investment activities (I-II)	2 401	-80
C. Cash flows from financial activities		
I. Inflows	0	21 640
2. Credits and loans		21 640
II. Outflows	3 554	1 988
4. Repayment of credits and loans	2 131	800
8. Interest	1 423	1 188
III. Net cash flows from financial activities (I-II)	-3 554	19 652
D. Total net cash flows (A.III±B.III±C.III)	352	-353
E. Balance sheet change in cash, including	352	-353
F. Cash opening balance	950	1 604
G. Closing balance of cash (F±D), including:	1 302	1 251
- of limited disposability	932	932

**RAPORT NIEZALEŻNEGO BIEGŁEGO REWIDENTA
Z PRZEGLĄDU ŚRÓDROCZNEGO
JEDNOSTKOWEGO SPRAWOZDANIA FINANSOWEGO
OBEJMUJĄCEGO OKRES
OD 1 STYCZNIA 2017 ROKU DO 30 CZERWCA 2017 ROKU**

Dla Akcjonariuszy Elektrociepłownia „Będzin” S.A.

Wprowadzenie

Przeprowadziliśmy przegląd załączonego śródrocznego jednostkowego sprawozdania finansowego Elektrociepłownia „Będzin” S.A. z siedzibą w Poznaniu, ul. Bolesława Krzywoustego 7, na które składa się: bilans sporządzony na dzień 30 czerwca 2017 roku, rachunek zysków i strat, zestawienie zmian w kapitale (funduszu) własnym, rachunek przepływów pieniężnych za okres sześciu miesięcy kończący się tego dnia oraz dodatkowe informacje i objaśnienia („śródroczne sprawozdanie finansowe”). Zarząd jest odpowiedzialny za sporządzenie i rzetelną prezentację śródrocznego sprawozdania finansowego, sporządzonego zgodnie z zasadami rachunkowości określonymi w ustawie z dnia 29 września 1994 roku o rachunkowości (Dz. U. z 2016 r. poz. 1047 z późniejszymi zmianami) oraz wydanymi na jej podstawie przepisami wykonawczymi i innymi obowiązującymi przepisami prawa. Naszym zadaniem było przedstawienie wniosku na temat tego śródrocznego sprawozdania finansowego w oparciu o przeprowadzony przegląd.

Zakres przeglądu

Przegląd przeprowadziliśmy stosownie do postanowień Krajowego Standardu Rewizji Finansowej 2410 w brzmieniu Międzynarodowego Standardu Usług Przeglądu 2410 *Przegląd śródrocznych informacji finansowych przeprowadzany przez niezależnego biegłego rewidenta jednostki* przyjętego uchwałą Krajowej Rady Biegłych Rewidentów z dnia 10 lutego 2015 r. Przegląd śródrocznego sprawozdania finansowego obejmuje wykorzystanie informacji uzyskanych w szczególności od osób odpowiedzialnych za finanse i księgowość jednostki oraz zastosowanie procedur analitycznych i innych procedur przeglądu. Zakres i metoda przeglądu istotnie różni się od zakresu badania zgodnie z Krajowymi Standardami Rewizji Finansowej oraz Międzynarodowymi Standardami Badania i nie pozwala nam na uzyskanie pewności, że zidentyfikowaliśmy wszystkie istotne zagadnienia, które mogłyby zostać zidentyfikowane w przypadku badania. W związku z powyższym nie wyrażamy opinii z badania o załączonym śródrocznym sprawozdaniu finansowym.

Wniosek

Przeprowadzony przez nas przegląd nie wykazał niczego, co pozwalałoby sądzić, iż załączone śródroczne jednostkowe sprawozdanie finansowe nie przekazuje rzetelnego i jasnego obrazu sytuacji majątkowej i finansowej jednostki na dzień 30 czerwca 2017 roku oraz jej finansowych wyników działalności oraz przepływów pieniężnych za okres sześciu miesięcy kończący się tego dnia zgodnie z zasadami rachunkowości obowiązującymi na terytorium Rzeczypospolitej Polskiej określonymi w ustawie o rachunkowości oraz wydanych na jej podstawie przepisach wykonawczych i innymi obowiązującymi przepisami prawa.

W imieniu KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
nr ewidencyjny 3546
ul. Inflancka 4A
00-189 Warszawa



.....
Rafał Wiza
Kluczowy biegły rewident
Nr ewidencyjny 11995
Komandytariusz, Pełnomocnik

31 sierpnia 2017 r.

Poznań, 31 August 2017

**Statement of the Management Board
on the entity authorized to audit the financial statements**

According to our deepest conviction and knowledge we declare that the entity authorized to audit financial statements - KPMG Audyt Sp. z o.o. Sp.k, - auditing the condensed interim consolidated financial statements for the first half of the financial year 2017, was selected in accordance with the law and that the entity and the statutory auditors performing the audit met the conditions for an impartial and independent audit report in accordance with the applicable national law.

Krzysztof Kwiatkowski - President of the Management Board

Poznań, 31 August 2017

**Statement of the Management Board
on the reliability of the preparation of the financial statements for the period from 1
January 2017 to 30 June 2017**

The Management Board of Elektrociepłownia „Będzin” S.A. hereby declares that to its best knowledge – the condensed interim consolidated financial statements for the period from 1 of January 2017 to 30 June 2017 and the comparable data, have been prepared in accordance with the applicable accounting policies, and that they reflect in a true, reliable and transparent manner, the financial standing and the financial result of Elektrociepłownia „Będzin” S.A.

The report of the Management Board of Elektrociepłownia „Będzin” S.A. on the Company's operations for the first half of the year 2017 includes a true description, including the description of the risks associated with the next financial year.

Krzysztof Kwiatkowski - President of the Management Board

Additional Information

Additional information, presenting the accounting policies adopted in the preparation of the report, data on changes in applied accounting principles, information on adjustments in provisions, deferred tax liabilities and assets, and revaluation write-downs on assets.

Principles for drawing up the report

Elektrociepłownia "Będzin" S.A. presents its financial statement for the period commencing 1 January 2017 and ending on 30 June 2017, as well as, comparable financial data for the period from 1 January 2016 to 30 June 2016 and as at 31 December 2016.

The financial statements were produced at the going concern assumption whereby the Company will continue its business operations throughout the foreseeable future encompassing period not shorter than that on the year as of the balance sheet date, and the scope of said activity will not be significantly reduced. There are no circumstances whatsoever posing a threat to such continuity.

When preparing the report for the period from 1 January 2017 to 30 June 2017, the accounting policies described in the annual financial statements for 2016 were applied. However, in the scope of presenting the financial result from 2017, the company prepares a comparative statement of profits and losses.

Changes in accounting policies

Since 1 January 2017 Elektrociepłownia "Będzin" S.A. has changed its accounting policy concerning the presentation of business results. The profit and loss balance is prepared by the company in a comparative version. For previous periods - for comparative purposes, the Company presented a comparative profit and loss balance.

Description of significant achievements or failures of the issuer during the period covered by the report, together with a list of the most important events concerning them

The Company's Management Board does not anticipate the occurrence of any major risk threatening the continuity of business operations of the Company in the remaining months of the financial year.

Factors and events that, in the opinion of the issuer, had an impact on the reported financial results

As of 4 August 2014, Elektrociepłownia "Będzin" S.A. has ceased its production in connection with the transfer of organized intangible and tangible assets within the meaning of Article 55¹ of the Polish CC to its subsidiary, i.e. Elektrociepłownia BEDZIN Sp. z o.o.

Due to changes in the Company's activity, its current business profile is holding, together with renting and leasing of fixed assets.

Information on the seasonality or the cyclical nature of the Company's operations

There is no seasonality nor any cyclical nature in the Company's operations.

Impairment charges

Impairment charges on fixed and current assets are made in effect of, inter alia, permanent impairment of such assets, according to Art. 88, sec. 7 of the Polish Accounting Act, when there is a high probability that an asset controlled by the Company will not generate significant envisaged economic benefits in the future.

As of 30 June 2017, impairment charges on short-term receivables amounted to PLN 8k, including: impairment charges on trade and service receivables: PLN 8k.

As of 30 June 2017, impairment charges on inventories and fixed assets amounted to PLN 14k including: impairment charges on fixed assets: PLN 14k.

As of 30 June 2016, impairment charges on short-term receivables amounted to PLN 8k including: impairment charges on trade receivables: PLN 8k.

As of 30 June 2016, impairment charges inventories and fixed assets amounted to PLN 14k including: impairment charges on fixed assets: PLN 14k.

Provisions

Provisions for liabilities are measured at least as at the balance sheet date, at justified, duly estimated value. The Company raises provisions for certain or very likely future liabilities, the amount of which can be reliably estimated, in particular for costs of services related to a particular reporting period, such services delivered during the next reporting periods and for long-term and short-term employee benefits. The financial implications of raised provisions are taken to operating costs, other operating costs or financial costs, as appropriate, depending on the type of operation triggering the future liabilities.

Valuation of provisions for service anniversary awards, retirement severance payments, disability severance payments, death benefits and unused holiday allowances, is based on the actuarial valuation made by a professional entered to the list of actuaries, member of the Polish Association of Actuaries. The measurements were made using actuarial techniques, In accordance with the International Financial Reporting Standards. IAS 19 in particular.

The following factors were taken into account when calculating the provisions:

- the basis for calculating the reserve for an employee is the expected amount of severance or reward package the Company is obliged to pay under the Company Collective Labor Agreement,
- an actuarial discount denoting the product of the financial discount and the probability of the person's attaining the age of eligibility for payment,
- the amount of annual write-downs calculated according to the Projected Unit Credit Method,
- probability, as determined by the Multiple Decrement Model,
- financial discount determined on the basis of market rates of return on treasury bonds, whose currency and maturity date coincide with the currency and the estimated date of realization of employee benefits.

Below are tables on changes in long-term and short-term provisions.

Changes in short-term provisions for retirement and similar benefits (by purpose in PLNk)	30/06/2017	30/06/2016
a) opening balance	8	6
b) increases (due to)		
c) utilization (due to)		
d) releases (due to)		
e) closing balance	8	6

Changes in long-term provisions for retirement and similar benefits (by purpose in PLNk)	30/06/2017	30/06/2016
a) opening balance		4
b) increases (due to)		
c) utilization (due to)		
d) releases (due to)		
e) closing balance		4

Changes in other long-term provisions (by purpose in PLNk)	30/06/2017	30/06/2016
a) opening balance	0	0
b) increases (due to)		
c) utilization (due to)		0
balance sheet examination		0
d) releases (due to)		
e) closing balance	0	0

Changes in other short-term provisions (by purpose in PLN k)	30/06/2017	30/06/2016
a) opening balance	15	38
b) increases (due to)		
c) utilization (due to)	10	38
balance sheet examination	15	38
d) releases (due to)		
e) closing balance	-	-

Deferred tax assets and provisions

Deferred income tax provisions are raised in the amount of the future due amount arising from positive temporary differences. Deferred income tax provisions are raised with the consideration of tax rates applicable in the year when tax duty arises.

Deferred income tax assets are raised in the amount of the future tax return amount arising from negative temporary differences which, in the future, will reduce the basis for the calculation of the income tax and following deductible tax loss; all determined using the precautionary principle. The

amount of deferred tax assets is determined taking into account the income tax rates applicable in the year in which the tax duty arises.

Assets from deferred income tax (in PLNk)	30/06/2017	30/06/2016
provisions for liabilities	2	9
valuation of bonds	60	30
unpaid wages and unpaid social security contributions	-	5
tax loss	1 114	1 114
TOTAL	1 176	1 158

Provisions from deferred income tax (in PLNk)	30/06/2017	30/06/2016
difference in the balance sheet value and tax value of the leased asset	157	
TOTAL	157	

Information on important acquisitions and disposals of tangible fixed assets

In the period from 1 January 2017 to 30 June 2017, the Company has not made any important acquisitions and disposals of tangible fixed assets.

Information about material settlements in court cases

There are currently no proceedings pending against Elektrociepłownia "Będzin" SA, or issued by the Company.

Amendments to accounting principles/ error adjustment

There were no amendments to accounting principles.

Information on changes in the economic situation and the Company's operating conditions

According to the Company, there were no changes in the economic situation and operating conditions that would affect the value of its financial assets and liabilities.

Information on sureties, loans and guarantees

On 23 April 2015, Elektrociepłownia "Będzin" S.A. and Bank Polska Kasa Opieki S.A. entered into an agreement to establish a registered pledge on shares in its subsidiary, Elektrociepłownia BĘDZIN Sp. z o.o., and into an agreement on the establishment of financial pledge on shares in said subsidiary.

The Company has established a registered pledge on 768,700 shares in the capital of Elektrociepłownia BĘDZIN Sp. z o.o., which represents 100% of the company's share capital. Pledges were established to secure the Bank's claims under the loan agreement of 16 December 2014, under which the Bank pledged to grant the Company's subsidiary, Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. under the terms of a loan agreement with an investment credit up to a maximum of PLN 94,491.83k. and a VAT credit up to a maximum of PLN 4,000.00k.

The registered pledge was established as collateral for the repayment of the loan agreement, up to the maximum amount of the collateral, i.e. PLN 196,983.65k. At the same time, the Company, as collateral for the repayment of loan agreements, undertook that after acquiring or acquiring new shares, it would establish a registered pledge and a financial pledge with the highest priority of satisfaction on new shares to the Bank. Under these pledges, the Company has transferred the rights to dividends and other payments to the Bank.

On 15 February 2016, Elektrociepłownia "Będzin" S.A. and ING Bank Śląski S.A. entered into a corporate PLN loan agreement on financing an investment and refinancing of incurred capital expenditures of PLN 21,649k. The interest rate on the loan is determined based on the variable interest rate established by the Bank, based on the WIBOR rate for one-month interbank deposits with an added bank's margin. Total debt is to be repaid in 84 monthly installments. Loan security includes, among others: registered pledge on machinery and equipment being the subject of investment, assignment of receivables from the lease of machinery and equipment, assignment of rights from the insurance policy of machinery and equipment, blank bill of exchange and declaration of submission to enforcement.

Transactions with related parties

The Company did not enter into transactions with related parties on conditions other than market conditions.

Financial instruments

The Company did not change the method of valuation of their financial instruments. The Company has not changed its classification of financial assets.

Information on the issue, redemption and repayment of debt and equity securities

13 April 2015 saw the emission of the entirety of planned bonds, i.e. 3,000 unsecured, dematerialized bearer bonds, entitling only to cash benefits, with a maturity of 3 years, and a nominal value of PLN 10.00k and with the total nominal value of PLN 30,000.00k.

In order to secure bondholders' claims in connection with the bonds issue, a registered pledge was established for 2,240 units, i.e. 100% of non-dematerialized, registered shares of Energetyczne Towarzystwo Finansowo-Leasingowe Energo Utech S.A. with a nominal value of PLN 10.00k.

The registered pledge secures secured receivables up to the highest amount of the collateral, in the amount of PLN 37,200,00.

On 12 October 2015 the Company purchased 50 series A bonds issued on 13 April 2015 with a nominal value of PLN 10k. each, i.e. with a total nominal value of PLN 500k. The bonds were purchased in order to redeem them.

Due to the maturity of the debt on the bonds in April 2018, the Management Board of the Company took steps to prepare a tender bond rollover for the next two or three years. The Management Board of the Company also started the process of acquiring a professional investor for its subsidiary. The proceeds from the sale of shares or the increase in the share capital of a subsidiary, in accordance with the terms and conditions of the issue of bonds, will be used to buy back the bonds.

The Company does not hold nor did it issue any other debt or equity securities.

Information on paid (declared) dividends

In the period from 1 January 2017 to 30 June 2017 the Company did not pay any dividends.

Events occurring after the balance sheet date

No significant events not presented in the financial statements occurred after the balance sheet date.

Contingent liabilities and assets

On 22 July 2016, the Company accessed the debt of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. resulting from the factoring agreements concluded on 22 July 2016, with respect to the purchase and financing of lease receivables (agreements no. 879/07/2016, 880/07/2016 and 881/07/2016), on the basis of which PKO BP Faktoring S.A., with its registered office in Warsaw, gave the Debtor a funding limit in the total amount of PLN 20m (twenty million Polish Zloty) until 21 July 2021. Under this agreement, the responsibility of the Joint Borrower and the Debtor is a joint and several liability, and the Factor may request all or part of the benefit of both parties jointly liable or separately from each.

Other important information facilitating the Company's assessment

In the reporting period, there were no other additional events that could affect the assessment of the Company's financial position, financial standing and results.

Krzysztof Kwiatkowski – President of the Management Board

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Poznań, 31 August 2017

August 2017.

**Management Board Report on the
Elektrociepłownia Będzin S.A. Company
activity in H1 2017**

Elektrociepłownia „Będzin” S.A.



CONTENT

INTRODUCTION	3
I. CORE INFORMATION ABOUT THE COMPANY	3
1. Core data	3
2. Name and registered office	3
3. Authorities in the Company	4
4. Shareholding and changes in the main shareholders structure	4
5. Shareholding of persons holding managerial and supervisory positions	5
6. The Company's securities are listed on the domestic securities market	6
II. ORGANISATION OF THE ISSUER CAPITAL GROUP	6
1. Basic information about the Issuer Capital Group	6
2. Structure of the Elektrociepłownia „Będzin” S.A. Capital Group	7
3. Changes in the organisation of the Capital Group of the Issuer	7
4. Indication of the effects of changes in the structure of the Company	7
III. LOANS	8
IV. MAJOR COURT CASES	8
V. OTHER INFORMATION	8
1. Information about transactions made with connected entities	8
2. Information about bonds and warranties	8
3. Factors which in the opinion of the Dominant Entity will impact the performance in the future reporting periods	8
4. Other information	8
VI. ASSESSMENT OF THE FINANCIAL RESOURCE MANAGEMENT	9
VII. INVESTMENT ACTIVITY	9
1. Acquisition of shares/ securities	9
2. Characteristics of external and internal factors significant to the development of the Company ..	9
VIII. STAFFING AND PAYROLL IN THE COMPANY	10

INTRODUCTION

The Management Board of Elektrociepłownia "Będzin" S.A. hereby presents the Management Board Report on the Company's Activity the first half of the accounting year 2017, prepared on the basis of the Accounting Law and the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognised as equivalent (Journal of Laws of 2009.33.259, as amended).

Principles of preparing the condensed interim consolidated financial statements for H1 2017, are included in the additional information to the financial statements.

I. CORE INFORMATION ABOUT THE COMPANY

1. Core data

Since 1993, the Company has been operating under the name of Elektrociepłownia "Będzin" SA. While as a power plant, it has been operating in the Dąbrowski Basin already since 1913. In its history, it has undergone many property changes. Since 2014, due to the transfer of ownership of the Company to Elektrociepłownia BĘDZIN Sp. z o.o., Elektrociepłownia "Będzin" S.A. has become a holding company and does not carry out production activities.

Since 1998, the Company's shares are listed on the Warsaw Stock Exchange and are part of the InvestorMS index.

The Company's share capital as at 30 June 2017 amounts to PLN 15 746 000 and is divided into 3 149 200 A series shares of the nominal value of PLN 5 each.

2. Name and registered office

Company name:	Elektrociepłownia "Będzin" Spółka Akcyjna The Company has the right to use an abbreviated name: Elektrociepłownia „Będzin” S.A.
Legal form:	Spółka Akcyjna
Registration country:	Polska
Registered office:	Poznań
Address:	61-144 Poznań, ul. Bolesława Krzywoustego 7
Telephone:	(+48) 61 227 57 10-11
Fax:	(+48) 61 227 57 12
e-mail:	ecbedzin@ecb.com.pl
Website:	www.ecbedzin.pl
REGON (statistical company registration number)	271740563
NIP (taxpayer identification number):	PL 625-000-76-15
KRS (National Court Register registration number)	0000064511

3. Authorities in the Company

Management Board

In H1 2017, the Company has been managed by the Management Board of the ninth term of office, composed of the following sole member:

Krzysztof Kwiatkowski - President of the Management Board

Supervisory Board

From 1 January to 19 June 2017, the Supervisory Board of the eighth term of office was composed of the following individuals:

1. Janusz Niedźwiecki - Chairman of the Supervisory Board,
2. Waldemar Organista - Deputy Chairman of the Supervisory Board,
3. Wiesław Głanowski - Member of the Supervisory Board,
4. Józef Piętoń - Member of the Supervisory Board,
5. Maciej Węgorkiewicz - Member of the Supervisory Board,
6. Grzegorz Kwiatkowski - Member of the Supervisory Board,

On 19 June 2017, the Company's Annual General Meeting adopted resolution on appointing the Supervisory Board of the ninth term of office composed of the following individuals:

1. Janusz Niedźwiecki - Chairman of the Supervisory Board,
2. Waldemar Organista - Deputy Chairman of the Supervisory Board,
3. Wiesław Głanowski - Member of the Supervisory Board,
4. Mirosław Leń - Member of the Supervisory Board,
5. Wojciech Sobczak - Member of the Supervisory Board,
6. Grzegorz Kwiatkowski - Member of the Supervisory Board,

The ninth term of office of the Supervisory Board shall be 5 years and shall expire on the day of convening the Annual General Meeting in 2022.

4. Shareholding and changes in the main shareholders structure

According to information available to the Dominant Entity, the shareholders holding over 5% of the share capital and the same % of votes at the Annual General Meeting are as follows:

Specification	As at 30 May 2017 r.***				As at 31 August 2017 r.***				Change	
	shares	votes	shares[%]	votes[%]	shares	votes	shares[%]	votes[%]	acquired	sold
Krzysztof Kwiatkowski*	808 698	808 698	25,68	25,68	808 698	808 698	25,68	25,68	0	0
Waldemar Organista	688 146	688 146	21,85	21,85	573 146	573 146	18,20	18,20	0	115 000
Agio Funds TFI S.A.	334 747	334 747	10,63	10,63	334 747	334 747	10,63	10,63	0	0
Bank Gospodarstwa Krajowego	311 355	311 355	9,89	9,89	311 355	311 355	9,89	9,89	0	0
Familiar S.A. SICAV - SIR	271 526	271 526	8,62	8,62	271 526	271 526	8,62	8,62	0	0

Skarb Państwa	157 466	157 466	5,00	5,00	157 466	157 466	5,00	5,00	0	0
Summary	2 571 938	2 571 938	81,67	81,67	2 456 938	2 456 938	78,02	78,02	0	115 000

* Together with subsidiaries, including Auto Direct S.A., where the President of the Management Board is also the Member of the Supervisory Board of Elektrociepłownia "Będzin" S.A. - Grzegorz Kwiatkowski

** Information as at the date of publishing the interim statement for Q1 2017.

*** Information as at the date of publishing the interim statement for H1 2017.

5. Shareholding of persons holding managerial and supervisory positions

Specification	As at 30 May 2017 r.***				As at 31 August 2017 r.***				C h a n g e	
	shares	votes	shares[%]	votes[%]	shares	votes	shares[%]	votes[%]	shares	votes
Krzysztof Kwiatkowski*	808 698	808 698	25,68	25,68	808 698	808 698	25,68	25,68	0	0
Waldemar Organista	688 146	688 146	21,85	21,85	573 146	573 146	18,20	18,20	0	115 000
Summary	1 496 844	1 496 844	47,53	47,53	1 381 844	1 381 844	43,88	43,88	0	115 000

* Together with subsidiaries, including Auto Direct S.A., where the President of the Management Board is also the Member of the Supervisory Board of Elektrociepłownia "Będzin" S.A. - Grzegorz Kwiatkowski

** Information as at the date of publishing the interim statement for Q1 2017.

*** Information as at the date of publishing the interim statement for H1 2017.

6. The Company's securities are listed on the domestic securities market

The chart below demonstrates the changes in the Company's share price on the Warsaw Stock Exchange S.A. in the first half of 2017.



II. ORGANISATION OF THE ISSUER CAPITAL GROUP

Elektrociepłownia BĘDZIN Sp. z o.o., Energetyczne Towarzystwo Finansowo – Leasingowe S.A. oraz Energo-Biomasa Sp. z o. o. zostały objęte konsolidacją przez Grupę Kapitałową Elektrociepłownia „Będzin” S.A.

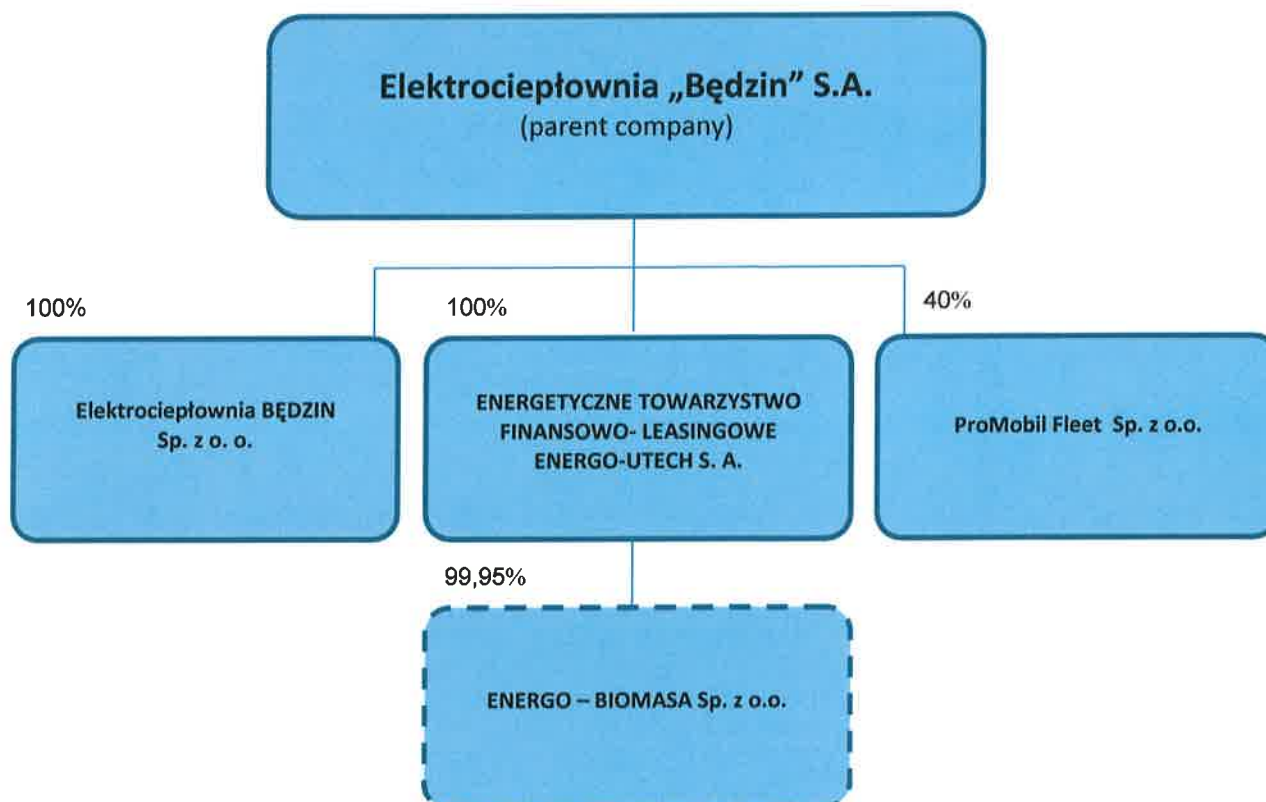
1. Basic information about the Issuer Capital Group

Elektrociepłownia "Bedzin" S.A. is the parent company of the Elektrociepłownia "Będzin" Capital Group S.A., which consists of:

- Elektrociepłownia BĘDZIN Sp. z o.o. based in Będzin, in which the Company owns 100% of shares,
- Energo-Utech Energetyczne Towarzystwo Finansowo-Leasingowe Company with its registered office in Poznań, where the Company holds 100% of shares,
- ProMobil Fleet Sp. z o.o. with the registered office in Poznań, in which the Company holds 40% of shares,
- Energo - Biomasa Sp. z o.o., in which Energo-Utech Energetyczne Towarzystwo Finansowo-Leasingowe Company owns 95% of shares (99.95% as at the date of preparation of the report)

Elektrociepłownia BĘDZIN Sp. z o.o., Energetyczne Towarzystwo Finansowo-Leasingowe. and Energo-Biomasa Sp. z o.o. were consolidated by the Capital Group of Elektrociepłownia "Będzin" SA.

2. Structure of the Elektrociepłownia "Będzin" S.A. Capital Group



3. Changes in the organisation of the Capital Group of the Issuer

Between 1 January 2017 and 30 June 2017, there were some changes in the organisation of Elektrociepłownia "Będzin" S.A. Capital Group.

On 12 May 2017, Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. acquired 95 shares in ENERGO-BIOMASA Sp. z o.o. (formerly MAG ZOF Sp. z o.o.) with the registered office in Suliszewo 97, 78-500 Drawsko Pomorskie. On the very same day, the extraordinary meeting of shareholders adopted resolution on increasing the share capital of ENERGO-BIOMASA Sp. z o.o. (formerly MAG ZOF Sp. z o.o.) by PLN 495.00 up to PLN 500.00k. All the new 9,900 shares were taken up by Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. In effect of taking up the new shares, Energo Utech S.A. holds 9,995 shares of PLN 50 each, i.e. 99.95% shares. The Company's core business is production of pellets.

4. Indication of the effects of changes in the structure of the Company

Changes in the structure of the Elektrociepłownia "Będzin" Capital Group SA. in the first half of 2017 did not cause any changes in the organizational structure of Elektrociepłownia "Będzin" S.A.

III. LOANS

On February 15, 2016, the Company concluded a corporate loan agreement in PLN with ING Bank Śląski S.A. with its registered office in Katowice at ul. Sokolska 34 to finance an investment and to refinance the investment outlays incurred within the investment of PLN 21,640k. The loan agreement is valid from 15 February 2016 to 20 February 2023. The loan's interest rate is variable and was established by the Bank based on WIBOR 1M plus margin.

Elektrociepłownia "Będzin" S.A. did not grant any sureties, loans and guarantees in the first half of 2017.

Shares and shares of subsidiaries of Elektrociepłownia "Będzin" S.A. provide collateral for the obtained financing granted to the Company in the form of registered pledges.

IV. MAJOR COURT CASES

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

V. OTHER INFORMATION

1. Information about transactions made with connected entities

Elektrociepłownia "Będzin" S.A. and its subsidiaries did not make any non-arm's length transactions with connected entities.

2. Information about bonds and warranties

During the period from 1st of January 2017 to by these statements, Elektrociepłownia "Będzin" S.A. and its subsidiaries did not grant any bonds or guarantees and other forms of security applied.

3. Factors which in the opinion of the Dominant Entity will impact the performance in the future reporting periods

In the further perspective, Elektrociepłownia "Będzin" S.A. is the beneficiary of income from the shares and interests held in the Subsidiaries and such income depends on the financial performance of said Subsidiaries.

4. Other information

As at June 30, 2017, the issuance of bonds amounts to PLN 29,500 k (say: twenty nine million five hundred thousand zlotys 00/100).

VI. ASSESSMENT OF THE FINANCIAL RESOURCE MANAGEMENT

Financial performance of the Capital Group

Financial performance	Unit	Period	
		I-VI 2017 PLNk	I-VI 2016 PLNk
EBITDA*	PLN k	705	670
Profit on operating activity	PLN k	696	661
Loss on financial activity	PLN k	1.211	-428
Profit before tax	PLN k	1.907	233
Income tax	PLN k	90	0
Profit after tax	PLN k	1.817	233

*EBITDA = profit on operating activity + amortisation

In H1 2017, the Company generated net profit of PLN 1,817k (say: one million eight hundred seventeen thousand 00/100) mainly due to the receipt of a dividend from Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A.

The Company's Management Board does not anticipate the occurrence of any major risk threatening the continuity of business operations of the Company in the remaining months of the financial year.

VII. INVESTMENT ACTIVITY

1. Acquisition of shares/ securities

In H1 2017, Elektrociepłownia "Będzin" S.A. has not made any transactions.

The primary objective of Elektrociepłownia "Będzin" S.A. is the implementation of a strategy with a view to increasing the Company's value for the benefit of its shareholders. The Company intends to implement the Group's development strategy through continuation and development of business activities and in compliance with environmental care and the reduction of costs associated with the generation of heat and electric power and the expansion of business activities in the field of financial services.

2. Characteristics of external and internal factors significant to the development of the Company

Factors significantly influencing the development of the Company include, amongst others, the following:

- macroeconomic situation in Poland and economic situation in the Dąbrowa Basin where the Group operates,
- stances and decisions of state and European administration institution and offices (including the Office of Competition and Consumer Protection, the Energy Regulatory Office

- and the European Commission),
- standing of the electric and heat power sector and of the financial sector,
 - changes in the legal environment, in particular those concerning the tax, trade and natural environment protection regulations.

VIII. STAFFING AND PAYROLL IN THE COMPANY

As at 30 June 2017, the manpower was 4 FTEs.

Between 1 January and 30 June 2017, the manpower in the Company did not change.

Krzysztof Kwiatkowski - President of the Management Board

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31 August 2017