



LUBELSKI WĘGIEL „BOGDANKA”
SPÓŁKA AKCYJNA

Lubelski Węgiel BOGDANKA S.A.

Condensed Interim Financial Statements

for the period of six months ended 30 June 2013

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Interim Statement of Financial Position (Balance Sheet)

	Note	30 Jun. 2013	31 Dec. 2012
Assets			
Non-current assets			
Property, plant and equipment	5	2,980,099	2,918,273
Intangible assets	6	23,677	23,115
Non-current investments		73,442	73,341
Financial instruments	17	4,848	-
Cash and cash equivalents		68,830	68,031
		<u>3,150,896</u>	<u>3,082,760</u>
Current assets			
Inventories		101,778	54,095
Trade and other receivables		260,279	234,838
Overpaid income tax		-	7,234
Financial instruments	17	619	-
Cash and cash equivalents		115,352	86,094
		<u>478,028</u>	<u>382,261</u>
TOTAL ASSETS		<u>3,628,924</u>	<u>3,465,021</u>
Equity			
Ordinary shares	7	301,158	301,158
Other capital		1,464,173	1,349,255
Retained profits		481,570	629,798
Total equity		<u>2,246,901</u>	<u>2,280,211</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	10	281,000	421,000
Deferred tax liabilities		91,048	75,456
Employee benefits liabilities	11	168,576	150,095
Provisions for other liabilities and charges	12	96,355	89,861
Grants	9	16,640	18,122
Trade and other liabilities		17,661	16,909
		<u>671,280</u>	<u>771,443</u>
Current liabilities			
Loans and borrowings	10	156,850	20,000
Employee benefits liabilities	11	49,181	40,557
Provisions for other liabilities and charges	12	45,742	45,998
Current tax liabilities		2,343	-
Trade and other liabilities		283,523	306,808
Financial liabilities		3	-
Grants		988	-
Dividend payable		172,113	4
		<u>710,743</u>	<u>413,367</u>
Total liabilities		<u>1,382,023</u>	<u>1,184,810</u>
TOTAL EQUITY AND LIABILITIES		<u>3,628,924</u>	<u>3,465,021</u>

Interim Income Statement

	Note	For the 6 months ending on June 30	
		2013	2012 restated*
Revenue		875,951	903,599
Costs of products, goods and materials sold		(624,512)	(604,231)
Gross profit		251,439	299,368
Selling cost		(21,324)	(20,139)
Administrative costs		(44,359)	(41,034)
Other income		1,106	1,284
Other expenses		(542)	(443)
Other losses - net		(587)	(26,959)
Operating profit		185,733	212,077
Finance income		2,170	5,080
Finance cost		(9,069)	(9,323)
Net finance cost		(6,899)	(4,243)
Pre-tax profit		178,834	207,834
Income tax		(39,383)	(39,085)
Net profit for the period		139,451	168,749
Income for the period		139,451	168,749
Earnings per share attributable to owners of the Company during the year (in PLN per share)			
- basic	15	4.10	4.96
- diluted	15	4.10	4.96

* Explanation provided in note 2.1.

Interim Statement of Comprehensive Income

	For the 6 months ending on June 30	
	2013	2012 restated*
Profit for the financial year	139,451	168,749
Other comprehensive income		
Items not intended to be transferred to the profit/ loss		
Actuarial gains/ losses of defined benefit schemes	(6,270)	(3,602)
Income tax relating to non-transferrable items	1 191	684
Items not intended to be transferred to the profit/ loss - total	(5,079)	(2,918)
Items which may be transferred to the profit/ loss		
Cash flow hedges		
- Profit/(loss) for period	5,467	-
Income tax relating to transferrable items	(1,039)	-
Items which may be transferred to the profit/ loss - total	4,428	-
Other comprehensive income/ loss for the reporting period	(651)	(2,918)
Comprehensive income for the reporting period	138,800	165,831

* Explanation provided in note 2.1.

Interim Statement of Changes in Equity

	<u>Retained profits</u>				
	Ordinary shares	Other capital	Equity on valuation of cash flow hedges	Other retained profits	Total equity
As at 1 January 2012	301,158	1,266,331	-	561,749	2,129,238
Total comprehensive income for the reporting period – restated	-	-	-	165,831	165,831
- net profit	-	-	-	168,749	168,749
- other comprehensive income	-	-	-	(2,918)	(2,918)
Dividends concerning 2011	-	-	-	(136,054)	(136,054)
Transfer of the result for 2011	-	82,924	-	(82,924)	-
As at 30 June 2012	301,158	1,349,255	-	508,602	2,159,015
As at 1 January 2013	301,158	1,349,255	-	629,798	2,280,211
Total comprehensive income for the reporting period:	-	-	4,428	134,372	138,800
- net profit	-	-	-	139,451	139,451
- other comprehensive income	-	-	4,428	(5,079)	(651)
Dividends concerning 2012	-	-	-	(172,110)	(172,110)
Transfer of the result for 2012	-	114,918	-	(114,918)	-
As at 30 June 2013	301,158	1,464,173	4,428	477,142	2,246,901

Interim Statement of Cash Flows

	Note	For the 6 months ending on June 30	
		2013	2012
Cash flow from (used in) operating activities			
Cash flow from operating activities	18	332,789	407,167
Interest paid		498	(945)
Income tax paid		(14,062)	(50,753)
Net cash flow from (used in) operating activities		319,225	355,469
Cash flow from (used in) investing activities			
Acquisition of property, plant and equipment		(275,988)	(221,139)
Interest regarding investing activity		(6,519)	(7,299)
Acquisition of intangible assets		(1,427)	(219)
Inflow from the sale of property, plant and equipment		163	79
Interest received		727	3,027
Purchase of shares in subsidiaries		(101)	-
Other net cash flow from (used) in investing activities		-	(1,999)
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund		(799)	(1,882)
Net cash flow from (used) in investing activities		(283,944)	(229,432)
Cash flow from (used in) financing activities			
Proceeds from loans and borrowings		-	100,000
Repayments of loans and borrowings		(5,000)	-
Interest paid regarding financial activity		(1,023)	-
Net cash flow from (used in) financing activities		(6,023)	100,000
Net increase in cash and cash equivalents		29,258	226,037
Cash and cash equivalents at beginning of period		86,094	70,397
Cash and cash equivalents at end of period		115,352	296,434

Notes on the Condensed Interim Financial Statements

1. General information

1.1 Information on the Company

Lubelski Węgiel Bogdanka S.A. is a joint stock company, operating under the laws of Poland. The Company was created as a result of the restructuring of the state enterprise Kopalnia Węgla Kamiennego Bogdanka with registered office in Bogdanka, under the Act on the Privatisation of State Enterprises of 13 July 1990.

The deed of transformation of a state-owned enterprise into a company wholly owned by the State Treasury operating under the business name: Kopalnia Węgla Kamiennego Bogdanka S.A. was drawn up on 1 March 1993 (Rep. A No. 855/1993) by Notary Public Jacek Wojdyło maintaining a Notarial Office in Katowice at ul. Kopernika 26.

The Company was entered in Section B of the Commercial Register of the District Court in Lublin, VIII Commercial Division, under No. H - 2993, on the basis of a valid decision of that Court issued on 30 April 1993 (file ref. No. HB - 2993, Ns. Rej. H 669/93).

On 26 March 2001, Lubelski Węgiel Bogdanka Spółka Akcyjna was registered in the Register of Entrepreneurs maintained by the District Court in Lublin, XI Division of the National Court Register, under KRS No. 0000004549.

On 22 June 2009, pursuant to the decision of the Polish Financial Supervision Authority, Series A and C Shares and Rights to Series C Shares were admitted to public trading on the WSE's main market. On 25 June 2009, the Company made its debut on the WSE by introducing Rights to Series C Shares to trading. As a result of transactions effected in 2010 regarding the disposal of shares effected by the State Treasury, represented by the Minister of the State Treasury as well as transfer of shares on the basis of contracts on a free-of-charge disposal of shares for the benefit of eligible employees under the Act on Commercialisation and Privatisation, Lubelski Węgiel Bogdanka Spółka Akcyjna has lost the status of the Company owned by the State Treasury.

In accordance with resolution of the Management Board of the National Depository for Securities No. 74/13 of 24 January 2013, on 4 February 2013 the National Depository registered 34,754 shares of the Company and marked them with code PLLWBGD00016. On the same date 34,754 employee shares were introduced to the WSE. As at today, there are 135 registered series B shares outstanding.

The Company's core business activities, pursuant to the European Classification of Activity (EKD 0510Z), are mining and agglomeration of hard coal.

The Company is the parent in the Lubelski Węgiel Bogdanka Group. The Group prepares condensed consolidated interim financial statements for the period of 6 months ended on 30 June 2013.

1.2 Assumption of the Company going concern

The condensed interim financial statements were prepared under the assumption of going concern in the foreseeable future and that there are no circumstances indicating any risk to the continuation of the Company's activities.

In the opinion of the Management Board of Lubelski Węgiel BOGDANKA S.A., there are currently no circumstances indicating any risk to continuation of the Company's activities.

2. Description of key accounting principles applied

These condensed interim financial statements follow the same accounting principles (policies) and calculating methods as the latest annual financial statements, except for:

- change in the accounting principles related to the amendments to IAS 19 “Employee benefits”,
- financial instruments measured at fair value in accordance with IFRS 13.

Detailed data regarding the impact of application of IFRS 13 and amendments to IAS 19 on the condensed interim financial statements is disclosed in note 2.1.

2.1 Basis of preparation

These condensed interim financial statements of LW Bogdanka S.A. for the first six months of 2013 were prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting.”

In order to understand fully the financial standing of the Company as the Parent in the Group and the results of its operation, these condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of the Lubelski Węgiel Bogdanka Group, for the period ended 30 June 2013. Those financial statements will be available on the Company’s website at www.lw.com.pl on the date conforming to the current report regarding the date for the provision of the Company’s interim report and the Group’s consolidated report for the period ended 30 June 2013.

These condensed interim financial statements were prepared according to the historical cost principle, including the valuation at fair value of certain components of property, plant and equipment in connection with assuming fair value as a deemed cost, which was carried out as at the day of the Group’s transition to the IFRS, i.e. 1 January 2005.

Drawing up the condensed interim financial statements in accordance with IAS 34 requires the use of certain significant accounting estimates. It also requires that the Management Board exercises its own judgement when applying the accounting principles adopted by the Company. The main estimates and judgements have not changed since the publication of the annual financial statements for 2012.

These condensed interim financial statements were prepared using the same accounting principles for the current and comparative periods, with adjustment of the comparative period to comparable conditions in order to reflect changes in the accounting principles and presentation adopted in the financial statements in the current period in connection with applying amendments to IAS 19” Employee Benefits.”

- a) *Standards, revisions and interpretations of existing standards which have been applied by the Company for the first time.*

The following amendments to the existing standards published by the International Accounting Standards Board and endorsed by the European Union come into force at the beginning of 2013:

- **Amendments to IAS 19 “Employee benefits”**

In June 2011, the International Accounting Standards Board published Amendments to IAS 19 “Employee Benefits.” These amendments are effective to annual periods beginning on or after 1 January 2013, with earlier application being permitted. The amendments introduce new requirements with respect to recognition and measurement of the costs of post-employment defined benefit plans and additional requirements regarding termination benefits, as well as change the required disclosures for all employee benefits. The amendments to IAS 19 were endorsed by the European Union on 5 June 2012.

The Company applied the amendments to IAS 19 as of 1 January 2013 and recognises actuarial gains/losses arising from the measurement of post-employment defined benefit plans in other comprehensive income.

Because of retroactive application of the amendments, the interim income statement and the interim statement of comprehensive income include restated data for the period ended 30 June 2012. The interim statement of changes in equity was changed accordingly. The changes had no impact on the statement of financial position as at 31 December 2012.

The condensed interim financial statements for the first 6 months of 2012 were restated to the conditions applicable currently based on the actuarial valuation prepared by an actuary.

The impact of application of the amendments to IAS 19 on the interim income statement and the interim statement of comprehensive income for the period ended 30 June 2012 is presented in the tables below:

Interim Income Statement

	Data for 6 months ended 30 June 2012 – approved data	Adjustment following application of amendments to IAS 19	Data for 6 months ended 30 June 2012 – restated data
Revenue	903,599	-	903,599
Cost of products, goods and materials sold	(605,631)	1,400	(604,231)
Gross profit	297,968	1,400	299,368
Selling costs	(20,147)	8	(20,139)
Administrative costs	(41,159)	125	(41,034)
Other income	1,284	-	1,284
Other costs	(443)	-	(443)
Other losses - net	(26,959)	-	(26,959)
Operating profit	210,544	1,533	212,077
Finance income	5,080	-	5,080
Finance cost	(5,111)	(4,212)	(9,323)
Net finance cost	(31)	(4,212)	(4,243)
Profit before taxation	210,513	(2,679)	207,834
Income tax	(39,594)	509	(39,085)
Net profit for the period	170,919	(2,170)	168,749

Interim Statement of Comprehensive Income

	Data for 6 months ended 30 June 2012 – approved data	Adjustment following application of amendments to IAS 19	Data for 6 months ended 30 June 2012 – restated data
Net profit for the period	170,919	(2,170)	168,749
Other comprehensive income			
Actuarial gains/ losses of defined benefit schemes	-	(3,602)	(3,602)
Income tax relating to non-	-	684	684

transferrable items

Items not intended to be transferred to the profit/loss

- (2,918) (2,918)

Comprehensive income for the reporting period

170,919

(5,088)

165,831

- **IFRS 13 “Fair Value Measurement”** (applicable to annual periods beginning on or after 1 January 2013), published by the International Accounting Standards Board on 12 May 2011, and endorsed by the European Union on 11 December 2012. IFRS 13 defines fair value, includes guidance for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not change, however, the requirements in respect of what elements should be measured or disclosed at fair value.

IFRS 13 *Fair Value Measurement* sets out a single framework for measuring fair value and for disclosures about fair value measurement where such measurement is required or allowed under another IFRS. In particular, it provides for a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The standard also replaces and extends the requirements for disclosures about fair value measurement contained in other IFRS, including IFRS 7 *Financial Instruments: Disclosures*. As presentation of certain information within the above scope became obligatory in interim financial statements, the Company made relevant disclosures in note 17 to these condensed interim financial statements.

Implementation of IFRS 13 provisions had no impact on the principles for measuring assets and liabilities as used by the Company to date, and consequently on the level of such measurements.

- **Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”** – hyperinflation and elimination of strict deadlines for the entities adopting IFRS for the first time (applicable to annual periods beginning on or after 1 January 2013), published by the International Accounting Standards Board on 20 December 2010, and endorsed by the European Union on 11 December 2012. . The first amendment concerns the reference to the fixed date of “1 January 2004” in the Standard and changes it to “the date of transition to IFRS.” Consequently, first-time adopters of IFRS will not have to restate derecognition operations made before the date of transition to IFRS. The second amendment introduces guidance on re-application of IFRS following a period of inability to comply with IFRS because of severe hyperinflation of the functional currency.

The introduction of amendments to IFRS 1 does not materially affect these condensed interim financial statements.

- **Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”** – Government loans (applicable to annual periods beginning on or after 1 January 2013), published by the International Accounting Standards Board on 13 March 2011, and endorsed by the European Union on 4 March 2013. The amendment specifies how first-time adopters of IFRS should account for government loans with a below-market rate of interest at the time of transition to IFRS. The amendment also extends exemptions from retroactive application of IFRS to first-time adopters of IFRS analogously to exemptions made available to entities which currently prepare IFRS financial statements when that requirement was added in 2008 to IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance.”

The introduction of amendments to IFRS 1 for the first time does not materially affect these condensed interim financial statements.

- **Amendments to IFRS 7 “Financial Instruments: Disclosures”** – offsetting of financial assets and liabilities (applicable to annual periods beginning on or after 1 January 2013), published by the International Accounting

Standards Board on 16 December 2011 and endorsed by the European Union on 13 December 2012. The amendments require disclosure of information about all recognised financial instruments that have been offset in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments that give right to offsetting in accordance with a relevant agreement or similar arrangements, even if they have not been set off in accordance with IAS 32.

The introduction of amendments to IFRS 7 does not materially affect these condensed interim financial statements.

- **Amendments to IAS 12 “Income Taxes”** – Deferred Tax: Recovery of Underlying Assets (applicable to annual periods beginning on or after 1 January 2013), published by the International Accounting Standards Board on 20 December 2010 and endorsed by the European Union on 11 December 2012. IAS 12 requires the entities to measure deferred tax assets depending on whether the entity plans to recover the asset through its use or sale. For assets measured in accordance with IAS 40 “Investment Property” the assessment whether such assets will be recovered through their use or sale may be difficult and subjective. The amendments solve that problem by making a presumption that the asset value is recovered usually upon its sale.

During the Company’s operations to date no activities of material value, described in the amendments to IAS 12, have occurred. The introduction of amendments to IAS 1 does not materially affect these condensed interim financial statements.

- **Amendments to IAS 1 “Presentation of Financial Statements”** – presentation of items of other comprehensive income (applicable to annual periods beginning on or after 1 July 2012), published by the International Accounting Standards Board on 16 June 2011. The amendments require that entities preparing financial statements in accordance with IFRS present these items in other comprehensive income which may be transferred to the income statement. The amendments also reaffirm that items in other comprehensive income and income statement should be presented as either a single statement or two consecutive statements.

In accordance with amendments to IAS 1 “Presentation of Financial Statements” regarding presentation of items in “Other Comprehensive Income”, the Company introduced, as at 1 January 2013, a modification with respect to presentation of income and other comprehensive income of the condensed interim financial statements in the form of two consecutive documents, i.e. interim income statement and interim statement of comprehensive income.

- **Amendments to various standards “Improvements to IFRS (2012)”** – amendments made under the annual IFRS improvements project and published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34), primarily oriented at eliminating inconsistencies and specifying terminology, endorsed by the European Union on 27 March 2013 (applicable to annual periods beginning on or after 1 January 2013). The amendments specified more precisely the required accounting treatment in situations where previously freedom of interpretation was allowed. The most important are new or amended requirements regarding: (i) resumed application of IFRS 1, (ii) borrowing costs under IFRS 1, (iii) more precisely specified requirements regarding comparative information, (iv) classification of equipment for service purposes, (v) impact of income tax on distribution of equity instruments to owners, (vi) segment information on total assets and liabilities in interim financial statements.

The introduction of amendments to various standards does not materially affect these condensed interim financial statements.

- **IFRIC 20 Interpretation “Stripping Costs in the Production Phase of a Surface Mine”** (applicable to annual periods beginning on or after 1 January 2013), published by the International Accounting Standards Board on 19 October 2011 and endorsed by the European Union on 11 December 2012. The Interpretation specifies that stripping costs in surface mining operations should be recognised as an addition to (or an enhancement of) an existing asset and depreciated over the anticipated useful life of the identified resources that become more accessible as a result of the stripping activity (using the unit of production method, unless another method is more appropriate).

The Company does not conduct activities described in IFRIC 20. The costs of preparatory works at the Company have been disclosed in accordance with IFRIC 20.

The introduction of interpretation of IFRS 20 does not materially affect these condensed interim financial statements.

b) *Standards, revisions and interpretations of existing standards which are not yet effective and have not been previously applied by the Company.*

Upon approval of these condensed interim financial statements, the Company was not applying the following standards, standard amendments or interpretations which were published and endorsed by the European Union for use within the European Union but which were not effective yet:

- **IFRS 10 “Consolidated Financial Statements”** (applicable to annual periods beginning on or after 1 January 2014), published by the International Accounting Standards Board on 12 May 2011 and endorsed by the European Union on 11 December 2012. IFRS 10 replaces consolidation guidelines included in IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities” by implementing a uniform consolidation model for all entities based on control, regardless of the nature of the investment (i.e. whether the entity is controlled by investors’ voting rights or through other contractual arrangements commonly applied in special purpose entities). According to IFRS 10, control exists when the investor has 1) power over the investee, 2) exposure or right to variable returns from its involvement with the investee, and 3) the ability to use its power over the investee to affect the amount of the investor’s returns from the investee.

The Company will apply IFRS 10 as of 1 January 2014.

- **IFRS 11 “Joint Arrangements”** (applicable to annual periods beginning on or after 1 January 2014), published by the International Accounting Standards Board on 12 May 2011 and endorsed by the European Union on 11 December 2012. IFRS 11 introduces new accounting regulations with respect to joint arrangements, replacing IAS 31 “Interests in Joint Ventures.” The ability to apply the proportional consolidation method in relation to jointly controlled entities has been removed. Furthermore, IFRS 11 eliminates jointly controlled assets and leaves a distinction into joint operations and joint venture. Joint operations are joint arrangements in which the parties have joint control over rights to the assets and liabilities. Joint venture is a joint arrangement in which the parties have joint control over rights to the net assets.

The Company will apply IFRS 11 as of 1 January 2014.

- **IFRS 12 “Disclosures of Shares in Other Entities”** (applicable to annual periods beginning on or after 1 January 2014), published by the International Accounting Standards Board on 12 May 2011 and endorsed by the European Union on 11 December 2012. IFRS 12 will require more disclosures about both entities covered by consolidation and entities not covered by consolidation in which the entity is involved. The objective of IFRS 12 is to provide information so that the users of financial statements may evaluate the basis of control, restrictions imposed on consolidated assets and liabilities, exposure to risk arising from involvement in structured entities not covered by consolidation and involvement of non-controlling interests in the operations of consolidated entities.

The Company will apply IFRS 12 as of 1 January 2014.

- **IAS 27 (revised in 2011) “Separate Financial Statements”** (applicable to annual periods beginning on or after 1 January 2014), published by the International Accounting Standards Board on 12 May 2011 and endorsed by the European Union on 11 December 2012. The requirements regarding separate financial statements have not changed and are included in the revised IAS 27. Other parts of IAS 27 have been replaced by IFRS 10.

The Company will apply IAS 27 as of 1 January 2014. The Company currently analyses the impact of the new standard on the financial statements. The introduction of amended IAS 27 does not materially affect these condensed interim financial statements.

- **IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”** (effective for annual periods beginning on or after 1 January 2014), was published by the ISAB on 12 May 2011 and endorsed by the European Union on 11 December 2012. IAS 28 was amended in consequence of publishing IFRS 10, IFRS 11 and IFRS 12.

The Company will apply IAS 28 as of 1 January 2014. During the Company’s operations to date no activities described in IAS 28 have occurred.

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interest in Other Entities” – explanations to transitional provisions** published by the ISAB on 28 June 2012 and endorsed by the European Union on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014). The objective of the amendments is to provide additional guidance to transitional provisions in IFRS 10, IFRS 11 and IFRS 12 so as to “limit the requirements to restate comparative data only to the preceding comparative period.” Amendments were also made to IFRS 11 and IFRS 12 to eliminate the requirements to present comparative data for periods earlier than the directly preceding period.

The Company will apply the amendments to IFRS 10, IFRS 11 and IFRS 12 as of 1 January 2014.

- **Amendments to IAS 32 “Financial Instruments: Presentation”** – offsetting of financial assets and liabilities (applicable to annual periods beginning on or after 1 January 2014), published by the International Accounting Standards Board on 16 December 2011 and endorsed by the European Union on 13 December 2012. The amendments specify more precisely the principles of offsetting and focus on four key areas: (a) clarification of the meaning of “to have a legally enforceable right to set off”; (b) simultaneous offsetting and settlement; (c) offsetting collaterals; (d) settlement unit for offsetting purposes.

The Company will apply the amendments to IAS 32 as of 1 January 2014. The introduction of amendments to IAS 32 does not materially affect these condensed interim financial statements.

(c) Existing standards, amendments and interpretations to the existing standards which have not been endorsed by the European Union.

At present, the IFRS endorsed by the European Union do not differ substantially from the regulations adopted by the International Accounting Standards Board (IASB), save for the following standards, standard amendments or interpretations which as at 29 August 2013 were not adopted for use:

- **IFRS 9 “Financial Instruments”** (applicable to annual periods beginning on or after 1 January 2015), published by the International Accounting Standards Board on 12 November 2009. On 28 September 2010 the IASB published revised IFRS 9 which specified new requirements with respect to settlement of financial liabilities and transferred the requirements regarding derecognition of assets and liabilities from IAS 39. The standard establishes one approach to determine whether financial assets are measured at amortised cost or fair value, replacing numerous principles set forth in IAS 39. The approach in IFRS 9 is based on the assessment how the entity manages its financial instruments (i.e. based on business model assessment) and the assessment of characteristics of contractual cash flows connected with financial assets. The new standard also requires a single impairment method to be used, replacing the many impairment methods set forth in IAS 39. The new requirements regarding the settlement of financial liabilities concern the problem of changes in financial profit/loss resulting from the issuer’s decision to measure its own indebtedness at fair value. The IASB decided to maintain the current measurement at amortised cost with respect to most of the liabilities, amending only regulations regarding own credit risk. Under the new requirements, if the entity decides to measure the liabilities at fair value, it has to present a change in fair value resulting from changes of own credit risk not in the income statement but in other comprehensive income.

- **Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”** – mandatory effective date and transitional provisions, published by the ISAB on 16 December 2011. The amendment defers the mandatory effective day from 1 January 2013 to 1 January 2015. These amendments release from the obligation to transform comparative data in the financial statements in relation to the application of IFRS 9. The release was first available only to entities which decided to apply IFRS 9 before 2012. Instead, additional disclosures of the effects of applying new standards are required, to be prepared in a manner that helps investors understand the influence of initial application of IFRS 9 on classification and valuation of financial instruments.
- **Amendments to IFRS 10, IFRS 12 and IAS 27 “Investment Entities”** (effective for annual periods beginning on or after 1 January 2013) – were published by the IASB on 31 October 2012. The amendments enable to exempt from consolidation those subsidiaries which satisfy a definition of investment entities e.g. some investment funds. Investments in such subsidiaries will be measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39.
- **Amendments to IAS 36 “Impairment of Assets” – Recoverable Amount Disclosures for Non-Financial Assets** published by the IASB on 29 May 2013. The small amendments to IAS 36 concern recoverable amount disclosures for those assets for which an impairment loss has been recognised and when recoverable amount is based on fair value less costs of disposal. When developing IFRS 13 “Fair Value Measurement”, the IASB decided to amend IAS 36 so as to require entities to disclose recoverable amount of those assets for which an impairment loss has been recognised. Current amendments clarify the original intention of the IASB that the scope of such disclosures is limited only to recoverable amount of those assets for which an impairment loss has been recognised and when recoverable amount is based on fair value less costs of disposal.
- **IFRIC 21 “Levies”** published by the IASB on 20 May 2013. IFRIC 21 is an interpretation to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets.” IAS 37 sets forth the criteria for recognition of a liability, one of which is a requirement to have a present obligation arising from past events (the so called obligating event). The interpretation clarifies that the event triggering an obligation to pay a levy is the activity for which levies are imposed in accordance with the relevant legislation.

The entity estimates that the aforesaid standards, interpretations and standard amendments would not materially impact condensed interim financial statements, if adopted by the entity as at the reporting date.

At the same time, hedge accounting for the portfolio of financial assets and liabilities, whose principles have not been adopted for use by the European Union yet still remain outside the regulations endorsed by the European Union.

According to the entity’s estimates, the application of hedge accounting for the portfolio of financial assets or financial liabilities in accordance with **IAS 39 “Financial Instruments: Recognition and Measurement”** would have no material impact on the condensed interim financial statements if adopted for application for the balance-sheet date.

3. Information on business segments

IFRS 8 – “Operating Segments” is applicable for the purposes of preparing these condensed interim financial statements. That standard requires that the financial statements of the entity present a series of data concerning individual segments, while the approach to segmentation of the entity presented in the financial statements should be consistent with the division into segments used for the purposes of making strategic management decisions.

The Management Board does not apply division into segments for managing the Company, since the Company mainly focuses its activities on the production and sale of coal. Revenue from other products and services in the period between 1 January 2013 and 30 June 2013 amounted to PLN 28,713,000, which accounts for 3.28% of total revenue. Accordingly, the Company does not present its results by industry segments.

The Company operates primarily in Poland. In the period between 1 January 2013 and 30 June 2013, revenue from foreign sales amounted to PLN 384,000, which accounts for 0.04% of total revenue in the year in question. The Company does not hold assets or liabilities outside Poland.

Accordingly, the Company does not present its results by geographical segments.

4. Information regarding seasonality

The production is not seasonal, whereas seasonal character of sales can be noticed in the case of retail sales at a point of coal sale. Sales to individual customers account for 1.65% of the total sales. They do not have any significant impact on the operating and financial activities of the Company.

5. Property, plant and equipment

	Land	Buildings and structures Total	Including workings	Plant and equipment	Vehicles	Other property, plant and equipment	Construction in progress	Total
As at 1 January 2012								
Cost or assessed value	3,667	1,977,798	1,367,957	1,191,123	103,791	13,347	375,509	3,665,235
Depreciation	-	(586,336)	(453,595)	(462,166)	(53,103)	(8,890)	-	(1,110,495)
Net book value	3,667	1,391,462	914,362	728,957	50,688	4,457	375,509	2,554,740
As at 30 June 2012								
Net book value at beginning of year	3,667	1,391,462	914,362	728,957	50,688	4,457	375,509	2,554,740
Increases	-	-	-	-	-	-	203,846	203,846
Transfer from construction in progress	184	254,316	253,153	25,967	4,635	133	(285,235)	-
Decreases*	(102)	(4,575)	(1,018)	(33)	(21)	-	(1,300)	(6,031)
Depreciation	-	(108,082)	(95,743)	(38,252)	(2,909)	(425)	-	(149,668)
Net book value	3,749	1,533,121	1,070,754	716,639	52,393	4,165	292,820	2,602,887
As at 30 June 2012								
Cost or assessed value	3,749	2,223,649	1,616,215	1,216,214	107,049	13,441	292,820	3,856,922
Depreciation	-	(690,528)	(545,461)	(499,575)	(54,656)	(9,276)	-	(1,254,035)
Net book value	3,749	1,533,121	1,070,754	716,639	52,393	4,165	292,820	2,602,887
As at 1 January 2013								
Cost or assessed value	4,099	2,328,386	1,686,894	1,466,729	110,888	14,129	358,919	4,283,150
Depreciation	-	(762,944)	(607,059)	(535,060)	(57,201)	(9,672)	-	(1,364,877)
Net book value	4,099	1,565,442	1,079,835	931,669	53,687	4,457	358,919	2,918,273
As at 30 June 2013								
Net book value at beginning of year	4,099	1,565,442	1,079,835	931,669	53,687	4,457	358,919	2,918,273
Increases	36	2,682	-	917	-	-	222,185	225,820
Transfer from construction in progress	142	108,906	76,355	72,281	3,017	928	(185,274)	-
Decreases*	(162)	(5,193)	(4,613)	(2,506)	-	-	(409)	(8,270)
Depreciation	-	(100,242)	(85,954)	(51,766)	(3,241)	(475)	-	(155,724)
Net book value	4,115	1,571,595	1,065,623	950,595	53,463	4,910	395,421	2,980,099
As at 30 June 2013								
Cost or assessed value	4,115	2,349,527	1,673,383	1,536,056	113,158	15,014	395,421	4,413,291
Depreciation	-	(777,932)	(607,760)	(585,461)	(59,695)	(10,104)	-	(1,433,192)
Net book value	4,115	1,571,595	1,065,623	950,595	53,463	4,910	395,421	2,980,099

* the item includes creating, releasing and using the impairment losses of property, plant and equipment

6. Intangible assets

	Computer software	Fees, licences	Geological information	Other	Total
As at 1 January 2012					
Cost or assessed value	4,293	4,294	11,235	22	19,844
Amortisation	(2,840)	(993)	(6,097)	(14)	(9,944)
Net book value	1,453	3,301	5,138	8	9,900
As at 30 June 2012					
Net book value at beginning of year	1,453	3,301	5,138	8	9,900
Increases	144	75	-	-	219
Amortisation	(136)	(105)	(577)	-	(818)
Net book value	1,461	3,271	4,561	8	9,301
As at 30 June 2012					
Cost or assessed value	4,437	4,348	11,235	22	20,042
Amortisation	(2,976)	(1,077)	(6,674)	(14)	(10,741)
Net book value	1,461	3,271	4,561	8	9,301
As at 1 January 2013					
Cost or assessed value	4,611	4,347	25,548	22	34,528
Amortisation	(2,962)	(1,185)	(7,250)	(16)	(11,413)
Net book value	1,649	3,162	18,298	6	23,115
As at 30 June 2013					
Net book value at beginning of year	1,649	3,162	18,298	6	23,115
Increases	262	-	1,161	4	1,427
Decreases	(18)	-	-	-	(18)
Amortisation	(158)	(108)	(577)	4	(847)
Net book value	1,735	3,054	18,882	6	23,677
As at 30 June 2013					
Cost or assessed value	4,805	4,337	26,709	6	35,857
Amortisation	(3,070)	(1,283)	(7,827)	-	(12,180)
Net book value	1,735	3,054	18,882	6	23,677

7. Share capital

	Number of shares ('000)	Ordinary shares - par value	Hyperinflation adjustment	Total
As at 1 January 2012	34,014	170,068	131,090	301,158
As at 30 June 2012	34,014	170,068	131,090	301,158
As at 1 January 2013	34,014	170,068	131,090	301,158
As at 30 June 2013	34,014	170,068	131,090	301,158

All shares issued by the Company have been fully paid up.

8. Other capitals

Pursuant to the Articles of Association, the Company can create supplementary capital and other reserve capitals, the purpose of which is determined by provisions of law and resolutions of decision-making bodies.

9. Grants

	30 Jun. 2013	31 Dec. 2012
Non-current liabilities		
Grants	16,640	18,122
Current liabilities		
Grants	988	-
	17,628	18,122

The grant received should be settled in the full amount on the moment it is amortised in full, sold or if an asset financed with that grant is liquidated.

10. Loans and borrowings

	30 Jun. 2013	31 Dec. 2012
Long-term:		
Bank loans:	281,000	421,000
- PKO BP S.A.	181,000	241,000
- PEKAO S.A.	100,000	180,000
Short-term:		
Bank loans:	156,850	20,000
- PKO BP S.A.	60,000	20,000
- PEKAO S.A.	96,850	-

437,850	441,000
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The bank loans mature on 31 December 2014 and bear interest equal to 3M WIBOR + bank margin. The fair value of loans does not significantly differ from their carrying value. The Company takes out loans in PLN. Details on maturity dates of the loan are presented below.

	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
As at 30 June 2013				
Loans and borrowings	156,850	281,000	-	-

The Company does not have any unutilised overdraft credit lines as at 30 June 2013.

11. Employee benefits liabilities

	30 Jun. 2013	30 Jun. 2012 restated*
As disclosed in the interim statement of financial position:		
- retirement and disability benefits	37,476	29,098
- long service awards	70,223	44,563
- coal allowances in kind	90,775	74,514
- other benefits for employees	19,283	15,958
	217,757	164,133

including:

- non-current	168,576	119,886
- current	49,181	44,247

	30 Jun. 2013	30 Jun. 2012 restated*
As disclosed in the interim income statement:		
- retirement and disability benefits	1,541	1,295
- long service awards	13,724	6,069
- coal allowances in kind	2,375	2,453
- other benefits for employees	15,938	13,990
	33,578	23,807

	30 Jun. 2013	30 Jun. 2012 restated*
As disclosed in the statement of comprehensive income:		
- retirement and disability benefits	3,187	1,698

- coal allowances in kind	2,630	1,801
- other benefits for employees	453	103
	6,270	3,602

Change in employee benefits liabilities

	30 Jun. 2013	30 Jun. 2012 restated*
As at 1 January	190,652	146,435
Costs of current employment	20,531	16,882
Interest expense	4,117	4,212
Actuarial losses/ profits as disclosed in the interim income statement:	8,930	2,713
Actuarial losses/ profits as disclosed in the statement of other comprehensive income	6,270	3,602
Total as disclosed in the statement of comprehensive income:	39,848	27,409
Benefits paid	(12,743)	(9,711)
As at 30 June	217,757	164,133

Total amount of employee benefits disclosed in the interim income statement and the interim statement of comprehensive income:

	30 Jun. 2013	30 Jun. 2012 restated*
Costs of products, goods and materials sold	26,925	17,896
Selling cost	141	96
Administrative costs	2,395	1,603
Finance cost	4,117	4,212
Total as disclosed in the interim income statement:	33,578	23,807
Amount disclosed in other comprehensive income	6,270	3,602
Total as disclosed in the interim statement of comprehensive income:	39,848	27,409

* Explanation provided in note 2.1.

12. Provisions for other liabilities and charges

	Mine closure	Mining damage	Legal claims	Real property tax	Total
As at 1 January 2012	76,856	5,360	14,751	16,587	113,554
Including:					
Non-current	76,856	-	-	-	76,856
Current	-	5,360	14,751	16,587	36,698
As disclosed in the interim income statement					
- Creation of additional provisions	(1,194)	-	25,983	2,606	27,395
- Interest	-	-	673	988	1,661
- Discount settlement	1,972	-	-	-	1,972
- Provisions used during a year	-	(554)	(47)	-	(601)
As at 30 June 2012	77,634	4,806	41,360	20,181	143,981
Including:					
Non-current	77,634	-	-	-	77,634
Current	-	4,806	41,360	20,181	66,347
As at 1 January 2013	89,861	13,470	23,026	9,502	135,859
Including:					
Non-current	89,861	-	-	-	89,861
Current	-	13,470	23,026	9,502	45,998
As disclosed in the interim income statement					
- Creation of additional provisions	3,862	-	-	1,688	5,550
- Interest	-	-	1,000	483	1,483
- Discount settlement	2,632	-	-	-	2,632
- Provisions used during a year	-	(2,259)	(7)	-	(2,266)
- Provisions not used during a year	-	-	(1,162)	-	(1,162)
As at 30 June 2013	96,355	11,211	22,857	11,673	142,096
Including:					
Non-current	96,355	-	-	-	96,355
Current	-	11,211	22,857	11,673	45,741

(a) Mine closure

The Company establishes a provision for expenses related to closure of a mining plant, as required under applicable provisions. The value of closing the mine calculated as at 30 June 2013 amounts to PLN 96,355,000.

(b) Removing mining damage

Given the need to remove mining damage, the Company creates a provision for mining damage. As at 30 June 2013, the estimated value of works necessary for damage removal is: PLN 11,211,000.

(c) Legal claims

The amount disclosed constitutes a provision for certain legal claims filed against the Company by customers and suppliers. The amount of the provision is disclosed in the income statement as "Other net profit / (loss)." In the Management Board's opinion, supported by an appropriate legal opinion, those claims being filed will not result in significant losses in an amount that would exceed the value of provisions created as at 30 June 2013.

(d) Real property tax

The amount disclosed constitutes a provision for real property tax. While preparing statements for real property tax, the Company (like other mining companies in Poland) does not take into account the value of underground mining excavations or the value of equipment installed there, for the purpose of calculating this tax.

The position taken by the Constitutional Tribunal in its ruling of 13 September 2011, confirmed subsequently by a line of decisions given by administrative courts, is that real property tax is not chargeable on mining excavation understood as empty space in the rock mass which has been created as a result of carrying out mining works. At the same time, the Constitutional Tribunal did not exclude in the above ruling that mining excavations may contain objects constituting structures within the meaning of the Act on Local Charges and Taxes on which real property tax may be chargeable, if it is determined that mining excavations contain objects constituting structures within the meaning of the Act on Local Charges and Taxes. The assessment of taxable base cannot include the value of works which consist in performing the mining excavation.

Although the above ruling by the Constitutional Tribunal has not resolved finally and unequivocally what elements of the equipment in mining excavations are chargeable with real property tax, in addition until now there is no position to that extent in a line of decisions given by administrative courts, nevertheless, bearing in mind the above position by the Constitutional Tribunal – even if it were finally established that mining excavations belonging to the Company contain any structures within the meaning of the Act on Local Charges and Taxes, the amount of real property tax, if any, on such objects should be, according to the Company, significantly (many times) lower than the amounts of tax determined to date in decisions issued by first instance tax authorities wherein the adopted taxable base was the value of the entire mining excavations together with their equipment set forth in the records of property, plant and equipment.

The values connected with real property tax are disclosed in the interim income statement under "Cost of products, goods and materials sold." The provision disclosed in the Company's books as at 30 June 2013 in the amount of PLN 11,673,000 (30 June 2012: PLN 20,181,000) represents a provision for liability, if any, covering real property tax and interest for 2008-2013 in the event it is determined by the tax authorities that the Company's mining excavations contain structures on which real property tax is chargeable. The amount of such provision has been estimated based on internal preliminary (general) analysis of types of equipment in mining excavations and preliminary estimation of its value.

13. Unusual events affecting the financial result

In the period of six months of 2013, no unusual events occurred that would seriously affect the financial position of the Company.

14. Income tax

	1 Jan. 2013- 30 Jun. 2013	1 Jan. 2012- 30 Jun. 2012 restated*
Current tax	23,639	55,924
Deferred tax recognised in net profit	15,744	(16,839)
Deferred tax recognised in comprehensive income	(152)	(684)
	39,231	38,401

* Explanation provided in note 2.1.

Income tax in the condensed interim financial statements was established pursuant to the expected tax rate for 2013 of 19.0% (2012: 19.0%).

The regulations concerning value added tax, real property tax, corporate income tax, personal income tax and social security contributions are frequently changed. As a result, there is sometimes no reference to established regulations or legal precedents. The applicable regulations also contain ambiguities which result in differences in opinions regarding the legal interpretation of tax regulations, both between state authorities and between state authorities and businesses.

Such interpretational doubts concern, for example, tax classification of outlays on creating certain mining excavations. The practice currently applied by the Company and other coal sector companies consists of recognising costs related to the creation of “exploitation excavations”, i.e. excavations which are not part of permanent underground infrastructure of a mine, directly in the tax costs of the period.

However, in light of applicable tax regulations, it is possible that such costs could be classified for the purpose of corporate income tax in a way that differs from the classification presented by the Company, which could potentially result in adjustments in corporate income tax settlements and the payment of an additional amount of tax. Such amount would be significant.

Tax and other settlements (e.g. customs or foreign currency settlements) can be inspected by the authorities which are entitled to impose heavy fines, and additional amounts of liabilities established as a result of an inspection must be paid with high interest. As a result, the tax risk in Poland is greater than that which usually exists in countries with more advanced tax systems. Tax settlements can be inspected within a five-year period. As a result, amounts disclosed in the condensed interim financial statements might be changed later, after their amount has been finally determined by the tax authorities.

15. Earnings per share

(a) Basic

Basic earnings per share are calculated as the quotient of the profit attributable to the shareholders of the Company and the weighted average number of ordinary shares during the year.

	1 Jan. 2013- 30 Jun. 2013	1 Jan. 2012- 30 Jun. 2012 restated*
Earnings attributable to owners of the Company	139,451	168,749
Weighted average number of ordinary shares ('000)	34,014	34,014
Basic earnings per share (in PLN per share)	4,10	4,96

* Explanation provided in note 2.1.

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares as if an exchange was made for potential ordinary shares causing dilution. The Company does not have instruments causing dilution of potential ordinary shares. Diluted earnings per share are therefore equal to basic earnings per share of the Company.

16. Dividend per share

In the first half of 2013 and in the same period of 2012, the Company did not pay any dividend to Shareholders. The payment of dividend for 2012, in the amount of PLN 172,110,000, will take place on 1 October 2013. In compliance with Resolution No. 23 of the Annual General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A. of 27 June 2013, the profit for 2012 in the amount of PLN 172,110,000 has been distributed among the Company's shareholders. The dividend rate due to shareholders of the Company is presented in the table below.

	1 Jan. 2013- 30 Jun. 2013	1 Jan. 2012- 30 Jun. 2012
Dividend due	172,110	136,054
Number of ordinary shares as at the dividend date ('000)	34,014	34,014
Dividend per share (in PLN per share)	5.06	4.00

The dividend rate per share is calculated as the quotient of the dividend attributable to the shareholders of the Company and the number of ordinary shares as at the dividend date.

17. Financial instruments

Hierarchy of financial instruments measured at fair value.

Financial instruments measured at fair value may be categorised to the following valuation models:

- Level 1: quoted prices (unadjusted) for identical assets and liabilities in an active market,
- Level 2: data inputs, other than quoted prices used in Level 1, which are observable for given assets and liabilities, both directly (e.g. as prices) or indirectly (e.g. derived from provisions),
- Level 3: data inputs which are not based on observable market prices (unobservable data inputs).

As at 30 June 2013 derivatives were the only financial instruments measured at fair value in the Company. Level 2 was used to measure the receivables under derivatives measured at fair value, amounting to PLN 5,467,000 as at 30 June 2013 (31 December 2012: PLN 0).

18. Net cash inflow from operating activities

	Note	30 Jun. 2013	30 Jun. 2012 restated*
Profit before taxation		178,834	207,834
- Depreciation of property, plant and equipment	5	155,724	149,668
- Amortisation of intangible assets	6	847	818
- Profit / (Loss) on sale of property, plant and equipment		(3)	(26)
- Profit on property, plant and equipment		5,821	-
- Net finance cost		-	31
- Change in employee benefits liabilities		20,834	14,096
- Changes in provisions		3,595	30,427
- Other flows		319	-
- Creating and using impairment losses of property, plant and equipment		195	1,021
Changes in working capital			
- Inventories		(47,683)	(65,459)
- Trade and other receivables		(25,441)	20,282
- Trade and other liabilities		39,747	48,475
Cash inflow from operating activities		332,789	407,167
Balance-sheet change in liabilities		149,083	153,404
Change in investment liabilities		62,774	31,125
Liabilities on account of dividend concerning the previous year		(172,110)	(136,054)
Change in liabilities for the purposes of the interim statement of cash flows		39,747	48,475
Increase in property, plant and equipment		219,732	197,313
Capitalised borrowing costs		(6,519)	(7,299)
Change in investment liabilities		62,774	31,125
Acquisition of property, plant and equipment		275,987	221,139

* Explanation provided in note 2.1.

19. Contingent items

The Company has contingent liabilities on account of legal claims arising in the normal course of its business activities and on account of potential real property tax arrears.

Potential arrears in the real property tax may result primarily from discrepancies between the approach of the Company and that of tax authorities applied to the determining of the subject of taxation with respect to structures located in mining excavations and calculating their value.

Provisions were created for those contingent liabilities (note 12).

In connection with the conclusion of the long-term loan agreements with PKO Bank Polski S.A. and PEKAO S.A., the Company issued blank promissory notes with declaration, covering the amount corresponding to the amount of debt under the loans plus interest and other Bank's costs, for the purpose of securing the repayment of the abovementioned

loans. The value of the used portion of the loan as at 30 June 2013 amounted to PLN 438 million and has been disclosed as liability in the statement of financial position of the Company. Further, the loan agreements provide for collaterals in the form of deduction from the Company's bank account and transfer of receivables from the sale of coal up to the amount of liability under the loan plus interest.

20. Future contractual liabilities

Investment liabilities

Contractual investment liabilities incurred as at the balance-sheet date, but still not disclosed in the interim statement of financial position, amount to:

	30 Jun. 2013	31 Dec. 2012
Property, plant and equipment	392,497	213,853

21. Transactions with related entities

All transactions with the subsidiaries are concluded as part of regular operations of the Company and are performed on an arms' length basis.

The revenue of the Company resulting from the cooperation with its subsidiary, Łęczyńska Energetyka Sp. z o.o. in Bogdanka, primarily refer to the sale of coal and brick as well as the payments for lease of premises, telecommunications services and re-invoicing the cost of electricity.

Purchases primarily include the purchase of heat power, potable water and the maintenance services for sewage installations, central heating, tailwater and water grid.

The revenue of the Company resulting from the cooperation with its subsidiary, EkoTRANS Sp. z o. o. in Bogdanka, primarily refer to payments for lease of premises and telecommunications services.

Purchases primarily include the purchase of services related to recovery of spoil arising during coal-associated shale cleaning and washing.

In the reporting periods ending on 30 June 2012 and 30 June 2013, the value of tradeover on account of purchase with the subsidiary Łęczyńska Energetyka Sp. z o.o. in Bogdanka and EkoTRANS Sp. z o. o. in Bogdanka, and the total liabilities of the Company towards those entities for subsequent balance-sheet dates were as follows:

	30 Jun. 2013	31 Dec. 2012	30 Jun. 2012
Purchases in period	11,190	17,013	9,252
Total liabilities at end of period including VAT	1,790	2,599	811

In the reporting periods ending on 30 June 2012 and 30 June 2013, the value of tradeover on account of sales with the subsidiary Łęczyńska Energetyka Sp. z o.o. in Bogdanka and EkoTRANS Sp. z o. o. in Bogdanka and the total receivables of the Company from those entities for subsequent balance-sheet dates were as follows:

	30 Jun. 2013	31 Dec. 2012	30 Jun. 2012
Sales in period	6,561	10,819	5,874
Total receivables at end of period including VAT	307	2,204	1,203

22. Information on remuneration of the Management Board and the Supervisory Board

	30 Jun. 2013	31 Dec. 2012	30 Jun. 2012
Remuneration of Management Board members	2,247	3,954	1,677
Remuneration of the Supervisory Board members	351	605	184

23. Events after the balance-sheet date

The presented financial results for the first half of 2013 refer to the events, identified by the Company that occurred in this period. After the balance-sheet date no events affecting the financial results occurred that would not be disclosed in these condensed interim financial statements.

From the publication date of these condensed interim financial statements, the following material events affecting the Company's operations in 2013, have occurred:

- The Annual General Shareholders Meeting of the Company, in accordance with Resolution No. 26 of 4 July 2013, has decided to carry out a conditional increase in the Company's share capital by an amount not higher than PLN 6,802,700 by way of an issue of not more than 1,360,540 Series D ordinary bearer shares with a nominal value of PLN 5 per share. The conditional increase in the Company's share capital is made in order to grant the right to acquire Series D Shares to holders of the Warrants to be issued under this Resolution as a part of the Management Option Scheme.

24. Approval of the Condensed Interim Financial Statements

The Management Board of Lubelski Węgiel Bogdanka S.A. declares that as of 27 August 2013, it approves these condensed interim financial statements of the Company for the period from 1 January to 30 June 2013 for publication.

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD AND THE CHIEF ACCOUNTANT

Zbigniew Stopa President of the Management Board



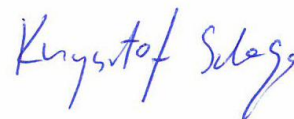
Waldemar
Bernaciak Vice-President of the Management
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Roger de Bazelaire Vice-President of the Management
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Krzysztof Szlaga Member of the Management Board,
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Krystyna
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