

FINANCIAL SUPERVISORY COMMISSION

Quarterly report SA-Q I/ 2018

(in accordance with § 60 sec.1 item 1 of the Regulation on current and periodic information)
(for issuers of securities engaged in manufacturing, construction, trading or service activities)

for Q1 of the fiscal year **2018** for the period from **2018.01.01** to **2018.03.31**

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	
	Q1 cumulative for 1.01.2018 - 31.03.2018	Q1 cumulative for 1.01.2017 - 31.03.2017	Q1 cumulative for 1.01.2018 - 31.03.2018	Q1 cumulative for 1.01.2017 - 31.03.2017
I. Net revenue from the sale of products, goods and materials	568	633	136	148
II. Profit (loss) on operating activities	274	434	66	101
III. Gross profit (loss)	-480	874	-115	204
IV. Net profit (loss)	-441	915	-106	213
V. Net cash flow from operating activities	1 579	814	378	190
VI. Net cash flow from investing activities	0	997	0	232
VII. Net cash flow from financial activities	-960	-814	-230	-190
VIII. Net cash flow, total	619	997	148	232
IX. Total assets	156 646	156 355	37 221	37 487
X. Liabilities and provisions for liabilities	64 535	63 803	15 334	15 297
XI. Long-term liabilities	47 142	47 319	11 202	11 345
XII. Short-term liabilities	17 002	16 135	4 040	3 868
XIII. Equity capital	92 111	92 552	21 887	22 190
XIV. Share capital	15 746	15 746	3 741	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)	-0,14	0,29	-0,03	0,07
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	-0,14	0,29	-0,03	0,07
XVIII. Book value per share (in PLN/EUR)	29,25	29,39	6,95	7,05
XIX. Diluted book value per share (in PLN/EUR)	29,25	29,39	6,95	7,05
XX. Declared or paid dividend per share (in PLN/EUR)				

BALANCE SHEET in PLNk	2018-03-31 end of quarter / 2018	2017-12-31 end of last year / 2017	2017-03-31 end of quarter/ 2017
Assets			
I. Fixed assets	152 600	152 991	155 014
1. Intangible and legal assets, including:	20	25	11
2. Tangible fixed assets	555	556	557
3. Long-term receivables	20 140	20 605	21 940
3.1 from related parties			
3.2 from other entities	20 140	20 605	21 940
4. Long-term investments	130 588	130 588	131 247
4.1 Real estates			
4.2 Intangible and legal assets			
4.3 Long-term financial assets	130 588	130 588	131 247
a) in related parties	130 588	130 588	131 247
b) in other entities			
4.4 Other long-term investments			
5. Long-term prepayments	1 297	1 217	1 259
5.1 Deferred income tax assets	1 297	1 217	1 259
5.2 Other prepayments			
II. Current assets	4 046	3 364	3 625
1. Inventories			
2. Short-term receivables	1 817	1 776	1 649
2.1 From related parties			
2.2 From other entities	1 817	1 776	1 649
3. Short-term investments	2 199	1 580	1 947
3.1 Short-term financial assets	2 199	1 580	1 947
a) in related parties			
b) in other entities			
c) cash and cash equivalents	2 199	1 580	1 947
3.2 Other short-term investments			
4. Short-term prepayments	30	8	29
Total assets	156 646	156 355	158 639
Liabilities			
I. Equity	92 111	92 552	92 737
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	60 815	60 493
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	730		322
8. Net profit (loss)	-441	730	915
9. Write-off on net profit during the financial year (negative value)			
II. Liabilities and provisions for liabilities	64 535	63 803	65 902
1. Provisions for liabilities	377	335	123
1.1 Deferred income tax liabilities reserve	286	246	110
1.2 Employee benefits reserve	1	1	8
a) long-term	1	1	
b) short-term			8
1.3 Other reserves	88	88	5
a) long-term			
b) short-term	88	88	5
2. Long-term liabilities	47 142	47 319	62 204
2.1 To related parties			1 970
2.2 To other entities	47 142	47 319	60 234
a) loans and borrowings	13 980	14 640	16 560
b) arising from issuance of debt securities	30 362	29 879	30 249
c) other	2 800	2 800	13 425
3. Short-term liabilities	17 002	16 135	3 561
3.1 To related parties	5 230	4 296	932
a) other	5 230	4 296	932
3.2 To other entities	11 769	11 836	2 626
a) loans and borrowings	2 580	2 608	2 480
b) due from deliveries and services	28	57	46
c) due from taxes, customs, insurance and other services	115	125	83
d) due to remuneration	17	17	17
e) other	9 029	9 029	
3.3 Special funds	3	3	3
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 equity and liabilities	156 646	156 355	158 639
Book value	92 111	92 552	92 737
Number of shares	3 149 200	3 149 200	3 149 200
Book value per share (in PLN)	29,25	29,39	29,45
Diluted number of shares	3 149 200	3 149 200	3 149 200
Diluted book value per share (in PLN)	29,25	29,39	29,45

Profit & Loss Account - comparative version

No.	Name	Q1/ 2018 from 2018-01-01 to 2018-03-31	Q1/ 2017 from 2017-01-01 to 2017-03-31
A	Net revenue from sales, including:	568	633
-	- from affiliated entities	59	92
I	Net revenue from sales of products	568	633
II	Change in the balance of products (increase - positive value, decrease - negative value)		
III	Manufacturing cost of products for internal purposes		
IV	Net revenue from sales of merchandise and raw materials		
B	Operating cost	291	199
I	Amortization	6	2
II	Materials and energy	3	1
III	External services	111	58
IV	Taxes and charges, including: - excise tax	7	10
V	Payroll	127	106
VI	Social security and other benefits	22	19
VII	Other expenses by kind	15	3
VIII	Cost of merchandise and raw material sold		
C	Selling profit (loss) (A-B)	277	434
D	Other operating income	-	-
I	Profit on disposal of non-financial fixed assets		
II	Grants		
III	Other operating income		
E	Other operating cost	3	-
I	Loss on disposal of non-financial fixed assets		
II	Actualization of value of non-financial assets		
III	Other operating cost	3	
F	Profit (loss) on operating activities (C+D-E)	274	434
G	Financial revenue	-	1 135
I	Dividends received and share of profits, including:		1 100
-	- from affiliated entities		1 100
II	Interest, including:	-	-
-	- from affiliated entities		
III	Profit on disposal of investments	-	-
IV	Actualization of investment's value	-	-
V	Other		35
H	Financial cost	754	695
I	Interest, including:	754	695
-	- to related parties	36	21
II	Loss on disposal of investments		
III	Actualization of investment's value		
IV	Other		
I	Gross profit (loss) (F+G-H)	- 480	874
J	Corporate income tax	- 39	- 41
I	current part		
II	deferred part	- 39	- 41
K	Other statutory reductions in profit (increases in loss)		
L	Net profit (loss) (I-J-K)	- 441	915

Net profit (loss) (annualized)	-	626	1 193
Weighted average of ordinary shares		3 149 200	3 149 200
Profit (loss) on one ordinary share (PLN)	-	0,14	0,29

STATEMENT OF CHANGES IN EQUITY	Q1/ 2018 for the period from 2018-01-01 to 2018-03-31	year 2017 period from 2017-01-01 to 2017-12-31	Q1/ 2017 for the period from 2017-01-01 to 2017-03-31
I. Equity (Opening Balance)	92 552	91 822	91 822
a) changes in adopted accounting principles			
b) adjustments of fundamental errors			
I.a. Equity (Opening Balance), after adjusting to comparative data	92 552	91 822	91 822
1. Opening balance of share capital	15 746	15 746	15 746
1.1. Changes in share capital			
a) increases (from)			
- issue of shares			
b) reductions (from)			
- redemption of shares			
1.2. Share capital (Closing Balance)	15 746	15 746	15 746
2. Opening balance of called up share capital			
2.1. Changes in called up share capital			
a) increases (from)			
b) reductions (from)			
2.2. Closing balance of called up share capital			
3. Opening balance of own shares			
3.1. Share changes			
a) increase (due to)			
b) decrease (due to)			
3.2. Closing balance of own shares			
4. Opening balance of supplementary capital	60 815	60 493	60 493
4.1. Changes in supplementary capital	0	322	0
a) increase (due to)	0	322	0
- issue of shares above face value			
- from profit distribution (statutory)		322	
- from profit distribution (above the statutory minimum value)			
<i>reclassification from reserve revaluation reserve (related to ZCP)</i>			
b) decrease (due to)	0	0	0
- loss coverage			
4.2. Closing balance of supplementary capital	60 815	60 815	60 493
5. Opening balance of revaluation reserve			
5.1. Changes in revaluation reserve	0	0	0
a) increase (due to)	0	0	0
b) decrease (due to)	0	0	0
- sales of tangible fixed assets			
<i>reclassification from reserve revaluation reserve (related to ZCP)</i>			
5.2. Closing balance of revaluation reserve	0	0	0
6. Opening balance of other reserve capitals	15 261	15 261	15 261
6.1. Changes in other reserve capitals	0	0	0
a) increase (due to)	0	0	0
b) decrease (due to)	0	0	0
6.2. Closing balance of other reserve capitals	15 261	15 261	15 261
7. Opening balance of previous years' profit (loss)	730	322	322
7.1. Opening balance of previous years' profit	730	322	322
a) changes in adopted accounting principles			
b) adjustments of fundamental errors			
7.2. Opening balance of previous years' profit, after adjustments of comparative data	730	322	322
a) increase (due to)	0	0	0
- allocation of profit			
b) decrease (due to)	0	322	0
7.3. Closing balance of previous years' profit	730	0	322
7.4. Opening balance of previous years' loss	0		0
a) changes in adopted accounting principles			
b) adjustments of fundamental errors			
7.5. Opening balance of previous years' loss, after adjustments of comparative data			
a) increase (due to)			
- previous years' loss brought forward			
b) decrease (due to)	0	0	0
<i>Loss cover with reserve capital</i>			
7.6. Closing balance of previous years' loss	0	0	0
7.7. Closing balance of previous years' profit (loss)	730	0	322
8. Net result	-441	730	915
a) net profit		730	915
b) net loss	441		
c) write-offs on profit			
II. Closing balance of equity	92 111	92 552	92 737
III. Equity including proposed profit distribution (loss coverage)	92 111	92 552	92 737

CASHFLOW	Q1/ 2018 for the period from: 2018- 01-01 to 2018-03-31	Q1/ 2017 for the period from: 2017-01- 01 to 2017-03-31
A. Cash flows from operating activities - indirect method		
I. Net profit (loss)	-441	915
II. Total adjustments	2 020	-101
1. Share in net profit (loss) of subordinated entities accounted for using the equity method		
2. Amortisation and depreciation	6	2
3. Exchange gains (losses)		
4. Interest and profit sharing (dividend)	754	-405
5. Profit (loss) on investment activities		
6. Change in provisions	42	39
7. Change in inventory		
8. Change in receivables	424	389
9. Change in short-term liabilities (excluding credits and loans)	896	-15
10. Change in prepayments and accruals	-102	-111
11. Other adjustments		
III. Net cash flows from operating activities (I+/-II)	1 579	814
B. Cash flows from investment activities		
I. Inflows	0	1 100
1. Disposal of intangible and tangible fixed assets		
2. Disposal of investments in real property and in intangible assets		
3. From financial assets, including:	0	1 100
a) in related parties	0	1 100
- sales of financial assets,		
- dividend and profit sharing		1 100
- repayment of granted long-term loans		
- interest		
- other inflows from financial assets		
b) in other entities		
- sales of financial assets,		
- dividend and profit sharing		
- repayment of granted long-term loans		
- interest		
- other inflows from financial assets		
4. Other inflows from investment activities		
II. Outflows	0	103
1. Purchase of intangible assets and tangible fixed assets		
2. Investments in real property and intangible assets		
3. For financial assets, including:	0	0
a) in related parties	0	0
- purchase of financial assets		
- long-term loans granted		
b) in other entities	0	0
- purchase of financial assets		
- long-term loans granted		
4. Other outflows from investment activities		103
III. Net cash flows from investment activities (I-II)	0	997
C. Cash flows from financial activities		
I. Inflows	0	0
1. Net inflows from issuance of shares and other capital instruments and from capital contributions		
2. Credits and loans		
3. Issuance of debt securities		
4. Other inflows from financial activities		
II. Outflows	960	814
1. Purchase of own shares		
2. Dividend and other payments to shareholders		
3. Profit distribution liabilities other than profit distribution payments to shareholders		
4. Repayment of credits and loans	630	600
5. Redemption of debt securities		
6. Payment of other financial liabilities		
7. Payment of liabilities arising from financial leases		
8. Interest	330	214
9. Other outflows from financial activities		
III. Net cash flows from financial activities (I-II)	-960	-814
D. Total net cash flows (A.III±B.III±C.III)	619	997
E. Balance sheet change in cash, including	-619	997
- change in cash due to exchange differences		
F. Cash opening balance	1 580	950
G. Closing balance of cash (F±D), including:	2 199	1 947
- of limited disposability	1 866	1 850

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 31 March 2018, as well as, comparable financial data for the period from 1 January 2017 to 31 March 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 31 March 2018, the accounting policies described in the annual financial statements for 2017 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

Elektrociepłownia "Będzin" S.A. has not changed its accounting policy.

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.

Write-offs of receivable amounts

Write-offs of property, plants and equipment are made, inter alia, as a result of permanent impairment which, according to Art. 28, sec. 7 of the Polish Accounting Act, occurs when there is a high probability that an asset controlled by the Company will not generate significant future economic benefits in the future.

As of 31 March 2018, write-offs relating to short-term receivables amounted to PLN 8,000.00, including: write-offs of trade and service receivables: PLN 8,000.00.

As of 31 March 2018, write-offs relating to inventories and fixed assets amounted to PLN 14,000.00, including: write-offs of fixed assets: PLN 14,000.00.

As of 31 March 2017, write-offs relating to short-term receivables amounted to PLN 8,000.00, including: write-offs of trade receivables: PLN 8,000.00.

As of 31 March 2017, write-offs relating to inventories and fixed assets amounted to PLN 14,000.00, including: write-offs of fixed assets: PLN 14,000.00.

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.

Status change of short-term provisions for retirement and similar benefits (by entitlements in PLNk)	31/03/2018	31/03/2017
a) initial status	-	8
b) final status	-	8

Status change of long-term provisions for retirement and similar benefits (by entitlements in PLNk)	31/03/2018	31/03/2017
a) initial status	1	-
b) final status	1	-

Status change of other short-term provisions (by entitlements in PLNk)	31/03/2018	31/03/2017
a) initial status	88	15
b) increases (due to)	-	-
c) utilization (due to)	-	10
balance sheet examination	-	10
d) final status	88	5

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)	31/03/2018	31/03/2017
provisions for liabilities	183	145
tax loss	1 114	1 114
Total	1 297	1 259

Provisions from deferred income tax (in PLNk)	31/03/2018	31/03/2017
difference in the balance sheet value and tax value of fixed assets covered by lease agreement	288	110
Total	288	110

Information on important acquisitions and disposals of tangible fixed assets

In the period from 1 January 2018 to 31 March 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 of previous periods

The financial statements as at 31 March 2018 do not contain errors of previous 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.

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 21,640k. 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

Long-term liabilities due to debt securities refer to PLN 30,362k for the issue of bonds, which was carried out in order to finance the purchase of the shares of Energetyczne Towarzystwo Finansowo-Leasingowe Energo Utech S.A. The issue took place on April 13, 2015 and its total nominal value was PLN 30,000k. The maturity of the bonds is 3 years and they bear interest with WIBOR 6M the reference rate and a margin of 4.5 pp. At the end of 2015, the Capital Group purchased own bonds with a value of PLN 500k for redemption.

With reference to the current report No. 17/2015 dated 13 April 2015, in which the company Elektrociepłownia "Będzin" S.A. (The Company, the Issuer) informed about the issue and the Terms of Issuing "A" Series Bonds, the Company's Management Board informs that after receiving written statements on the consent of all Bondholders to change the Terms of Issuing "A" Series Bonds and after obtaining all corporate approvals, the Issuer made amendments to the Terms and Conditions of Issuing "A" Series Bonds issued by Elektrociepłownia "Będzin" SA in such a way that the period of issue of the above bonds was extended by 1 year, and their redemption will take place on 10 April 2019. The Other Terms and Conditions of Issuing "A" Series Bonds do not change.

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 31 March 2018 the Company did not pay any dividends.

Events occurring after the balance sheet data

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 20,000,000.00 (twenty million Polish Zloty) until 21 July 2021. Under this agreement, the responsibility of the Debt Accessor 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, 30 May 2018

Other Information

Description of the organization of the issuer's capital group

Being the parent entity of the Capital Group, Elektrociepłownia "Będzin" S.A. produces consolidated financial statement of the last 3 months 2018 according to International Financial Reporting Standards.

The subsidiaries are:

- Elektrociepłownia BĘDZIN spółka z o.o., with its registered office in Będzin (42-500) at Małobądzka 141, in which the Company holds 100% of shares,
- Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A., with its registered office in Poznań (61-144) at Bolesława Krzywoustego 7, in which the Company holds 100% of shares.
- Energo-Biomasa spółka z o.o., in which Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. holds 99.95% of shares.

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

On 4 August 2014, the Company, with its subsidiary Elektrociepłownia BĘDZIN Sp. z o.o., concluded an agreement transferring the ownership of the enterprise on the basis of which the Company was transferred to its subsidiary, i.e. Elektrociepłownia BĘDZIN Sp. z o.o., within the meaning of Article 55¹ of the Polish CC.

Elektrociepłownia "Będzin" S.A. in exchange for the contribution of an organized part of the company, took up 100% of the shares in the subsidiary, i.e. Elektrociepłownia BĘDZIN Sp. z o.o., with a nominal value of PLN 76,820. The value of the shares is based on the net book value of the contributed assets and as of 31 March 2018 amounts to PLN 80,987.

On 15 April 2015 the ownership rights of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. were transferred to Elektrociepłownia "Będzin" S.A..

As a result of the aforementioned transaction the Company holds 100% of shares (i.e. 2,240 units) of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A.

The purchase of shares was financed with own funds derived from the issue of bonds and the Company's own funds, and the last tranche of payment for shares in the amount of PLN 11,819 in accordance with the concluded agreements will be paid by 30 June 2018. The main reasons for the purchase of shares of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. were the formation of the Capital Group in accordance with the adopted strategic assumptions and the diversification revenue sources.

As a result of the above transactions the Company changed its subject of activity. The Company is a holding company, and develops the business of renting and leasing fixed assets, and providing financial services.

Manufacturing activities in the field of heat and power generation in cogeneration are carried out at a subsidiary – Elektrociepłownia BĘDZIN Sp. z o.o. and in the field of biomass pellet production - in Energo-Biomasa Sp. z o.o.

Financial services, primarily leasing services, are carried out at a subsidiary - Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A..

Description of significant achievements or failures of the issuer in the period covered by the report along with the list of the most important events related to them

In the opinion of the Management Board of Elektrociepłownia "Będzin" S.A. there were no threats and risk of continuing operations in the remaining months of the financial year.

Position of the board regarding the possibility of fulfilling previously published forecasts for a given year

Elektrociepłownia "Będzin" S.A. has not published any forecasts of results for the current financial year, and therefore does not present to the Management Board its position on the feasibility of their fulfillment.

Ownership and changes in the shareholding of majority shareholders.

According to the information available to Elektrociepłownia “Będzin” S.A. the shareholders holding over 5% of share capital and holding the same % of votes at the annual general meeting are as follows:

Specification	As at 27 April 2018**				As at 30 May 2018 ***				Change	
	shares	votes	shares [%]	votes [%]	shares	votes	shares [%]	votes [%]	purchase	sale
Krzysztof Kwiatkowski*	1 005 499	1 005 499	31,93	31,93	1 005 499	1 005 499	31,93	31,93	-	-
Agio Funds TFI S.A.	334 747	334 747	10,63	10,63	334 747	334 747	10,63	10,63	-	-
Waldemar Organista	313 146	313 146	9,94	9,94	313 146	313 146	9,94	9,94	-	-
Bank Gospodarstwa Krajowego	311 355	311 355	9,89	9,89	311 355	311 355	9,89	9,89	-	-
Familiar S.A. SICAV - SIR	271 526	271 526	8,62	8,62	271 526	271 526	8,62	8,62	-	-
Zolkiewicz & Partners										
Inwestycji w Wartość FIZ	157 740	157 740	5,01	5,01	157 740	157 740	5,01	5,01	-	-
State Treasury	157 466	157 466	5,00	5,00	157 466	157 466	5,00	5,00	-	-
Summary	2 551 479	2 551 479	81,02	81,02	2 551 479	2 551 479	81,02	81,02	-	-

* with subsidiaries, including Auto Direct S.A., in which the President of the Management Board is Member of the Supervisory Board of Elektrociepłownia “Będzin” S.A. Company - Mr Grzegorz Kwiatkowski

** Information as at the date of issuing the report for the year 2017

*** information as at the date of issuing the report for Q1 2018

Ownership and changes in the shareholding of persons holding managerial and supervisory positions.

The persons managing and supervising Elektrociepłownia “Będzin” S.A. hold the following shares of the Company or rights thereto:

Specification	As at 27 April 2018**				As at 30 May 2018 ***				Change	
	shares	votes	shares [%]	votes [%]	shares	votes	shares [%]	votes [%]	purchase	sale
Krzysztof Kwiatkowski*	1 005 499	1 005 499	31,93	31,93	1 005 499	1 005 499	31,93	31,93	-	-
Waldemar Organista	313 146	313 146	9,94	9,94	313 146	313 146	9,94	9,94	-	-
Summary	1 318 645	1 318 645	41,87	41,87	1 318 645	1 318 645	41,87	41,87	-	-

* with subsidiaries, including Auto Direct S.A., in which the President of the Management Board is Member of the Supervisory Board of Elektrociepłownia “Będzin” S.A. Company - Mr Grzegorz Kwiatkowski

** Information as at the date of issuing the report for the year 2017

*** information as at the date of issuing the report for Q1 2018

Major court proceedings

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

Information on related party transactions

Elektrociepłownia “Będzin” S.A. has not entered into transactions with related parties on conditions other than market conditions.

Information on sureties, loans and guarantees

Elektrociepłownia “Będzin” S.A. has not provided any sureties, loans or guarantees.

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.

On 22 July 2016, the Company accessed the debt of Energetyczne Towarzystwo Finansowo-Leasingowego 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 20,000,000.00 (twenty million Polish Zloty) until 21 July 2021. Under this agreement, the responsibility of the Debt Accessor 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.

Factors that will have an impact on the achieved results in the future reporting periods, in the issuer's opinion

Elektrociepłownia “Będzin” S.A. is the beneficiary of the income from its holdings and its shares in subsidiaries, and the amount of said benefits depends on the financial performance of these companies.

Additional information

Balance sheet data in EUR was calculated according to the average National Bank of Poland exchange rate of 31 March 2018 amounting to PLN 4.2085. The income statement in EUR for the three months of 2018 has been cumulatively calculated at the arithmetic mean of the average exchange rates published by the National Bank of Poland for the last day of each of the 3 months of 2018. i.e. PLN 4.1784.

Balance sheet data for the comparable period of the previous year in EUR was calculated according to the average National Bank of Poland exchange rate of 29 December 2017 amounting to PLN 4.1709. The income statement in EUR for the three months of 2017 has been cumulatively calculated at the arithmetic mean of the average exchange rates published by the National Bank of Poland for the last day of each of the 3 months of 201 i.e. PLN 4.2891.