

FINANCIAL SUPERVISORY COMMISSION

Quarterly report SA-P 2018

(in accordance with § 60 section 1 point 1 of the Regulation on the current and periodical information)
(for issuers of securities engaged in manufacturing, construction, trading or service activities)

for the first half of 2018 fiscal year for the period of 2018.01.01 - 2018.06.30

date of transfer

Elektrociepłownia "Będzin" S.A. (full name of the issuer)	
BĘDZIN shortened name of the issuer	ENERGY (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 (NIP)	271740563 (REGON)

SELECTED FINANCIAL DATA (current year)	in PLNk		in EURk	
	H1 2018	H/ 2017	H1 2018	H/ 2017
I. Net revenue from the sale of products, goods and materials	1 144	1 224	270	288
II. Profit (loss) on operating activities	385	696	91	164
III. Gross profit (loss)	568	1 907	134	449
IV. Net profit (loss)	465	1 817	110	428
V. Net cash flow from operating activities	1 288	1 505	304	354
VI. Net cash flow from investing activities	1 679	2 401	396	565
VII. Net cash flow from financial activities	-3 500	-3 554	-826	-837
VIII. Net cash flow, total	-533	352	-126	83
IX. Total assets	155 490	156 355	35 650	37 487
X. Liabilities and provisions for liabilities	62 473	63 803	14 323	15 297
XI. Long-term liabilities	16 562	47 319	3 797	11 345
XII. Short-term liabilities	45 540	16 135	10 441	3 868
XIII. Equity capital	93 017	92 552	21 326	22 190
XIV. Share capital	15 746	15 746	3 610	3 775
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)	0,15	0,58	0,03	0,14
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	0,15	0,58	0,03	0,14
XVIII. Book value per share (in PLN/EUR)	29,54	29,39	6,77	7,05
XIX. Diluted book value per share (in PLN/EUR)	29,54	29,39	6,77	7,05
XX. Declared or paid dividend per share (in PLN/EUR)				

Balance sheet items for selected financial data were presented as at the end of the current six-month period and as at the end of the previous financial year.

Balance sheet data in EUR were converted at the average exchange rate applied by the National Bank of Poland which stood at PLN 4.3616 on 29 June 2018. Data in the profit and loss account in EUR for the six-month period of 2018 were converted on the YTD basis at the exchange rate of PLN 4.2395 being the arithmetic mean of the average exchange rates announced by the National Bank of Poland and applicable on the last day of each of the six months of 2018.

BALANCE	H 2018	2017	H 2017
Assets			
I. Non-current assets	152 459	152 991	154 522
1. Intangible and legal assets	15	25	38
2. Tangible assets	555	556	557
a) land (including perpetual usufruct)	551	551	551
b) other	4	5	6
3. Long term receivables	20 105	20 605	21 505
3.1 From related parties			
3.2 From other entities	20 105	20 605	21 505
4. Long-term investments	130 588	130 588	131 247
4.1 Long-term financial assets	130 588	130 588	131 247
a) in other entities	130 588	130 588	131 247
- shares or stock, including:	130 588	130 588	131 247
- in subordinate entities priced according to property rights			659
5. Long-term prepayments	1 196	1 217	1 175
5.1 Deferred income tax assets	1 196	1 217	1 175
II. Current assets	3 031	3 364	3 010
1. Short-term receivables	1 961	1 776	1 690
1.1 From related parties			
1.2 From other entities	1 961	1 776	1 690
a) deliveries and services, with repayment period:	21	0	0
- up to 12 months	21		
b) taxes, duties, customs, social and health insurance and other public and legal titles	7	3	7
c) other	1 933	1 773	1 683
2. Short term investments	1 047	1 580	1 302
2.1 Short-terms financial assets	1 047	1 580	1 302
a) cash and cash equivalents	1 047	1 580	1 302
- cash on hand and on accounts	114	652	370
- other cash	933	928	932
3. Short-term prepayments	23	8	18
Total assets	155 490	156 355	157 532
Liabilities			
I. Equity	93 017	92 552	93 639
1. Share capital	15 746	15 746	15 746
2. Supplementary capital	61 545	60 815	60 815
3. Other capital reserves	15 261	15 261	15 261
4. Net profit (loss)	465	730	1 817
II. Liabilities and provisions for liabilities	62 473	63 803	63 893
1. Provisions for liabilities	357	335	165
1.1 Deferred income tax liabilities reserve	328	246	157
1.2 Employee benefits reserve	1	1	8
a) long-term	1	1	
b) short-term			8
1.3 Other reserves	28	88	
a) short-term	28	88	
2. Long-term liabilities	16 562	47 319	19 430
2.1 To other entities	16 562	47 319	19 430
a) loans and borrowings	13 320	14 640	15 930
b) arising from issuance of debt securities		29 879	
c) other financial liabilities	442		
c) other	2 800	2 800	3 500
3. Short-term liabilities	45 540	16 135	44 284
3.1 To related parties	3 723	4 296	2 790
a) other	3 723	4 296	2 790
3.2 To other entities	41 814	11 836	41 491
a) loans and borrowings	2 610	2 608	2 510
b) arising from issuance of debt securities	29 901		29 815
c) other financial liabilities	91		
d) deliveries and services	43	57	19
- up to 12 months	43	57	19
e) taxes, duties, insurances and other benefits	100	125	100
f) remuneration	18	17	18
g) other	9 051	9 029	9 029
3.3 Special funds	3	3	3
4. Prepayments	14	14	14
4.1 Other prepayments	14	14	14
a) długoterminowe	14	14	14
Total liabilities	155 490	156 355	157 532
Book value	93 017	92 552	93 639
Number of shares	3 149 200	3 149 200	3 149 200
Book value per share (in PLN)	29,54	29,39	29,73
Diluted number of shares	3 149 200	3 149 200	3 149 200
Diluted book value per share (in PLN)	29,54	29,39	29,73

Profit and loss account - comparative

Lp.	name	H1 2018	H1 2017
A	Net revenue from sales, including:	1 144	1 224
-	<i>from affiliated entities</i>	117	150
I	Net revenue from sales of finished products	1 144	1 224
B	Operating cost	752	528
I	Amortization	11	9
II	Materials and energy	3	1
III	External services	285	139
IV	Taxes and charges, including:	16	20
V	Payroll	340	312
VI	Social security and other benefits	42	35
VII	Other expenses by kind	55	12
C	Selling profit (loss) (A-B)	392	696
D	Other operating income	-	-
E	Other operating cost	7	-
I	Other operating cost	7	
F	Profit (loss) on operating activities (C+D-E)	385	696
G	Financial revenue	1 680	2 680
I	Dividends received and share of profits, including:	1 679	2 614
-	<i>from affiliated entities</i>	1 679	2 614
II	Interest	1	2
III	Other		64
H	Financial cost	1 497	1 469
I	Interest, including:	1 497	1 469
-	<i>to related parties</i>	85	52
I	Gross profit (loss) (F+G-H)	568	1 907
J	Corporate income tax	103	90
I	deferred part	103	90
K	Other statutory reductions in profit (increases in loss)		
L	Net profit (loss) (I-J-K)	465	1 817

Net profit (loss) (annualized)	-	622	1 905
Weighted average of ordinary shares		3 149 200	3 149 200
Profit (loss) on one ordinary share (PLN)		0,15	0,58
Diluted weighted average of ordinary shares		3 149 200	3 149 200
Diluted profit (loss) per one ordinary share (PLN)		0,15	0,58

STATEMENT OF CHANGES IN EQUITY	H1 2018	2017	H1 2017
I. Equity (Opening Balance)	92 552	91 822	91 822
I.a. Equity (Opening Balance), after adjusting to comparative data	92 552	91 822	91 822
1. Share capital (Opening Balance)	15 746	15 746	15 746
1.1. Share capital (Closing Balance)	15 746	15 746	15 746
2. Opening balance of supplementary capital	60 815	60 493	60 493
2.1. Changes in supplementary capital	730	322	322
a) increases (from)	730	322	322
- from profit distribution (statutory)	730	322	322
2.2. Closing balance of supplementary capital	61 545	60 815	60 815
3. Other reserve capital at the beginning of the period	15 261	15 261	15 261
3.1. Other reserve capital at the end of the period	15 261	15 261	15 261
4. Profit (loss) from previous years at the beginning of the period	730	322	322
4.1. Profit from previous years at the beginning of the period	730	322	322
4.2. Profit from previous years, at the beginning of the period, after adjusting to comparative data	730	322	322
a) decreases (due to)	730	322	322
<i>profit distribution</i>	730	322	322
4.3. Profit from previous years at the end of the period	0	0	0
5. Net profit	465	730	1 817
a) Net profit	465	730	1 817
II. Share capital (Closing Balance)	93 017	92 552	93 639
III. Equity, less the recommended profit distribution (to cover the loss)	93 017	92 552	93 639

CASHFLOW	H 2018	H 2017
A. Cash flows from operating activities - indirect method		
I. Net profit (loss)	465	1 817
II. Total adjustments	823	-312
1. Amortisation and depreciation	11	9
2. Interest and profit sharing (dividend)	-182	-1 145
3. Change in provisions	21	81
4. Change in receivables	980	784
5. Change in short-term liabilities (excluding credits and loans)	-14	-24
6. Change in prepayments and accruals	7	-17
III. Net cash flows from operating activities (I+/-II)	1 288	1 505
B. Cash flows from investment activities		
I. Inflows	1 679	2 614
1. From financial assets, including:	1 679	2 614
a) in related parties	1 679	2 614
- dividend and profit sharing	1 679	2 614
II. Outflows	-	213
1. Purchase of intangible assets and tangible fixed assets		34
2. Other investments		179
III. Net cash flow from financial activities (I-II)	1 679	2 401
C. Cash flows from financial activities		
I. Inflows	-	-
II. Outflows	3 500	3 554
1. Credits and loans	1 820	2 131
2. Payment of liabilities arising from financial leases	133	
3. Interest	1 547	1 423
III. Przepływy pieniężne netto z działalności finansowej (I-II)	-3 500	-3 554
D. Total net cash flows (A.III±B.III±C.III)	-533	352
E. Balance sheet change in cash, including	-533	352
F. Cash opening balance	1 580	950
G. Closing balance of cash (F±D), including:	1 047	1 302
- of limited disposability	938	932



KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Biuro w Poznaniu
ul. Roosevelta 22
60-829 Poznań, Polska
Tel. +48 (61) 845 46 00
Faks +48 (61) 845 46 01
poznan@kpmg.pl

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**INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF THE INTERIM
FINANCIAL STATEMENTS
FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2018**

To the Shareholders of Elektrociepłownia "Będzin" S.A.

Introduction

We have reviewed the accompanying separate interim financial statements of Elektrociepłownia "Będzin" S.A., with its registered office in Poznań, ul. Bolesława Krzywoustego 7 (the "Entity"), which comprise the introduction to the financial statements, the balance sheet as at 30 June 2018, the profit and loss account, the statement of changes in equity and the cash flow statement for the six-month period then ended, and the supplementary information and explanations (the "interim financial statements"). Management of the Entity is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting act dated 29 September 1994 (Official Journal from 2018, item 395 with amendments) (the "Accounting Act"), related bylaws and other applicable laws. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the resolution dated 5 March 2018 of the National Council of Certified Auditors as the National Standard on Review 2410. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view of the financial position of the entity as at 30 June 2018, and its financial performance and its cash flows for the six-month period then ended in accordance with the Accounting Act and related bylaws.

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Rafał Wiza
Key Certified Auditor
Registration No. 11995
Limited Liability Partner
with power of attorney

14 September 2018

Signed on the Polish original

.....
Dominik Walawender
Key Certified Auditor
Registration No. 13077

Poznań, 14 September 2018

**Statement of the Management Board
on the reliability of the preparation of the financial statements for the period from 1
January 2018 to 30 June 2018**

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 2018 to 30 June 2018 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 2018 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 2018 and ending on 30 June 2018, as well as, comparable financial data for the period from 1 January 2017 to 30 June 2017 and as at 31 December 2017.

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 2018 to 30 June 2018, the accounting policies described in the annual financial statements for 2017 were applied.

Changes in accounting policies

Elektrociepłownia "Będzin" S.A. did not change the accounting policy.

Occurrences and events which in the issuer's opinion impacted the financial performance

The Company operates as a holding and is involved in lease and rent of fixed assets. The financial performance was impacted by dividend obtained from the subsidiary.

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. 28, 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 2018, impairment charges on short-term receivables amounted to PLN 8k, including: impairment charges on trade and service receivables: PLN 8k.

As of 30 June 2018, impairment charges on inventories and fixed assets amounted to PLN 14k including: impairment charges on fixed assets: PLN 14k.

The impairment charges did not change vis a vis balances recorded as at 31 December 2017.

Provisions

Provisions for liabilities are measured not less frequently than as at the balance sheet date, in justified, duly estimated value. The Company raises provisions for certain or highly likely future liabilities, the amount of which can be reliably projected, in particular for the costs of services related to a given reporting period and actually performed in the next reporting periods and for long-term and short-term employee benefits. The financial effects of provisions are taken to operating costs, other operating

costs or financial costs, respectively, depending on the nature of the operation, to which the future liabilities are linked. Provisions for jubilee bonuses, retirement severance pays, disability benefits, post-death benefits and unused holidays are measured based on the actuarial valuation prepared by a professional entity entered in the list actuaries, which is a member of the Polish Association of Actuaries.

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)	30/06/2018	30/06/2017
a) opening balance	-	8
e) closing balance	-	8

Changes in long-term provisions for retirement and similar benefits (by purpose in PLNk)	30/06/2018	30/06/2017
a) opening balance	1	-
e) closing balance	1	-

Changes in other short-term provisions (by purpose in PLNk)	30/06/2018	30/06/2017
a) opening balance	88	15
b) increase (due to)	-	-
c) utilisation (due to)	60	15
Balance sheet examination	19	15
other	41	-
d) release (due to)	-	-
e) closing balance	28	-

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)	30/06/2018	30/06/2017
Provisions for liabilities	6	2
Valuation of bonds	76	60
Tax loss	1 114	1 114
TOTAL	1 196	1 176

Provisions from deferred income tax (in PLNk)	30/06/2018	30/06/2017
difference in the balance sheet value and tax value of the leased asset	328	157
TOTAL	328	157

Information on important acquisitions and disposals of tangible fixed assets

In the period from 1 January 2018 to 30 June 2018, 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.

Errors in previous reporting periods

The financial statements made as at 30 June 2018 do not include any adjustments of errors made in the previous reporting periods.

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.

On 13 July 2018, having considered a potential investor's request to extend the negotiation exclusivity period, the Management Board of the Issuer, namely Elektrociepłownia Będzin S.A., did not accept the request and adopted a resolution whereby it closed the process of selling 100% shares in the subsidiary, namely Elektrociepłownia BĘDZIN Sp. z o. o.

Agreement on the acquisition of shares in Elektrociepłownia BĘDZIN Sp. z o.o. was not concluded. Therefore, the negotiation process was closed. The company's shareholders were informed about that fact in a stock exchange report no. 19/2018 of 13 July 2018.

Information on sureties, loans and guarantees

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 21,640k. 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

Short-term liabilities of PLN 29,901k arising from debt securities relate to the issue of bonds carried out to finance the acquisition of shares in Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. The issue took place on 13 April 2015 and its total nominal value was PLN 30,000k. The bonds bear interest at 6M WIBOR rate and margin of 4.5p.p. At the end of 2015, the Group acquired own bonds worth PLN 500k in order to redeem them.

According to the current report no. 6/2018 of 13.03.2018, the bonds will be redeemed on 10 April 2019.

The Company does not have and did not issue other debt securities or equity instruments.

The Company plans to repay the liabilities arising from debt securities with inflows from the dividend from subsidiaries to be paid in effect of distribution of earnings retained in previous years.

Information on paid (declared) dividends

In the period from 1 January 2018 to 30 June 2018 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

Poznań, 14 September 2018

September 2018.

**Management Board Report on the
Elektrociepłownia Będzin S.A. Company
activity in H1 2018**

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

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 2018, prepared on the basis of the Accounting Law and the Regulation of the Minister of Finance of 29 March 2018 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 2018.757, as amended).

Principles of preparing the condensed interim consolidated financial statements for H1 2018, 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 2018 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 2018, 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 30 June 2018, the Supervisory Board of the ninth 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 Glanowski - 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,

On 29 June 2018, Mr Grzegorz Kwiatkowski resigned from his position in the Supervisory Board. Since 1 July 2018 the Supervisory Board is composed of the following individuals:

1. Janusz Niedźwiecki - Chairman of the Supervisory Board,
2. Waldemar Organista - Deputy Chairman of the Supervisory Board,
3. Wiesław Glanowski - Member of the Supervisory Board,
4. Mirosław Leń - Member of the Supervisory Board,
5. Wojciech Sobczak - 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 2018, **				As at 14 September 2018, ***				C h a n g e	
	shares	votes	shares[%]	głosy[%]	shares	votes	shares[%]	głosy[%]	shares	votes
Krzysztof Kwiatkowski*	1 005 499	1 005 499	31,93	31,93	1 033 499	1 033 499	32,82	32,82	28 000	0
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
Waldemar Organista	313 146	313 146	9,94	9,94	273 146	273 146	8,67	8,67	0	28 000
Familiar S.A. SICAV - SIR	271 526	271 526	8,62	8,62	271 526	271 526	8,62	8,62	0	0
Żółkiewicz & Partners Inwestycji w Wartość FIZ	157 740	157 740	5,01	5,01	157 740	157 740	5,01	5,01	0	0
Skarb Państwa	157 466	157 466	5,00	5,00	157 466	157 466	5,00	5,00	0	0
Summary	2 551 479	2 551 479	81,02	81,02	2 551 479	2 551 479	81,02	81,02	28 000	28 000

* 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 2018.

*** Information as at the date of publishing the interim statement for H1 2018.

5. Shareholding of persons holding managerial and supervisory positions

Specification	As at 30 May 2018, **				As at 14 September 2018, ***				C h a n g e	
	shares	votes	shares[%]	głosy[%]	shares	votes	shares[%]	głosy[%]	shares	votes
Krzysztof Kwiatkowski*	1 005 499	1 005 499	31,93	31,93	1 033 499	1 033 499	32,82	32,82	28 000	0
Waldemar Organista	313 146	313 146	9,94	9,94	273 146	273 146	8,67	8,67	0	28 000
Podsumowanie	1 318 645	1 318 645	41,87	41,87	1 318 645	1 318 645	41,87	41,87	28 000	28 000

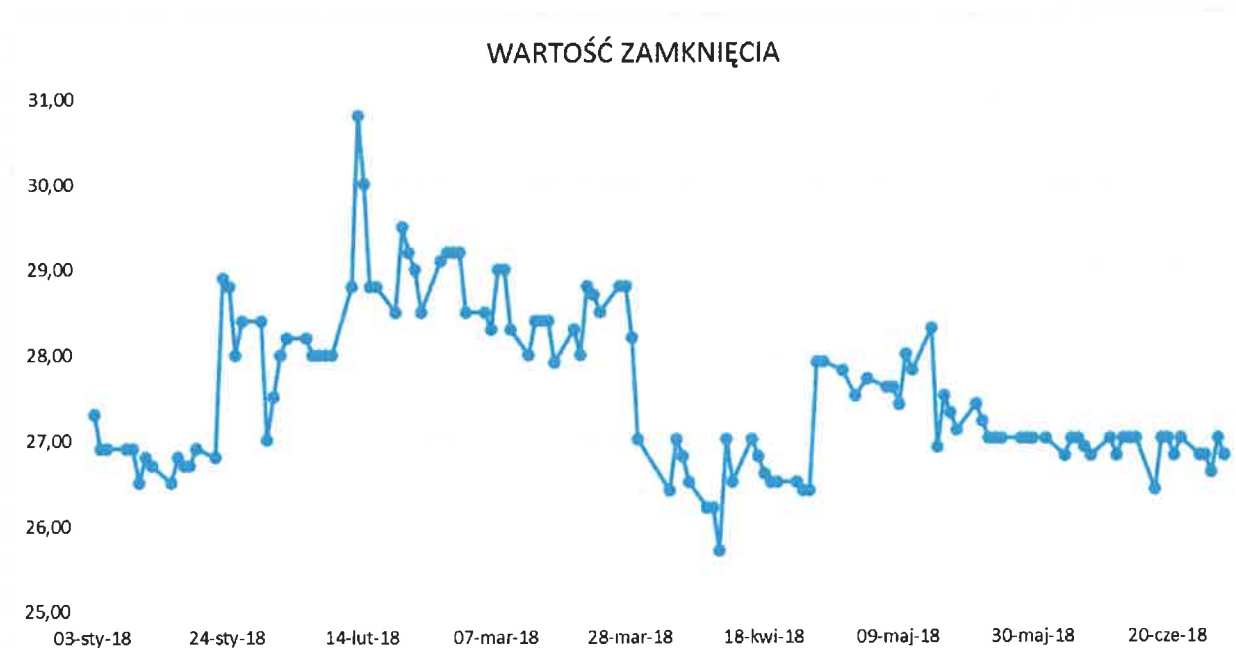
* Together with subsidiaries, including Auto Direct S.A., where the President of the Management Board is also the Member of the Supervisory Board of Elektrociepłownia "Będzin" S.A. - Grzegorz Kwiatkowski

** Information as at the date of publishing the interim statement for Q1 2018.

*** Information as at the date of publishing the interim statement for H1 2018.

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 2018.



7. Description of significant achievements or failures of the issuer in the period covered by this Report together with a list of major events related to said achievements or failures.

In the opinion of Elektrociepłownia "Będzin" S.A. Management Board, there have not been, nor will there be any threats or risks to the continuation of the business activity in the forthcoming months of the accounting year.

The Company has short-term liabilities arising from the issue of bonds as well as other liabilities to non-connected entities. The Company plans to repay the liabilities with inflows from the dividend from subsidiaries to be paid in effect of distribution of earnings retained in previous years.

II. ORGANISATION OF THE ISSUER CAPITAL GROUP

1. Basic information about the Issuer Capital Group

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

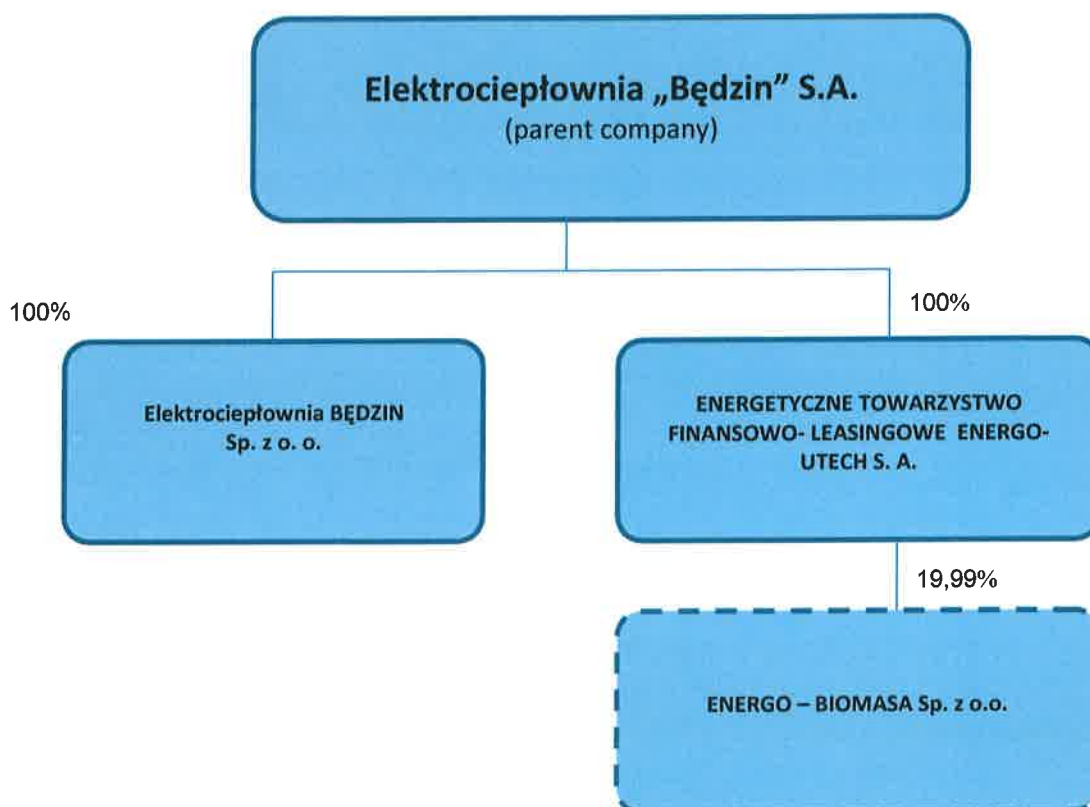
- Elektrociepłownia BĘDZIN Sp. z o.o. based in Będzin, in which the Company owns 100% of shares,
- Energo-Utech Energetyczne Towarzystwo Finansowo-Leasingowe Company with its registered office in Poznań, where the Company holds 100% of shares,

- Energo - Biomasa Sp. z o.o., in which Energo-Utech Energetyczne Towarzystwo Finansowo-Leasingowe Company owns 19,99% of shares

Elektrociepłownia "Będzin" S.A. Group consolidates the following entities:

- a/ full consolidation method – Elektrociepłownia BĘDZIN Sp. z o.o. and Energetyczne Towarzystwo Finansowo – Leasingowe S.A. ,
- b/ ownership rights method – Energo-Biomasa Sp. z o. o.

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 2018 and 30 June 2018, there were some changes in the organisation of Elektrociepłownia "Będzin" S.A. Capital Group.

On 16 April 2018, the General Meeting of Shareholders of ENERGO-BIOMASA spółka z o.o. adopted a resolution to raise the Company's share capital to PLN 2,500.00k, which led to lowering the share held by Energetyczne Towarzystwo Finansowo-Leasingowego Energo-Utech S.A. to 19.99%. The capital raise was registered on 6 September 2018.

On 16 April 2018, the Company Deed of ENERGO-BIOMASA spółka z o.o. was amended and in effect, the company is co-controlled by partners.

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 2018 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.

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 2018 to 30 June 2018 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.

VI. ASSESSMENT OF THE FINANCIAL RESOURCE MANAGEMENT

Financial performance of the Capital Group

Financial performance	Unit	Period	
		I-VI 2018 PLNk	I-VI 2017 PLNk
EBITDA*	PLN k	396	705
Profit on operating activity	PLN k	385	696
Loss on financial activity	PLN k	183	1.211
Profit before tax	PLN k	568	1.907
Income tax	PLN k	103	90
Profit after tax	PLN k	465	1.817

*EBITDA = profit on operating activity + amortisation

In H1 2018, the Company generated net profit of PLN 465k (say: four hundred sixty five 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 2018, Elektrociepłownia "Będzin" S.A. has not made any transactions.

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

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.

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

- macroeconomic situation in Poland and economic situation in the Zagłębie Dąbrowskie 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 2018, the manpower was 4 FTEs.

Between 1 January 2018 and 30 June 2018, the employment in the Company did not change.

Krzysztof Kwiatkowski - President of the Management Board

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14 September 2018