

+



**ELEKTROCIĘPŁOWNIA "BĘDZIN" S.A.
CAPITAL GROUP**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE PERIOD FROM
1ST JANUARY 2019 TO 31ST MARCH 2019
COMPLIANT WITH THE IAS 34
"INTERIM FINANCIAL REPORTING"**

Contents

1. General information.....	3
2. Condensed consolidated statement of financial position	4
3. Condensed consolidated statement of profit and loss account and other comprehensive income	6
4. Condensed consolidated statement of changes in equity	7
5. Condensed consolidated cash flow statement	8
6. Data of the parent entity and of the Capital Group	9
7. Basis for the condensed interim consolidated financial statements	10
7.1 Statement of compliance.....	10
7.2 Basis for valuation.....	10
7.3 Functional and presentation currency	10
7.4 Judgements and estimates.....	10
8 Description of key accounting principles	11
9 Fair value measurement	11
10 Financial risk management	11
11 Business segment reporting.....	11
12 Tangible fixed assets	14
13 Intangible assets	15
14 Impairment charges on lease receivables	16
15 Impairment charges on loans granted	16
16 Equity	16
17 Profit per share	17
18 Employee benefits	18
19 Provisions.....	19
20 Fair value of financial instruments	19
21 Contractual liabilities entered into for the acquisition of property, plant and equipment and intangible assets	19
22 Explanation of seasonality or cyclicity of the Capital Group's activities	19
23 Conditional liabilities and proceedings pending before court	19
24 Security on property	20
25 Transactions with related entities	20
26 Events after the balance sheet date	21
27 Manpower.....	21
28 Approval of consolidated financial statements	21

1. General information

These condensed interim consolidated financial statements for the period from 1st January to 31st March 2019 were prepared pursuant to the International Financial Reporting Standards IAS 34 "Interim Financial Reporting", approved by the European Union.

The statements present in a reliable and transparent manner the assets and the financial standing of Elektrociepłownia "Będzin" S.A. Capital Group, they have been approved for issue by the Management Board of Elektrociepłownia "Będzin" S.A. (parent company) and incorporate the following:

- condensed consolidated interim statement of financial position produced as at 31st March 2019,
- condensed consolidated interim Profit and Loss Account and other comprehensive income for the period from 1st January to 31st March 2019,
- condensed consolidated interim statement of changes in equity for the period from 1st January to 31st March 2019,
- condensed consolidated interim Cash flow statement for the period from 1st January to 31st March 2019,
- additional information to the condensed consolidated interim financial statements.

Management Board of Elektrociepłownia "Będzin" S.A.

Krzysztof Kwiatkowski
President of the Management Board

Signature of the individual in charge of accountancy and representing the book keeping entity

Bożena Poznańska

Poznań, 30th May, 2019

2. Condensed consolidated statement of financial position

	<i>Note</i>	31.03.2019 unexamined	31.12.2018
Assets			
Fixed assets			
Tangible fixed assets	12	235 994	238 537
Intangible assets	13	3 372	3 530
Goodwill		1 937	1 937
Receivables under lease agreements		184 775	194 252
Granted loans		9 743	11 175
Other long-term investments		10	-
Trade debtors and other debtors		1 500	1 500
Deferred tax assets		793	383
Total fixed assets		438 124	451 314
Current assets			
Inventories		63 898	29 263
Receivables under lease agreements		95 162	94 978
Granted loans		26 006	37 936
Trade debtors and other debtors		17 484	22 462
Income tax receivables		2 468	1 914
Cash and cash equivalents		20 071	24 642
Accruals		101	78
Total current assets		225 190	211 273
Total assets		663 314	662 587

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

Elektrociepłownia "Będzin" S.A. Capital Group
Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

	<i>Note</i>	31.03.2019 unexamined	31.12.2018
Liabilities			
Equity	16		
Share capital		37 728	37 728
Supplementary capital		67 613	67 613
Reserve capital		44 843	44 843
Defined benefits plan revaluation reserve		(393)	(393)
Retained profits		30 481	22 451
Total equity		180 272	172 242
Liabilities			
Liabilities under loans, borrowings and other debt instruments		208 072	216 700
Liabilities under employee benefits	18	5 622	5 622
Trade creditors and other creditors		500	501
Deferred income tax provisions		9 827	8 078
Total liabilities		224 021	230 901
Short-term liabilities			
Liabilities under loans, borrowings and other debt instruments		156 915	167 832
Trade creditors and other creditors		36 782	41 027
Liabilities under employee benefits	18	2 646	3 600
Deferred income tax provisions		-	437
Provisions	19	62 678	46 548
Total short-term liabilities		259 021	259 444
Total liabilities		483 042	490 345
Total equity and liabilities		663 314	662 587

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

3. Condensed consolidated statement of profit and loss account and other comprehensive income

	<i>01.01.2019 - 31.03.2019 unexamined</i>	<i>01.01.2018 - 31.03.2018 unexamined</i>
Revenues	65 246	68 465
Other operating revenues	1 039	362
Amortization	(4 802)	(4 892)
Consumption of materials and energy	(34 753)	(36 114)
External services	(4 177)	(5 039)
Taxes and charges	(1 239)	(1 312)
Payroll and employee benefits	(6 075)	(6 782)
Other costs by type	(504)	(557)
Value of goods and materials sold	(240)	(721)
Other operating expenses	(584)	(33)
Profit (loss) on operating activities	13 911	13 377
Financial revenues	358	228
Financial expenses	(4 481)	(5 011)
Net financial revenues/(expenses)	(4 123)	(4 783)
Gross profit	9 788	8 594
Income tax	(1 758)	(2 020)
Net profit	8 030	6 574
Profit or loss or other comprehensive income per the reporting period	8 030	6 574
Net profit per share		
Main (in PLN)	2.55	2.10
Diluted (in PLN)	2.55	2.10

The entire net profit / loss recognized is attributable to the shareholders of the dominant company.

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

Elektrociepłownia "Będzin" S.A. Capital Group
Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

4. Condensed consolidated statement of changes in equity

	Share capital	Supplementary capital	Reserve capital	Defined benefits plan revaluation reserve	Retained profits	Total equity
Equity as at 01.01.2019	37 728	67 613	44 843	(393)	22 451	172 242
Net profit distribution	-	-	-	-	-	-
Profits for reporting period						
Net profit for reporting period	-	-	-	-	8 030	8 030
Other comprehensive income for reporting period						
Revaluation of net liability under defined benefit plan (adjusted by tax)	-	-	-	-	-	-
Profit or loss or other comprehensive income per the reporting period	-	-	-	-	8 030	8 030
Equity as at 31.03.2019 (unexamined)	37 728	67 613	44 843	(393)	30 481	180 272

	Share capital	Supplementary capital	Reserve capital	Defined benefits plan revaluation reserve	Retained profits	Total equity
Equity as at 01.01.2018	37 728	48 288	44 843	(125)	38 960	169 694
Net profit distribution	-	-	-	-	-	-
Profits (loss) for reporting period						
Net profit for reporting period	-	-	-	-	6 574	6 574
Other comprehensive income for reporting period						
Revaluation of net liability under defined benefit plan (adjusted by tax)	-	-	-	-	-	-
Profit or loss or other comprehensive income per the reporting period	-	-	-	-	6 574	6 574
Equity as at 31.03.2018 (unexamined)	37 728	48 288	44 843	(125)	45 534	176 268

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

5. Condensed consolidated cash flow statement

	01.01.2019 - 31.03.2019 unexamined	01.01.2018 - 31.03.2018 unexamined
Cash flows from operating activity		
Gross profit	9 788	8 594
<i>Adjustments</i>		
Depreciation of tangible fixed assets	4 644	4 664
Amortization of intangible assets	158	227
Profit on investment activity	(15)	-
Change in receivables under lease agreements	10 918	6 361
Change in granted loans	13 036	7 150
Change in inventories	(34 635)	(5 605)
Change in trade debtors and other debtors	4 978	(2 209)
Change in trade creditors and other creditors	(5 375)	(2 764)
Change in provisions for employee benefits	15 176	5 518
Change in accruals and prepayments	(72)	(34)
Other adjustments	31	(41)
Cash flow from operating activity	18 632	21 861
Net financial revenues/(costs)	3 660	5 210
Interest received	(33)	(50)
Interest paid	-	716
Income tax paid	(973)	(1 039)
Net cash flow from operating activity	21 286	26 698
Cash flow from investment activity		
Acquisition of tangible fixed assets	(1 401)	(1 349)
Acquisition of intangible assets	-	(59)
Acquisition of other investments	(10)	-
Disposal of tangible fixed assets	12	-
Interest received	33	50
Other inflows/outflows	326	521
Net cash flow from investment activity	(1 040)	(837)
Cash flow from financial activity		
Raised loans, credits and other debt instruments	32 505	47 323
Expenditure on repayment of loans, borrowings and other debt instruments	(53 778)	(56 557)
Payments under financial lease agreements	(339)	(2 508)
Interest paid	(3 205)	(5 502)
Net cash flows from financial activity	(24 817)	(17 244)
Total net cash flows	(4 571)	8 617
Opening balance of cash and cash equivalents	24 642	30 228
Change in the classification of financial assets	-	-
Closing balance of cash and cash equivalents	20 071	38 845
including restricted cash	8 511	8 050

Explanatory notes to the condensed consolidated interim financial statements represents its integral part

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Data of the Parent Entity and of the Capital Group

Elektrociepłownia "Będzin" S.A. ("Parent Company") is a joint-stock company registered in Poland and seated in Poznań, at ul. Bolesława Krzywoustego 7.

Elektrociepłownia "Będzin" SA is a Parent Company of the Elektrociepłownia "Będzin" SA Capital Group.

The condensed consolidated interim financial statements for the period from 1st January to 31st March 2019 incorporate the financial statements of the Parent Company and its subsidiaries (referred to jointly as the "Capital Group").

The share capital of the Parent Company totals PLN 15,746.00k and is divided into 3,149,200 shares series A with the nominal value of PLN 5 each. The equity has been revaluated as per the information referred to in Note 16.

The Parent Company is registered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000064511. It is a holder of REGON no.: 271740563 and NIP no.: 6250007615.

The period of business activity of Elektrociepłownia "Będzin" S.A. as the Parent Company and entities making up the Capital Group has not been specified.

The principal activities of the Parent Company and of the Capital Group are:

- heat generation (water steam and hot water),
- electricity generation,
- financial leasing,
- other financial services.

Subsidiaries as at 31st March, 2019

Name and registered office	Country	% share	
		31.03.2019	31.12.2018
Elektrociepłownia BĘDZIN Sp. z o.o. ul. Małobądzka 141, Będzin	Poland	100	100
Energetyczne Towarzystwo Finansowo- Leasingowe Energo-Utech S.A. Ul. Bolesława Krzywoustego 7, Poznań	Poland	100	100

Jointly controlled entities as at 31st March 2019

Name and registered office	Country	% share	
		31.03.2019	31.12.2018
Energo-Biomasa Sp. z o. o. Suliszewo 97, Drawsko Pomorskie	Poland	19.99	19.99

As at the day of approving these condensed interim consolidated financial statements for issue and as at 31st March, 2019, the composition of the management and supervisory bodies of the Parent Company was as follows:

Management Board

Krzysztof Kwiatkowski

- President of the Management Board

Supervisory Board

Janusz Niedźwiecki	- Chairman of the Supervisory Board
Waldemar Organista	- Deputy Chairman of the Supervisory Board
Wiesław Glanowski	- Member of the Supervisory Board
Mirosław Leń	- Member of the Supervisory Board
Wojciech Sobczak	- Member of the Supervisory Board

Audit Committee at the Supervisory Board:

Janusz Niedźwiedzki	- Chairman of the Audit Committee
Waldemar Organista	- Member of the Audit Committee
Wojciech Sobczak	- Member of the Audit Committee

7. Basis for the condensed interim consolidated financial statements

7.1 Statement on compliance

These consolidated financial statements for the period from 1st January to 31st March 2019 have been produced as per the International Accounting Standards ("IAS/IFRS") and the related interpretations published in the form of regulations of the European Commission.

The condensed interim consolidated financial statements for the period from 1st January to 31st March, 2019, have been produced in line with IAS 34 "Interim Financial Reporting" approved by the European Union ("EU") and the Resolution of the Ministry of Finance dated 29th March, 2018 (Journal of Laws of 2018, item 757) on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by regulations of law of a state which is not a member state.

The condensed interim consolidated financial statements have been prepared on going concern basis.

7.2 Basis for valuation

These condensed interim consolidated financial statements have been produced based on the historic cost principle except for financial instruments measured at fair value.

7.3 Functional and presentation currency

Data in the condensed interim consolidated financial statements have been presented in thousand Polish zloty unless indicated otherwise. Polish zloty is a functional currency of the Parent Company and reporting currency of the Capital Group.

7.4 Judgements and estimates

In order to prepare consolidated financial statements as per the IFRS, the EU requires the Management Board of the Parent Company to make judgements, estimates and assumptions impacting the applied accounting principles and recognizing the value of assets, liabilities, revenues and costs whose actual values may differ from the estimated ones.

The estimates and related assumptions are subject to an on-going verification. Changes in accounting estimates are accounted for on a prospective basis as of the period when the estimate was changed.

The significant judgments and estimates made by the Management Board of the Parent Company in the preparation of the condensed consolidated interim financial statements remained unchanged against the judgments and estimates adopted in preparing the annual consolidated financial statements for 2018.

8. Description of key accounting principles

The preparation of these condensed interim consolidated financial statements of the Capital Group applies the accounting policies applied in the preparation of the annual consolidated financial statements for 2018.

9. Fair value measurement

In many cases, the adopted accounting and disclosure principles require the Capital Group to measure the fair value of both financial and non-financial assets and liabilities. The fair values are measured and disclosed with the use of methods presented below. If necessary, further information about the assumptions for measuring fair value has been presented in the explanatory notes concerning individual assets and liabilities.

10. Financial risk management

The Capital Group is exposed to the following types of risk related to the use of financial instruments:

- credit risk,
- liquidity risk,
- fx risk,
- interest rate risk.

Information about the Capital Group's exposure to a given risk, objectives, principles and procedures of risk measurement and management adopted by the Capital Group along with information of capital management by the Capital Group is presented in the annual consolidated financial statements for 2018.

As at 31st March 2019, the value of short-term liabilities of the Capital Group amounted to PLN 259,021k and was by PLN 33.831k higher than current assets. The surplus results mainly from the need to settle payments and sources of funding the purchase of shares in Energetyczne Towarzystwo Finansowo-Leasingowy ENERGO-UTECH S.A. in 2015.

The Group's profitability is ensured by long-term contracts for thermal energy supplies, the economic situation on the electricity market as well as long-term lease and tenancy agreements.

The excess of short-term liabilities to non-affiliated undertakings over the value of unencumbered short-term assets of the Group is PLN 33.8m as of 31st March 2019.

On 10th April 2019 the conditions of issue of A series bonds amounting to PLN 16.2m were changed so that the issue period was extended to 10th April 2022. Moreover, shifts in the maturity of some liabilities have been agreed. The maturity dates of short-term liabilities to non-affiliated entities in the amount of PLN 7.0m was extended to respectively: PLN 2.3m - by 28th February 2020 and PLN 4.7m - by 31st March 2020. As a result of the above said events after the balance sheet date, the excess in question was reduced to PLN 17.6m to be covered with funds generated by the Group in 2019.

11. Business segments reporting

The Capital Group presents financial information with a break down into two segments: energy segment covering production of electricity and heat both in conventional sources and the financial-services covering renting, leasing or providing access to fixed assets in another form.

Currently, this division matches the internal reporting framework of the Capital Group arising from the management structure. It is subject to a regular control exercised by the Parent Company's Management Board and is used for taking decisions about allocation of resources and to assess the performance of segments.

Elektrociepłownia "Będzin" S.A. Capital Group

Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

The Capital Group pursues its business objectives within two key reporting segments distinguished based on different management strategies (production, financial) assumed for each segment.

There is no geographic diversification of the Capital Group's activity and the entire business is conducted in Poland, thus no geographical regions have been specified.

Operational segments period 01.01.2019 - 31.03.2019	Energy segment	Financial segment	Total
Revenues from external customers	59 211	6 035	65 246
Other operational revenues	1 019	20	1 039
Segment total revenues	60 230	6 055	66 285
Amortization	(3 838)	(964)	(4 802)
Consumption of materials and energy	(34 712)	(41)	(34 753)
Third party services	(3 935)	(242)	(4 177)
Taxes and fees	(991)	(248)	(1 239)
Remuneration and employee benefits	(4 979)	(1 096)	(6 075)
Other costs by type	(94)	(410)	(504)
Value of sold goods and materials	(240)	-	(240)
Other operating costs	(531)	(53)	(584)
Operational activity bottom line	10 910	3 001	13 911
Financial revenues	72	286	358
Financial expenses	(851)	(3 630)	(4 481)
Gross profit (loss)	10 131	(343)	9 788
Income tax	(1 783)	25	(1 758)
Net profit (loss)	8 348	(318)	8 030

Assets and liabilities of segments as at 31.03.2019	Energy segment	Financial segment	Razem
Segment assets	308 377	354 937	663 314
Total assets	308 377	354 937	663 314
Segment liabilities	135 597	347 445	483 042
Total equity	172 780	7 492	180 272
Total liabilities and equity	308 377	354 937	663 314

Elektrociepłownia "Będzin" S.A. Capital Group
Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

Operational segments period 01.01.2018 - 31.03.2018	Energy segment	Financial segment	Total
Revenues from external customers	61 059	7 406	68 465
Other operational revenues	355	7	362
Segment total revenues	61 414	7 413	68 827
Amortization	(3 690)	(1 202)	(4 892)
Consumption of materials and energy	(36 078)	(36)	(36 114)
Third party services	(4 834)	(205)	(5 039)
Taxes and fees	(1 088)	(224)	(1 312)
Remuneration and employee benefits	(5 535)	(1 247)	(6 782)
Other costs by type	(118)	(439)	(557)
Value of sold goods and materials	(721)	-	(721)
Other operating costs	(27)	(6)	(33)
Operational activity bottom line	9 323	4 054	13 377
Financial revenues	148	80	228
Financial expenses	(803)	(4 208)	(5 011)
Gross profit (loss)	8 668	(74)	8 594
Income tax	(1 975)	(45)	(2 020)
Net profit/ (loss)	6 693	(119)	6 574

Assets and liabilities of segments as at 31.03.2018	Energy segment	Financial segment	Total
Segment assets	300 414	415 402	715 816
Total assets	300 414	415 402	715 816
Segment liabilities	129 862	409 686	539 548
Total equity	170 552	5 716	176 268
Total liabilities and equity	300 414	415 402	715 816

Energy sector revenues from	31.03.2019	31.03.2018
Electric energy	23 498	18 819
Thermal energy	35 229	34 085
Pellet	-	7 187
Other	484	968
Closing balance	59 211	61 059

Income from the financial segment due to	31.03.2019	31.03.2018
Lease, rent	5 104	6 654
Interest from loans/factoring	663	643
Other	268	109
Closing balance	6 035	7 406

The activity of the energy segment is characterized by credit risk concentration – the majority of revenues derives from sales of products to the entities of the Tauron SA Group.

The activity of the energy segment is seasonal, related to heat sales.

Business profitability with respect to heat sales is characterized by lower profitability of assets in the summer time, on account of lower demand for heat.

Elektrociepłownia "Będzin" S.A. Capital Group
Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

12. Tangible fixed assets

Gross value of tangible fixed assets	Land, buildings and structures	Machines and equipment	Means of transportation	Other tangible fixed assets	Tangible fixed assets under construction	Total
Gross value as at 01.01.2018	73 751	198 490	38 326	1 455	12 090	324 112
Acquisition	2 783	18 455	-	115	7 654	29 007
Sale	-	(2 343)	(319)	-	-	(2 662)
Liquidation	-	(50)	-	-	-	(50)
Settlement/change of classification	(4)	(2 030)	(91)	-	(21 372)	(23 497)
Gross value as at 31.12.2018	76 534	214 552	38 007	1 570	(1 628)	326 910
Gross value as at 01.01.2019	76 534	214 552	38 007	1 570	(1 628)	326 910
Acquisition	140	3	1 017	10	1 188	2 358
Sale	-	-	(51)	-	-	(51)
Liquidation	-	(3)	-	-	-	(3)
Settlement/change of classification	-	-	(155)	-	(252)	(407)
Gross value as at 31.03.2019	76 674	214 552	38 818	1 580	(692)	328 807

Accumulated depreciation and impairment charges	Land, buildings and structures	Machines and equipment	Means of transportation	Other tangible fixed assets	Tangible fixed assets under construction	Total
Accumulated depreciation and impairment charges as at 01.01.2018	10 281	45 623	15 744	819	-	72 467
Amortization/Depreciation	3 050	11 977	3 185	258	-	18 470
Sale	-	(2 116)	(254)	-	-	(2 370)
Settlement/change of classification	-	(141)	(3)	-	-	(144)
Liquidation	-	(50)	-	-	-	(50)
Accumulated depreciation and impairment charges as at 31.12.2018	13 331	55 293	18 672	1 077	-	88 373
Accumulated depreciation and impairment charges as at 01.01.2019	13 331	55 293	18 672	1 077	-	88 373
Amortization/Depreciation	752	3 035	815	42	-	4 644
Sale	-	-	(201)	-	-	(201)
Liquidation	-	(3)	-	-	-	(3)
Accumulated depreciation and impairment charges as at 31.03.2019	14 083	58 325	19 286	1 119	-	92 813

Net value	Land, buildings and structures	Machines and equipment	Means of transportation	Other tangible fixed assets	Tangible fixed assets under construction	Total
01.01.2018	63 470	152 867	22 582	636	12 090	251 643
31.12.2018	63 203	159 259	19 335	493	(1 628)	238 537
01.01.2019	63 203	159 259	19 335	493	(1 628)	238 537
31.03.2019	62 591	156 227	19 532	461	(692)	235 994

The Capital Group did not recognize impairment charges as at 31st March 2019 and 31st December 2018.

13. Intangible assets

Gross value of intangibles	Patents, licenses, software	Other intangible assets	Total
Gross value as at 01.01.2018	1 031	5 512	6 543
Acquisition	97	-	97
Reclassification	(21)	-	(21)
Sale	(220)	-	(220)
Gross value as at 31.12.2018	887	5 512	6 399
Gross value as at 01.01.2019	887	5 512	6 399
Gross value as at 31.03.2019	887	5 512	6 399

Accumulated amortization and impairment charges	Patents, licenses, software	Other intangible assets	Total
Accumulated amortization and impairment charges as at 01.01.2018	841	1 515	2 356
Amortization/Depreciation	190	551	741
Sale	(220)	-	(220)
Reclassification	(8)	-	(8)
Accumulated amortization and impairment charges as at 31.12.2018	803	2 066	2 869
Accumulated amortization and impairment charges as at 01.01.2019	803	2 066	2 869
Amortization/Depreciation	21	137	158
Accumulated amortization and impairment charges as at 31.03.2019	824	2 203	3 027

Net value	Patents, licenses, software	Other intangible assets	Total
01.01.2018	190	3 997	4 187
31.12.2018	84	3 446	3 530
01.01.2019	84	3 446	3 530
31.03.2019	63	3 309	3 372

Relations with customers of the Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech SA. are presented in the other intangible assets item.

14. Impairment charges on lease receivables

Change in impairment losses on lease receivables	31.03.2019	31.12.2018
Opening balance	(990)	(1 086)
Increases	-	(1 701)
Utilization	-	869
Releases	-	928
Closing balance	(990)	(990)

15. Impairment charges on loans granted

Change in impairment losses on loan receivables	31.03.2019	31.12.2018
Opening balance	-	(539)
Utilization	-	139
Release	-	400
Closing balance	-	-

16. Equity

	31.03.2019	31.12.2018
Opening number of shares	3 149 200	3 149 200
Closing number of shares (fully paid up)	3 149 200	3 149 200

Equity as at	31.03.2019	Number of shares (in items)	Nominal value per share (in PLN)	Balance sheet value (in PLN k)
A-series shares		3 149 200	5	15 746
Total number of shares		3 149 200		
Nominal value of share capital				15 746
Share capital resulting from hyperinflation revaluation				21 982
Total share capital				37 728
Supplementary capital				67 613
Reserve capital				44 843
Total other capital				112 456
Defined benefits plan revaluation reserve				(393)
Retained profits				30 481
Total equity				180 272

Elektrociepłownia "Będzin" S.A. Capital Group
Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

Equity as at	31.12.2018	Number of shares (in items)	Nominal value per share (in PLN)	Balance sheet value (in PLN k)
A-series shares		3 149 200	5	15 746
Total number of shares		3 149 200		
Nominal value of share capital				15 746
Share capital resulting from hyperinflation revaluation				21 982
Total share capital				37 728
Supplementary capital				67 613
Reserve capital				44 843
Total other capital				112 456
Defined benefits plan revaluation reserve				(393)
Retained profits				22 451
Total equity				172 242

Ownership structure of the share capital as at 31st March 2019.

Shareholder	Number of shares	Nominal value of shares	Shareholding (%)
Krzysztof Kwiatkowski	1 033 499	5 167	32,82%
AgioFunds TFI SA	334 747	1 674	10,63%
Bank Gospodarstwa Krajowego	311 355	1 557	9,89%
Familiar S.A. SICAV - SIR	271 526	1 358	8,62%
Waldemar Organista	173 146	866	5,50%
Zolkiewicz & Partners	157 740	789	5,01%
State Treasury	157 466	787	5,00%
Other shareholders	709 721	3 549	22,54%
	3 149 200	15 746	100,00%

Dividends

The Parent Company did not pay dividends in the 3 months of 2019.

17. Profit per share

	31.03.2019	31.03.2018
Opening number of shares	3 149 200	3 149 200
Closing number of shares	3 149 200	3 149 200
Average weighted number of issued shares	3 149 200	3 149 200

	31.03.2019	31.03.2018
Net profit distributed among shareholders of the parent entity	8 030	6 574
Number of shares	3 149 200	3 149 200
Main profit per share (PLN/share)	2.55	2.10

18. Employee benefits

Change in current value of liabilities under defined employee benefits	01.01.2019 - 31.03.2019	01.01.2018 - 31.12.2018
Opening balance of liabilities under defined employee benefits	4 584	4 580
Current employment costs	-	118
Interest cost	-	123
Defined benefits plan revaluation reserve recognized in other comprehensive income	-	331
Benefits paid	(91)	(568)
Closing balance of liabilities under defined employee benefits	4 493	4 584

Change in current value of liabilities under defined employee benefits	01.01.2019 - 31.03.2019	01.01.2018 - 31.12.2018
Liabilities due to other employee benefits at the beginning of the period	4 638	9 479
Current employment costs	1 062	3 578
Interest cost	-	94
Defined benefits plan revaluation reserve recognized in profit and loss of current reporting period	-	141
Benefits paid	(1 925)	(4 783)
Release	-	(3 871)
Closing balance of liabilities under defined employee benefits	3 775	4 638

Change in balance of liabilities under employee benefits	Retirement and disability severance payments			Other liabilities	Total
	Service anniversary awards				
As at 01.01.2019	2 741	3 619	2 862	9 222	
Created	667	-	117	784	
Utilized	(335)	(91)	(1 312)	(1 738)	
As at 31.03.2019	3 073	3 528	1 667	8 268	
- long term provisions	2 439	2 795	388	5 622	
- short term provisions	634	733	1 279	2 646	

Change in balance of liabilities under employee benefits	Retirement and disability severance payments			Other liabilities	Total
	Service anniversary awards				
As at 01.01.2018	2 714	3 590	7 755	14 059	
Created	208	222	3 462	3 892	
Utilized	(322)	(488)	(4 461)	(5 271)	
Released	141	(44)	(3 886)	(3 789)	
Revaluation of provisions recognized in other comprehensive income		339	(8)	331	
As at 31.12.2018	2 741	3 619	2 862	9 222	
- long term provisions	2 439	2 795	388	5 622	
- short term provisions	302	824	2 474	3 600	

19. Provisions

Provisions	Provision for CO2 emission allowance	Other provisions	Total
Value as at 01.01.2019	46 306	242	46 548
Created	43 011	-	43 011
Utilized	(26 822)	(59)	(26 881)
Reclassified	-	(29)	(29)
As at 31.03.2019	62 495	183	62 678
- long-term	-	-	-
- short-term	62 495	183	62 678

20. Fair value of financial instruments

The fair value of financial instruments for which no active market exists is determined using appropriate valuation techniques. When selecting the appropriate methods and assumptions, the Group is guided by professional judgment.

Derivative financial instruments designated as part of hedging relationships - cash flow hedge, including:	Balance sheet value		Balance sheet value	
	31 March 2019 unexamined	31 March 2018 unexamined	31 March 2019 unexamined	31 March 2018 unexamined
Interest rate swaps	(330)	(299)	(330)	(299)
Total	(330)	(299)	(330)	(299)

21. Contractual liabilities entered into for the acquisition of property, plant and equipment and intangible assets

Liabilities do not occur.

22. Explanation of seasonality or cyclicity of the Capital Group's activities

Business activity of Elektrociepłownia BĘDZIŃ S.A. Capital Group, as a manufacturer of heat and electricity, is characterized by its specific seasonality. In individual reporting periods, there is a difference in the amount of electricity and heat produced, which is related to the dependence of production volumes on seasons and weather conditions. In particular, it concerns the production and sale of heat, which is significantly higher in autumn and winter.

There is no seasonality in the financial segment.

23. Conditional liabilities and proceedings pending before court

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

No court cases, either filed by or against Elektrociepłownia BĘDZIN Sp. z o.o. (Subsidiary) are pending.

No court cases, either filed by Or against Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO-UTECH S.A. (subsidiary), are pending.

24. Security on property

There is collateral on the Capital Group's assets, inter alia in connection with the loan agreement intended to finance the investment in Elektrociepłownia BĘDZIN Sp. z o.o. dated 16th December 2014.

The subject of the collateral on the assets of the Capital Group are:

- joint mortgage of the highest priority and the sum of PLN 196.984k on real estate of Elektrociepłownia BĘDZIN Sp. z o.o. located in Sosnowiec for which land registers are kept in the District Court in Sosnowiec, 6th Division of Land and Mortgage Registers, with the numbers KA1S / 00033883/2 and KA1S / 0034647/3 and on the real property located in Bedzin for which a land register is kept in the District Court in Bedzin, 5th Divisions of Land and Mortgage Registers, with the number KA1B/00016873/8,
- a registered pledge on a set of things and rights defined as a set of all movables and property rights belonging to the company, i.e. Elektrociepłownia BĘDZIN Sp.z o.o. (excluding the rights to bank accounts of Elektrociepłownia BĘDZIN Sp. z o.o. and the rights being the subject of agreements on security assignment of rights concluded between Bank Polska Kasa Opieki SA and Elektrociepłownia BĘDZIN Sp. z o.o., as well as the real estate and other rights which in the light of regulations cannot be encumbered with a registered pledge as construed by the catalog of the method of description of pledged objects constituting Appendix 1 to the Regulation of the Minister of Justice of 15th October, 1997 on the detailed organization of the way of keeping a register of pledges constituting a set of things and rights constituting a single economic unit, even if its composition was variable within the meaning of the Pledge Act - the value of the pledge is PLN 141.049k,
- heat Purchase Agreement for Elektrociepłownia BĘDZIN Sp. z o.o. – agreement on security assignment of rights,
- electricity sales agreements and other contracts generating revenues of over PLN 200k per year for Elektrociepłownia BĘDZIN Sp. z o.o. – agreement on security assignment of rights,
- power of attorney to bank accounts of Elektrociepłownia BĘDZIN Sp. z o.o.
- the credits funding financial lease agreements are secured with promissory notes, mortgages, registered pledges and transfers of ownership of fixed assets and assignments of receivables in favour of the banks.

25. Transactions with related entities

Transactions with persons holding managerial positions

During the reporting period ending on 31st March, 2019, no advances, loans, credits, guarantees or other liability-raising agreements were provided or made with persons holding managerial positions, their spouses, or persons related to them by blood or by marriage.

Remuneration of persons holding key managerial positions in the Capital Group (without provisions raised for awards) is presented in the table below:

	31.03.2019	31.03.2018
Base remuneration	129	294
	129	294
As at 31.03.2019	Receivables	Liabilities
MDW Glanowski	-	10 886
Autodirect S.A.	471	-
	471	10 886

Elektrociepłownia "Będzin" S.A. Capital Group
Condensed consolidated interim financial statements for the period from 1st January 2019 to 31st March 2019
(as per the IAS 34 "Interim Financial Reporting", in PLN k)

For period 01.01.2019- 31.03.2019	Sales of products	Other revenues
Autodirect S.A.	-	6
	-	6

For period 01.01.2019- 31.03.2019	Purchase of services	Other purchase
MDW Glanowski	-	126
	-	126

26. Events after the balance sheet date

On 10th April 2019 the dominant company received a dividend from Elektrociepłownia BĘDZIN sp. o.o subsidiary in the amount of PLN 14,000k. The dividend was designated for the purchase of bonds in the amount of PLN 13,300k. On 10th April 2019, the conditions of issue of A series bonds amounting to PLN 16,200 k were changed so that the issue period was extended to 10th April 2022.

27. Manpower

The average staff numbers in the Capital Group (expressed in FTEs) was as follows:

	31.03.2019	31.12.2018
Production staff	91	90
Other than production staff	77	75
	168	165

28. Approval of consolidated financial statements

These condensed consolidated interim financial statements were produced and approved for publication by the Management Board of the Parent Company on 30th May, 2019.