Lubelski Węgiel Bogdanka Spółka Akcyjna

Condensed Interim Financial Statements

for the period of six months ended 30 June 2016

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(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interim Statement of Financial Position (Balance Sheet)

	Note	30 Jun. 2016	31 Dec. 2015
Assets			
Non-Current Assets			
Property, plant and equipment	5	2,722,739	2,793,554
Intangible assets	7	45,703	18,406
Non-current investments		75,601	75,601
Trade and other receivables		316	140
Cash and cash equivalents		101,360	90,872
		2,945,719	2,978,573
Current assets			
Inventories		83,301	101,452
Trade and other receivables		229,102	239,274
Overpaid income tax		30,122	31,725
Property, plant and equipment intended for sale	6	4,624	3,694
Cash and cash equivalents		308,802	240,011
		655,951	616,156
TOTAL ASSETS		**3,601,670**	**3,594,729**
Equity			
Ordinary shares	8	301,158	301,158
Other capital	9	1,473,128	1,757,070
Retained profits		387,687	47,662
Total equity		**2,161,973**	**2,105,890**
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		39,800	37,683
Provisions for employee benefits	11	217,902	199,519
Provisions for other liabilities and charges	12	123,385	130,179
Grants		13,687	14,058
Financial liabilities on account of bond issue	10	600,000	700,000
Trade and other liabilities		38,794	14,935
		1,033,568	1,096,374
Current liabilities			
Provisions for employee benefits	11	39,195	48,478
Provisions for other liabilities and charges	12	67,717	81,012
Grants		978	978
Financial liabilities on account of bond issue	10	40	92
Trade and other liabilities		298,199	261,905
		406,129	392,465
Total liabilities		**1,439,697**	**1,488,839**
TOTAL EQUITY AND LIABILITIES		**3,601,670**	**3,594,729**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interim Income Statement

	Note	6 months ended 30 June	
		2016	**2015**
Revenue		846,250	841,639
Costs of products, goods and materials sold		(712,562)	(679,765)
Gross profit		**133,688**	**161,874**
Selling cost		(18,359)	(18,800)
Administrative costs		(37,472)	(45,623)
Other income	13	11,775	1,961
Other costs	14	(1,397)	(360)
Other losses - net	15	(1,116)	(98)
Operating profit		**87,119**	**98,954**
Finance income	16	12,189	6,387
Finance cost	16	(14,241)	(11,368)
Finance cost – net		(2,052)	(4,981)
Profit before taxation		**85,067**	**93,973**
Income tax	17	(15,265)	(17,219)
Net profit for the reporting period		**69,802**	**76,754**
Earnings per share attributable to shareholders of the Company during the year (in PLN per share)			
- basic	18	2.05	2.26
- diluted	18	2.05	2.26

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interim Statement of Comprehensive Income

	6 months ended 30 June	
	2016	**2015**
Net profit for the reporting period	**69,802**	**76,754**
Other comprehensive income for the reporting period		
Items which will never be reclassified to profit of loss of the current period		
Actuarial gains/losses of defined benefit schemes	(9,637)	887
Income tax relating to non-transferrable items	1,831	(153)
Items which will never be reclassified to profit of loss of the current period - total	**(7,806)**	**734**
Items which are or may be reclassified to profit of loss of the current period		
Cash flow hedges		
- Profit/(loss) for period	-	(3,374)
- Adjustments resulting from transferring amounts to original values of hedged items	-	3,268
Income tax relating to transferrable items	-	20
Items which are or may be reclassified to profit of loss of the current period - total	**-**	**(86)**
Other comprehensive income/(loss) for the financial period	**(7,806)**	**648**
Net comprehensive income for the reporting period - total	**61,996**	**77,402**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interim Statement of Changes in Equity

		Other capital				
	Ordinary shares	**Other capital - transfer of profit / loss**	**Other capital - issue of Management Options**	**Equity on valuation of cash flow hedges**	**Retained profits**	**Total equity**
As at 1 January 2015	**301,158**	**1,593,424**	**8,241**	**(237)**	**602,882**	**2,505,468**
Total net comprehensive income for the reporting period:	-	-	-	(86)	77,488	77,402
- net profit	-	-	-	-	76,754	76,754
- other comprehensive income	-	-	-	(86)	734	648
Dividends concerning 2014	-	-	-	-	(119,048)	(119,048)
Transfer of the result for 2014	-	153,894	-	-	(153,894)	-
Management Options Issue	-	-	1,752	-	-	1,752
As at 30 June 2015	**301,158**	**1,747,318**	**9,993**	**(323)**	**407,428**	**2,465,574**
As at 1 January 2016	**301,158**	**1,747,318**	**9,752**	**-**	**47,662**	**2,105,890**
Total net comprehensive income for the reporting period:	-	-	-	-	61,996	61,996
- net profit	-	-	-	-	69,802	69,802
- other comprehensive income	-	-	-	-	(7,806)	(7,806)
Coverage of loss for 2015	-	(278,029)	-	-	278,029	-
Management Options Issue	-	-	(5,913)	-	-	(5,913)
As at 30 June 2016	**301,158**	**1,469,289**	**3,839**	**-**	**387,687**	**2,161,973**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interim Statement of Cash Flows

	Note	6 months ended 30 June	
		2016	**2015**
Cash flow from (used in) operating activities			
Cash inflow from operating activities*		315,148	354,159
Interest received		3,556	1,870
Income tax paid		(9,714)	(8,000)
Net cash flow from (used in) operating activities		**308,990**	**348,029**
Cash flows from (used in) investing activities			
Acquisition of property, plant and equipment		(123,754)	(270,023)
Interest paid regarding investing activity		(1,775)	(5,425)
Acquisition of intangible assets		(661)	(167)
Inflow from the sale of property, plant and equipment		4	1,496
Interest received		3,248	1,694
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund		(10,488)	(1,115)
Net cash flows from (used in) investing activities		**(133,426)**	**(273,540)**
Cash flow from (used in) financing activities			
Bond redemption		(100,000)	-
Repayments of loans and borrowings		-	(41,247)
Interest and commissions paid regarding financial activity		(6,773)	(4,578)
Net cash flows from (used in) financing activities		**(106,773)**	**(45,825)**
Net increase in cash and cash equivalents		68,791	28,664
Cash and cash equivalents at beginning of period		240,011	172,263
Cash and cash equivalents at end of period		**308,802**	**200,927**

*Cash inflows from operating activities are detailed in table on page 8.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interim cash inflows from operating activities

	6 months ended 30 June	
	2016	**2015**
Profit before taxation	85,067	93,973
- Depreciation of non-current assets (Note 5)	175,255	186,783
- Amortisation of intangible assets (Note 7)	963	1,119
- Profit / (loss) on sale of property, plant and equipment	(1)	84
- Income and costs related to changes in the property, plant and equipment	8,049	5,199
- Use and making impairment charges for non-current assets	(1,248)	33
- Actuarial gains/(losses) as recognised in the interim statement of comprehensive income	(9,637)	887
- Change in provisions for employee benefits liabilities (Note 11)	9,100	17,364
- Change in provisions	(10,489)	6,648
- Other flows	51	554
- Dividend paid	(2,032)	(3,267)
- Management Options	(5,913)	1,752
- Change in inventories	18,151	(3,261)
- Change in trade and other receivables	12,028	67,020
- Change in trade and other liabilities	35,804	(20,729)
Cash inflows from operating activities	**315,148**	**354,159**
Balance-sheet change in accounts receivable	9,996	63,753
Dividend payable	2,032	3,267
Change in accounts receivable for the purposes of the interim statement of cash flows	**12,028**	**67,020**
Balance-sheet change in liabilities	59,782	(15,395)
Change in investment liabilities	(23,978)	113,714
Liabilities on account of dividend concerning the previous year	-	(119,048)
Change in liabilities for the purposes of the interim statement of cash flows	**35,804**	**(20,729)**
Increase in non-current assets	121,904	161,734
Change in investment liabilities	3,625	113,714
Interest paid regarding investing activity	(1,775)	(5,425)
Acquisition of property, plant and equipment	**123,754**	**270,023**
Increase in intangible assets	28,264	167
Change in investment liabilities	(27,603)	-
Acquisition of intangible assets	**661**	**167**

Notes on the abridged 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.

On 26 March 2001, Lubelski Węgiel Bogdanka Spółka Akcyjna was registered in the Register of Entrepreneurs of the National Court Register, under KRS No. 0000004549. At present the register is maintained by the District Court Lublin-Wschód in Lublin, with the seat in Świdnik, VI Commercial Division of the National Court Register.

The shares of Lubelski Węgiel Bogdanka S.A. are listed on the Warsaw Stock Exchange.

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

The Company is the Parent in the Lubelski Węgiel Bogdanka Group. The Group prepares condensed interim consolidated financial statements in accordance with IFSR for the period from 1 January to 30 June 2016. In order to understand fully the Company's financial standing 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 financial period ended on 30 June 2016. Those financial statements will be available on the Company's website at www.lw.com.pl.

On 14 September 2015, ENEA S.A. announced a tender offer for the shares of the Company, and it declared its intention to acquire up to 64.57% of the total vote at the General Shareholders Meeting of the Company. The transaction settlement took place on 29 October 2015. As a result of the transaction, ENEA S.A. along with its subsidiary acquired a total of 66% of shares in the Company, as a result of which the Company became a member of the ENEA Group, of which ENEA S.A. with registered office in Poznań is the Parent.

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.

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.

2.1 Basis of preparation

These condensed interim financial statements of LW Bogdanka S.A. for the first six months of 2016 were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting in the form approved by the EU.

These condensed interim financial statements were prepared according to the historical cost principle except for derivative instruments measured at fair value and share-based payments, 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 1 January 2005.

Historical cost is calculated on the basis of fair value of the payment made for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a customary transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless whether such price is directly observable or estimated using other valuation technique. In the fair value measurement of an asset or liability, the Company takes into account the characteristics of the given asset or liability if the market participants take them into account when pricing assets or liabilities at the measurement date. Fair value for the purpose of measurement and / or disclosure in the condensed interim financial statements of the Company is determined in accordance with the above principle, except for share-based payments which are covered by the scope of IFRS 2, lease transactions which are covered by the scope of IAS 17, and measurements which are in a certain way similar to fair value but are not defined as fair value, such as net realisable value according to IAS 2 or value in use according to IAS 36.

Estimated figures

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 exercise its own judgement when applying the accounting principles adopted by the Company.

As compared to information provided in the most recent annual financial statements for 2015, the estimated life of the mine has changed. The period was extended from 2034 to 2043 and was estimated on the basis of available coal resources with an account taken of an average level of extraction (in line with an assumption regarding the average annual level of extraction used in estimating usable value of assets for the purpose of impairment test performed at the end of 2015 – as described in Note 6.3 of the financial statements of Lubelski Węgiel Bogdanka for 2015).

The change materially affected actuarial valuation of provisions for employee benefits, amortisation/depreciation and, to a smaller extent, the provision for the costs of mine closure and land reclamation.

Actuarial valuation of provisions for employee benefits
It is estimated that extending the mine's life to 2043 resulted in an increase in the provisions for retirement and post-employment benefits, death benefits, long-service awards and coal allowances in total by approx. PLN 8.7 million, of which approx. PLN 2.4 million was included in the Interim Income Statement, and approx. PLN 6.3 million - in the Interim Statement of Comprehensive Income. The total impact on equity (after deferred tax) was approx. PLN 7 million.

Amortisation/depreciation
It is estimated that extending the mine's life to 2043 resulted in a reduction of amortisation/depreciation cost during the first 6 months of 2016 by approx. PLN 10.1 million. The impact on net profit disclosed in the Interim Income Statement was approx. PLN 8.2 million.

Provision for mining plant decommissioning
It is estimated that extending the mine's life to 2043 resulted in a decrease in the provisions for costs of mine closure and land reclamation by approx. PLN 3.5 million, of which approx. PLN 0.5 million was included in the Interim Income Statement, and approx. PLN 3.0 million - in the Interim Statement of Financial Position as a reduction of "Property, plant and equipment".

Other key estimates and judgements have not changed since the publication of the annual financial statements for 2015.

These condensed interim financial statements were prepared using the same accounting principles for the current and comparative periods.

a) Standards and interpretations used for the first time in 2016

The following standards, amendments to the existing standards as well as interpretations published by the International Accounting Standards Board (IASB) and endorsed for application by the European Union come into force for the first time in 2016:

- **Amendments to various standards "Improvements to IFRS (2010-2012)"** - amendments made under the annual IFRS improvements project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), primarily oriented at eliminating inconsistencies and specifying terminology, endorsed by the European Union on 17 December 2014 (applicable to annual periods beginning on or after 1 January 2015) published on 12 December 2013. Amendments to various standards and interpretations as part of procedure of introducing annual amendments to Standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), primarily oriented at eliminating inconsistencies and specifying terminology. 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) definition of "vesting condition"; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments; assets to the entity's assets; (iv) measurement of current receivables and payables; (v) proportionate restatement of accumulated depreciation in the revaluation method, and (vi) definition of key management personnel.

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

- **Amendments to IAS 19 "Employee benefits"** - Defined Benefit Plans: Employee Contributions; endorsed by the European Union on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015) were published by the International Accounting Standards Board on 21 November 2013. Smaller amendments relate to the scope of application of the standard to contributions from employees or third parties paid to defined benefit plans. The objective is to simplify the accounting for contributions which are independent of the number of years of service (e.g. employee contributions calculated as a fixed percentage of salary).

  The introduction of amendments to the abovementioned standard does not materially affect these condensed interim financial statements.

- **Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - endorsed by the European Union on 23 November 2015 (applicable to annual periods beginning on or after 1 January 2016) were published by the International Accounting Standards Board on 30 June 2014. The amendments include bearer plants used only for the purpose of increase in products into the scope of IAS 16 and in consequence they are accounted for in the same manner as property, plant and equipment.

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

- **Amendments to IFRS 11 "Joint Arrangements" -** Acquisition of interest in a joint operation **-** endorsed by the European Union on 4 November 2015 (applicable to annual periods beginning on or after 1 January 2016), published by the International Accounting Standards Board on 6 May 2014. The amendments provide new guidelines for the accounting for the acquisition of interests in joint operations with a form of a joint venture.

  The introduction of amendments to the abovementioned standard does not materially affect these condensed interim financial statements.

- **Amendments to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible Assets"** - Explanations regarding acceptable methods of depreciation and amortisation - endorsed by the European Union on 2 December 2015 (applicable to annual periods beginning on or after 1 January 2016) were published by the International Accounting Standards Board on 12 May 2014. The amendments clarify that application of revenue-based methods to calculate depreciation of property, plant and equipment is not appropriate as revenue generated from the activity covering the use of assets usually reflects other factors than consumption of the economic benefits embodied in the asset. The amendments also clarify that adoption of revenue as measurement basis of the use of economic benefits embodied in the intangible asset is in principle not recognised as appropriate. However, exceptions to that rule are allowed in strictly specified circumstances.

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

- **Amendments to various standards "Improvements to IFRS (2012-2014)"** - amendments made under the annual IFRS improvements project (IFRS 5, IFRS 7, IAS 19, and IAS 34), primarily oriented at eliminating inconsistencies and specifying terminology, endorsed by the European Union on 15 December 2015 (applicable to annual periods beginning on or after 1 January 2016) published on 25 September 2014. Amendments to various standards and interpretations as part of procedure of introducing annual amendments to Standards (IFRS 5, IFRS 7, IAS 19 and IAS 34), primarily oriented at eliminating inconsistencies and specifying terminology. The amendments specified more precisely the required accounting treatment in situations where previously freedom of interpretation was allowed. The improvements include new or amended requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 in condensed interim financial statements; (iv) discount rate: regional market issues; (v) disclosure of information "elsewhere in the interim financial report".

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

- **Amendments to IAS 1 "Presentation of Financial Statements"** - an initiative regarding disclosures endorsed by the European Union on 18 December 2015 (applicable to annual periods beginning on or after 1 January 2016), published on 18 December 2014. The amendments to IAS 1 are designed to encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

  The introduction of amendments to the abovementioned standard does not materially affect these condensed interim financial statements.

- **Amendments to IAS 27 "Separate Financial Statements"** equity method in separate financial statements - endorsed by the European Union on 18 December 2015 (applicable to annual periods beginning on or after 1 January 2016), published by the International Accounting Standards Board on 12 August 2014. The amendments are intended to restore the equity method as an additional option for settlements of investments in subsidiaries, joint ventures and associated entities in separate financial statements.

  The introduction of amendments to the abovementioned standard does not materially affect these condensed interim financial statements.

b) standards and interpretations adopted by IASB, but not yet 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 25 August 2016 were not adopted for use in the European Union (the effective dates below refer to standards in full versions):

- **IFRS 9 – "Financial Instruments"** - published on 24 July 2014 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 sets forth the requirements for recognition and measurement, impairment, de-recognition, and hedge accounting.

  Classification and measurement – IFRS 9 introduces a new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements according to IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment – IFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting – IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities. Own credit risk – IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 14 "Regulatory Deferral Accounts"** was published by IASB on 30 January 2014. The aim of the standard is to enable IFRS first-time adopters to continue to account for regulatory deferral account balances in accordance with their previous generally applicable accounting policies, on and following first-time adoption of IFRS.

- **IFRS 15 "Revenue from Contracts with Customers"** was published by IASB on 28 May 2014. The standard specifies how and when revenue is to be recognised and requires more detailed disclosures. The standard replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and many interpretations connected with revenue recognition. The standard is applicable to nearly all contracts with customers (with main exceptions covering lease contracts, financial instruments and insurance agreements). The core principle of the new standard is the recognition of revenue in such manner as to reflect the transfer of goods or services to customers in such an amount that reflects the consideration (i.e. price) to which the entity expects to be entitled in exchange for those goods or services. The standard also provides guidance for recognition of transactions which have not been regulated in detail by previous standards (e.g. revenue from services or contract modifications) as well as more comprehensive explanations to recognition of multi-part contracts.

- **IFRS 16 "Leases"** was issued by IASB on 13 January 2016. In accordance with IFRS 16 a lessee discloses the right to use an asset as well as the liability for the lease. The right to use an asset is treated similarly as other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. Lessors continue to classify leases as operating or finance, with IAS 17's approach to lessor accounting. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 – "Investments in Associates and Joint Ventures"** - Disposal or contribution of assets between the investor and its affiliate or a joint venture, published on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10, and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" -** Investment entities: Applying the Consolidation Exception, published on 18 December 2014. Minor amendments to IFRS 10, IFRS 12 and IAS 28 introduce explanations with respect to measurement of investment entities. The amendments also provide for, in specific circumstances, certain exceptions in this regard.

- **Amendments to IAS 12 "Income taxes"** – disclosure of deferred tax assets for unrealised losses were issued by IASB on 19 January 2016. The amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

- **Amendments to IAS 7 "Statement of Cash Flows"** - an initiative with respect to disclosures were issued by IASB on 29 January 2016. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments require that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes resulting both from cash and non-cash flows.

- **Amendments to IFRS 2 "Share-Based Payments"** - classification and measurement of the share-based payments were issued by the IASB on 20 June 2016. The amendments introduce requirement with respect to the recognition of: (a) the results of the conditions of acquiring rights and conditions other than conditions of acquiring rights for the valuation of share-based payments settled in cash; (b) share-based payments with the function of a net settlement with tax liabilities; (c) modification of share-based payments which result in a change of classification of transactions from those which are settled in cash and those which are settled in equity instruments.

  The Company is analysing the impact of the new standards on the financial statements.

  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. The Company's Management Board estimated that using hedge accounting for the portfolio of financial assets and liabilities according to IAS 39 Financial Instruments: Recognition and Measurement would not materially impact these condensed interim financial statements, if adopted by the entity as at the reporting date.

3. Information concerning sectors of business activity

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

a) Key reporting structure - industry segments

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 on sales of other products and services in the period between 1 January and 30 June 2016 amounted to PLN 23,205,000 (32,699,000 in the same period of the previous year), which accounts for 2.75% of total revenue on sales (3.89% in the same period of the previous year).
Accordingly, the Company does not present its results by industry segments.

b) Supplementary reporting structure - geographical segments

The Company operates primarily in Poland. Revenue on export sales of other products and services in the period between 1 January and 30 June 2016 amounted to PLN 989,000 (2,683,000 in the same period of the previous year), which accounts for 0.12% of total revenue on sales in the given period (0.32% in the same period of the previous year). The Company does not hold related assets or liabilities outside Poland.
Accordingly, the Company does not present its results by geographical segments.

c) Key coal customers

In the period of 6 months of 2016 and 2015 the key customers for the Company's coal, whose share in sales exceeded 10% of the total revenue on sales, were:

	6 months of 2016	**6 months of 2015**
Enea Wytwarzanie sp. z o.o.	48%	45%
ENGIE Energia Polska S.A.	23%	18%
PGNiG Termika S.A.	9%	10%

(All amounts in the tables are in PLN thousand, unless otherwise specified)

ENERGA Elektrownie Ostrołęka S.A.	6%	11%

4. Information concerning seasonality

Seasonality of production does not occur. However, seasonality of sales is visible in connection with retail sales at a point of coal sale. Sales to individual customers account for 0.37% of total sales. This has no significant effect on operating and financing activity of the Company.

5. Non-current assets

	Land	Buildings and structures		Plant, machinery and tools	Vehicles	Other property, plant and equipment	Construction in progress	Total
		total	including workings					
As at 1 January 2015								
Cost or assessed value	5,056	2,851,163	1,950,646	1,980,216	115,020	19,588	404,468	5,375,511
Depreciation	-	(1,032,957)	(814,902)	(737,637)	(63,775)	(11,596)	-	(1,845,965)
Net book value	**5,056**	**1,818,206**	**1,135,744**	**1,242,579**	**51,245**	**7,992**	**404,468**	**3,529,546**
As at 30 June 2015								
Net book value at beginning of year	5,056	1,818,206	1,135,744	1,242,579	51,245	7,992	404,468	3,529,546
Increases	-	-	-	-	-	-	161,941	161,941
Transfer from construction in progress	122	141,550	141,312	25,650	1,333	123	(168,778)	-
Decreases	(33)	(19,253)	(5,193)	(41)	(1,581)	(3)	(178)	(21,089)
Depreciation	-	(110,162)	(90,249)	(72,633)	(3,305)	(683)	-	(186,783)
Net book value	**5,145**	**1,830,341**	**1,181,614**	**1,195,555**	**47,692**	**7,429**	**397,453**	**3,483,615**
As at 30 June 2015								
Cost or assessed value	5,145	2,886,071	1,999,376	2,001,115	112,574	19,673	397,453	5,422,031
Depreciation	-	(1,055,730)	(817,762)	(805,560)	(64,882)	(12,244)	-	(1,938,416)
Net book value	**5,145**	**1,830,341**	**1,181,614**	**1,195,555**	**47,692**	**7,429**	**397,453**	**3,483,615**
As at 1 January 2016								
Cost or assessed value	5,523	2,645,244	1,899,401	1,958,119	94,199	20,596	143,584	4,867,265
Depreciation	-	(1,127,067)	(868,947)	(880,012)	(53,674)	(12,958)	-	(2,073,711)
Net book value	**5,523**	**1,518,177**	**1,030,454**	**1,078,107**	**40,525**	**7,638**	**143,584**	**2,793,554**
As at 30 June 2016								
Net book value at beginning of year	5,523	1,518,177	1,030,454	1,078,107	40,525	7,638	143,584	2,793,554
Increases	139	13	-	1,371	21	-	121,934	123,478
Transfer from construction in progress	3,133	67,685	62,028	15,832	4,238	428	(91,316)	-
Reclassification to assets held for sale	-	(13)	-	(896)	(21)	-	-	(930)
Decreases	(121)	(17,916)	(8,316)	(34)	(11)	(4)	(22)	(18,108)
Depreciation	-	(104,830)	(92,961)	(66,808)	(2,893)	(724)	-	(175,255)

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Net book value	**8,674**	**1,463,116**	**991,205**	**1,027,572**	**41,859**	**7,338**	**174,180**	**2,722,739**
As at 30 June 2016								
Cost or assessed value	8,674	2,667,839	1,925,938	1,974,114	94,339	20,992	174,180	4,940,138
Depreciation	-	(1,204,723)	(934,733)	(946,542)	(52,480)	(13,654)	-	(2,217,399)
Net book value	**8,674**	**1,463,116**	**991,205**	**1,027,572**	**41,859**	**7,338**	**174,180**	**2,722,739**

Borrowing costs (interest and commission on liabilities incurred), activated during 6 months of 2016 in the value of the property, plant and equipment were in total PLN 1,775,000 (PLN 5,425,000 during 6 months of 2015).

5.1 Property, plant and equipment - excavations

The tables below present short characteristics of galleries and other PPP items, disclosed under "excavations".

As at 30 June 2016:

Item	Quantity [items]	Length [m]	Initial value	Depreciation	Impairment losses	Net value as at the balance-sheet date	Depreciation level in the given group
Walls disclosed in non-current assets, depreciated with the cost-of-production method, including:	31	30,462	577,774	366,823	44,299	166,652	71%
- depreciated until June 2016	*21*	*15,722*	*487,429*	*366,823*	*29,606*	*91,000*	*81%*
Walls disclosed in non-current assets, depreciated with the use periods	239	96,772	1,251,426	449,898	124,660	676,868	46%
Other items depreciated with the use periods (shafts, shaft towers, barrages, tanks etc.)	32	-	295,036	118,012	29,339	147,685	50%
Total as at 30 June 2016	**302**	**127,234**	**2,124,236**	**934,733**	**198,298**	**991,205**	**53%**

As at 30 June 2015:

Item	Quantity [items]	Length [m]	Initial value	Depreciation	Net value as at the balance-sheet date	Depreciation level in the given group
Walls disclosed in non-current assets, depreciated with the cost-of-production method, including:	27	32,185	505,432	279,374	226,058	55%
- depreciated until June 2015	*18*	*16,025*	*378,588*	*279,374*	*99,214*	*74%*
Walls disclosed in non-current assets, depreciated with the use periods	235	99,450	1,198,908	428,912	769,996	36%
Other items depreciated with the use periods (shafts, shaft towers, barrages, tanks etc.)	32	-	295,036	109,476	185,560	37%
Total as at 30 June 2015	**294**	**131,635**	**1,999,376**	**817,762**	**1,181,614**	**41%**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

5.2 Impairment losses on the property, plant and equipment

The status of impairment losses on property, plant and equipment is presented in the table below:

	Land	Buildings and structures total	Buildings and structures including excavations	Plant and equipment	Vehicles	Total
As at 1 January 2015	**4,484**	**1,108**	**-**	**3,187**	**-**	**8,779**
Creating impairment loss	33	-	-	-	-	33
As at 30 June 2015	**4,517**	**1,108**	**-**	**3,187**	**-**	**8,812**
As at 1 January 2016	**4,533**	**377,562**	**200,391**	**246,280**	**1,124**	**629,499**
Using the impairment loss created	(139)	(3,201)	(2,093)	-	-	(3,340)
As at 30 June 2016	**4,394**	**374,361**	**198,298**	**246,280**	**1,124**	**626,159**

6. Non-current assets held for sale

	Buildings and structures	Plant, machinery and tools	Vehicles	Total
As at 1 January 2015	**-**	**-**	**-**	**-**
As at 30 June 2015	**-**	**-**	**-**	**-**
As at 1 January 2016	**-**	**-**	**3,694**	**3,694**
Reclassification to assets held for sale	13	896	21	930
As at 30 June 2016	**13**	**896**	**3,715**	**4,624**

On 10 August 2015 the Company has made a decision on the sale of 100 Eaos series, four-axis coal wagon carts type CFR/E and type 464W, of a net value of PLN 3,911,000. On 3 November 2015 a decision was made on the sale of further 30 Eaos series, four-axis coal wagon carts type CFR/E and type 464W, of a net value of PLN 997,000. The attempts of selling of the abovementioned assets were made in September 2015 by publishing press announcements (including in the trade press). The transaction was partly executed - on 18 January 2015, 30 items were sold under Agreement No. 1136/O/2015, the selling price for the assets (30 items) stood at PLN 1,937,000. The sale of the remaining 100 pieces is planned to take place in the second half of 2016.

In addition, in June 2016, the Company classified for sale non-current assets related to the Building Ceramics Plant, worth PLN 930,000. Sale agreement was signed on 13 June 2016, and it is expected to be finalised within 8 months from the signing date.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

7. Intangible assets

	Computer software	Fees, licences	Geological information	Other	Total
As at 1 January 2015					
Cost or assessed value	5,163	6,738	26,709	38,610	5,163
Amortisation	(3,541)	(1,725)	(9,652)	(14,918)	(3,541)
Net book value	**1,622**	**5,013**	**17,057**	**23,692**	**1,622**
As at 30 June 2015					
Net book value at beginning of year	1,622	5,013	17,057	23,692	1,622
Increases	16	151	-	167	16
Decreases	-	(4)	-	(4)	-
Amortisation	(202)	(288)	(629)	(1,119)	(202)
Net book value	**1,436**	**4,872**	**16,428**	**22,736**	**1,436**
As at 30 June 2015					
Cost or assessed value	5,176	6,835	26,709	38,720	5,176
Amortisation	(3,740)	(1,963)	(10,281)	(15,984)	(3,740)
Net book value	**1,436**	**4,872**	**16,428**	**22,736**	**1,436**
As at 1 January 2016					
Cost or assessed value	5,230	6,320	24,032	35,582	5,230
Amortisation	(3,956)	(2,281)	(10,939)	(17,176)	(3,956)
Net book value	**1,274**	**4,039**	**13,093**	**18,406**	**1,274**
As at 30 June 2016					
Net book value at beginning of year	1,274	4,039	13,093	18,406	1,274
Increases	225	435	27,604	28,264	225
Decreases	-	(4)	-	(4)	-
Amortisation	(185)	(297)	(481)	(963)	(185)
Net book value	**1,314**	**4,173**	**40,216**	**45,703**	**1,314**
As at 30 June 2016					
Cost or assessed value	5,451	6,755	51,636	63,842	5,451
Amortisation	(4,137)	(2,582)	(11,420)	(18,139)	(4,137)
Net book value	**1,314**	**4,173**	**40,216**	**45,703**	**1,314**

8. Share capital

	Number of shares ('000)	Ordinary shares – par value	Hyperinflation adjustment	Total
As at 1 January 2015	34,014	170,068	131,090	301,158
As at 30 June 2015	34,014	170,068	131,090	301,158
As at 1 January 2016	34,014	170,068	131,090	301,158
As at 30 June 2016	34,014	170,068	131,090	301,158

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

9. 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. Other capital includes supplementary capital under the Management Options issue and capital resulting from valuation of cash flow hedging financial instruments (partially deemed an efficient hedge).

On 30 September 2013 the Supervisory Board of the Company adopted, by way of a resolution, the Rules of Management Options Scheme in 2013-2017. The resolution was adopted based on Resolution No. 26 of the Annual General Shareholders Meeting of the Company of 4 July 2013 regarding issue of up to 1,360,540 registered series A subscription warrants with the exclusion of a pre-emptive right, conditional increase in the Company's share capital by no more than PLN 6,802,700 through issue of up to 1,360,540 ordinary series D shares with a par value of PLN 5 each and with the exclusion of a pre-emptive right. As at the allocation date program valuation was made with the application of the Black–Scholes–Merton model, and the calculated value of options as at the allocation date was PLN 23,657,000. The valuation model employed the following assumptions:
- option allocation date (valuation date) was set on 30 September 2013 for each of the tranches,
- current price for calculation purposes was a forecast share price of Lubelski Węgiel Bogdanka S.A. as at 30 September 2013,
- life period of an option was calculated with the assumption of option maturity falling in the middle of the period set by the first day and the last possible day of option exercise,
- risk-free rate was defined as the semi-annual average of weekly prices of 5-year Treasury bonds,
- share price variability was calculated on the basis of annual rates of return on shares of Lubelski Węgiel Bogdanka S.A. using continuous capitalisation for a 4-year period of the Company listings.
- zero-dividend rate was assumed in connection with the Scheme's provisions that set out that dividends to be paid by Lubelski Węgiel Bogdanka S.A. will be deducted from the Option strike price.

As at 30 June 2016, the number of allocated options under the whole Scheme was 1,143,863, and the total value of the Management Option Scheme amounted to PLN 3,839,000 (31 December 2015: PLN 13,642,000). Within this pool, the number of allocated rights (for 2013-2014) to be exercised under the above options is 335,199. In the current period, on the basis of analyses performed, it was determined that there is no possibility of achieving non-market parameters required under the Scheme. Therefore, options valued at PLN 5,913,000 were found to be forfeit, and consequently, derecognised. As a result, the total cost of the Scheme disclosed as at 30 June 2016 under "Other capitals" amounted to PLN 3,839,000 (31 December 2015: PLN 9,752,000). The amount PLN 5,913,000 was disclosed in the interim income statement for the first 6 months of 2016 under "Administrative costs" – as a reduction of costs (in the analogous period of 2015: PLN 1,752,000, as an increase of costs).

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Other capitals include also derivatives used as cash flow hedges (in the part deemed the efficient hedge) after tax effect. In 2016 the Company held no financial instruments hedging cash flows.
The loss on cash flow hedges in first 6 months of 2015 amounted in total to PLN 3,374,000 (PLN 2,733,000 after tax effect). The aggregate losses suffered (by 30 June 2015) were recognised under the following items in the Interim Statement of Financial Position and in the Interim Statement of Comprehensive Income:
- the loss attributable to the period of first 6 months of 2015 in the amount of PLN 352,000 (PLN 285,000 after tax effect), together with the loss disclosed at the end of 2014 in the amount of PLN 47,000 (PLN 38,000 after tax effect), relating to a link hedging the cash flows (the primary hedge was a forward contract that was later replaced with a non-derivative instrument) open as at 30 June 2015, was recognised in the Interim Statement of Comprehensive Income in section cash flow hedges under "Profit/ (loss) for the period" (in the part related to 2015) and in the Interim Statement of Financial Position (Balance Sheet) under "Other capital";
- the loss attributable to the period of first 6 months of 2015 in the amount of PLN 3,022,000 (PLN 2,448,000 after tax effect) together with the loss disclosed at the end of 2014 in the amount of PLN 246,000 (PLN 199,000 after tax effect) in relation to forward contracts concluded in 2013 and settled in 2014 – in aggregate PLN 3,268,000 (PLN 2,647,000 after tax effect) – was disclosed in the Statement of Comprehensive Income in section cash flow hedges under "Adjustments from transferring amounts to original values of hedged items" and was taken to the initial value of non-current assets disclosed in the Interim Statement of Financial Position (Balance Sheet) under "Property, plant and equipment".
In total, the Interim Statement of Comprehensive Income for the first 6 months of 2015 shows a decrease in comprehensive income related to cash flow hedges in the amount of PLN 86,000.

10. Financial liabilities on account of bond issue

	30 Jun. 2016	31 Dec. 2015
Non-current:		
Issuance of bonds	600,000	700,000
- PEKAO S.A.	450,000	500,000
- BGK	150,000	200,000
Current:		
Interest on bonds:	40	92
- PEKAO S.A.	30	66
- BGK	10	26
	600,040	**700,092**

Financial liabilities on account of bond issue refer to two scheme agreements. Under the first Scheme Agreement concluded by the Company on 23 September 2013 with Bank Polska Kasa Opieki S.A., 3,000 bonds in the aggregate amount of PLN 300,000,000 were issued, to be redeemed by 31 December 2018. The bond redemption date is 30 March 2018 for bonds in the amount of PLN 75 million, 30 June 2018 for bonds in the amount of PLN 75 million, 30 September 2018 for bonds in the amount of PLN 75 million and 30 December 2018 for bonds in the amount of PLN 75 million. Interest on the bonds is based on WIBOR 3M plus a fixed margin.

Under the second Scheme Agreement of 30 June 2014, concluded by the Company with Bank Polska Kasa Opieki S.A. (200 bonds) and Bank Gospodarstwa Krajowego (200 bonds), initially 400 bonds were issued of a total value amounting to PLN 400,000, with maturity date falling on 30 June 2016. The issue scheme provides for the Company's right to issue further series of bonds within a given tranche in order to roll over the previous issue of this tranche, which justifies the long-term nature of this bond issue scheme. 30 June 2016 was the maturity date of two bond series covering bonds issued within a given tranche for the total amount of PLN 400,000,000 on 30 June 2015. In order to refinance the issue of bonds subject to redemption on 30 June 2016, the Company issued the total of 300 new series registered bonds under Tranche 1, with the total value amounting to PLN 300,000,000. The maturity date for the new series of bonds is 30 June 2017. Additionally, on 30 June 2016 the Company redeemed the remaining 100 bonds with the total value amounting to PLN 100,000.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Interest on the bonds is based on WIBOR 3M plus a fixed margin.

The Company established collateral in favour of the Banks in the following forms: agreements for assignment of receivables under a contract with one of the Company's customers, statements on submission to execution under Article 777.1.5 of the Civil Procedure Code and powers of attorney to designated bank accounts of the Company.

The fair value of financial liabilities resulting from bond issue does not differ significantly from the carrying value.

11. Provisions for employee benefits

	30 Jun. 2016	31 Dec. 2015
Provisions disclosed in the Interim Statement of Financial Position, for:		
- retirement and disability benefits	33,339	26,735
- long-service awards	86,527	80,431
- coal allowances in kind	117,537	111,927
- other benefits for employees (unused holidays, death benefits etc.)	19,694	28,904
	257,097	**247,997**
including:		
- non-current	217,902	199,519
- current	39,195	48,478

	30 Jun. 2016	30 Jun. 2015
Costs disclosed in the Interim Income Statement, of:		
- retirement and disability benefits	1,167	1,190
- long-service awards	10,275	9,440
- coal allowances in kind	2,991	2,586
- other benefits for employees (unused holidays, death benefits etc.)	15,597	20,460
	30,030	**33,676**

	30 Jun. 2016	30 Jun. 2015
Costs recognised in the Interim Statement of Comprehensive Income regarding the distribution of actuarial gains and losses resulting from demographic assumptions, financial assumption and other changes:		
- retirement and disability benefits	7,014	(7,255)
- coal allowances in kind	2,645	6,536
- other benefits for employees (death benefits)	(22)	(168)
	9,637	**(887)**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Change in provisions for employee benefits liabilities:

	30 Jun. 2016	30 Jun. 2015
As at 1 January	**247,997**	**223,875**
Costs of current employment	21,671	27,075
Interest expense	2,911	2,636
Actuarial gains/(losses) as disclosed in the Interim Income Statement	5,448	3,965
Actuarial gains/(losses) as disclosed in the Interim Statement of Comprehensive Income	9,637	(887)
Total as disclosed in the Interim Statement of Comprehensive Income	**39,667**	**32,789**
Benefits paid	(30,567)	(15,425)
As at 30 June	**257,097**	**241,239**

Employee benefits costs are recognised in the Interim Income Statement and the Interim Statement of Comprehensive income as follows:

	30 Jun. 2016	30 Jun. 2015
Costs of products, goods and materials sold	24,724	28,187
Selling cost	155	168
Administrative costs	2,240	2,685
Finance cost	2,911	2,636
Total as disclosed in the Interim Income Statement	**30,030**	**33,676**
Actuarial gains/(losses) as disclosed in the Interim Statement of Comprehensive Income	9,637	(887)
Total as disclosed in the Interim Statement of Comprehensive Income	**39,667**	**32,789**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

12. Provisions for other liabilities and charges

	Provision for a mine closure and land reclamation	Mining damage	Legal claims	Real property tax	Claims of the Social Security Institution (ZUS) - contribution for accident insurance	Other	Total
As at 1 January 2015	**123,585**	**9,155**	**25,295**	**23,258**	**15,901**	**-**	**197,194**
Including:							
non-current	123,585	-	-	-	-	-	123,585
current	-	9,155	25,295	23,258	15,901	-	73,609
Disclosure in the Interim Statement of Financial Position:							
- update of the provision created	(12,500)	-	-	-	-	-	(12,500)
Disclosure in the Interim Income Statement:							
- creation of additional provisions	-	-	-	3,768	239	-	4,007
- additional charge	-	-	-	-	1,299	-	1,299
- use of the created provision	-	(1,248)	(231)	(2,455)	-	-	(3,934)
- interests	-	-	571	819	627	-	2,017
- discount settlement	1,699	-	-	-	-	-	1,699
As at 30 June 2015	**112,784**	**7,907**	**25,635**	**25,390**	**18,066**	**-**	**189,782**
Including:							
non-current	112,784	-	-	-	-	-	112,784
current	-	7,907	25,635	25,390	18,066	-	76,998
As at 1 January 2016	**130,179**	**8,497**	**26,866**	**23,881**	**18,727**	**3,041**	**211,191**
Including:							
non-current	130,179	-	-	-	-	-	130,179
current	-	8,497	26,866	23,881	18,727	3,041	81,012
Disclosure in the Interim Statement of Financial Position:							
- update of the provision created	(8,536)	-	-	-	-	-	(8,536)
Disclosure in the Interim Income Statement:							
- creation of additional provisions	-	-	48	3,290	-	1,349	4,687
- release of unused provisions	-	-	(16,590)	-	-	-	(16,590)
- use of the created provision	-	(352)	-	-	-	(2,998)	(3,350)
- interests	-	-	373	929	656	-	1,958
- discount settlement	1,742	-	-	-	-	-	1,742
As at 30 June 2016	**123,385**	**8,145**	**10,697**	**28,100**	**19,383**	**1,392**	**191,102**
Including:							
non-current	123,385	-	-	-	-	-	123,385
current	-	8,145	10,697	28,100	19,383	1,392	67,717

(a) Liquidation of a mining plant and land reclamation

The Company creates a provision for costs of mining plant liquidation and land reclamation, which it is obliged to incur under current laws. The value of mining plant closure and land reclamation calculated as at 30 June 2016 amounts to: PLN 123,385 including provision for a mine closure of PLN 117,647 and provision for land reclamation of PLN 5,738,000. The change in provision compared to 31 December 2015 is PLN (6,794,000); an increase resulting from the discount write-off of PLN 1,742,000 were recognised in the Interim Income Statement under “Costs of products, goods and materials sold” and “Finance cost”, respectively, while a decrease caused by update of assumptions, amounting in total to PLN 8,536,000, was recognised in the Interim Statement of Financial Position as an decrease in “Property, plant and equipment”.

(b) Removing mining damage

Given the need of removing mining damage, the Company creates a provision for mining damage. As at 30 June 2016, the estimated value of works necessary to remove damage amounts to PLN 8,145,00, and covers predominantly planned costs which will have to be incurred in connection with repair of damaged power lines, buy-out of developed properties (where damage appeared) and compensations for damage to agricultural land. For the first 6 months of 2016 the amount of the unused provision totalled PLN 352,000, compared to PLN 1,248,000 for the same period of 2015.

(c) Legal claims

The amount disclosed constitutes a provision for certain legal claims filed against the Company by customers and suppliers. The value of made/released provisions in the current period is disclosed in the Interim Income Statement under other income/expenses. 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 2016. The significant fall of the value for legal claims compared to the end of the previous financial year (31 December 2015) is primarily a result of releasing the unused provision for possible claims of the Consortium of BUDIMEX S.A., Ferrovial Agroman S.A. and Mostostal Kraków, totalling PLN 16,590,000 in relation to a ruling issued on 12 April 2016 by the Court of Appeals in Lublin, which was advantageous for the Company. The decision to release the provision followed a lapse - on 29 June 2016 - of a statutory time frame for submitting, to the Court of Appeals, a cassation appeal from the abovementioned ruling.
The total amount of the provision is comprised of a principal amount of the claims amounting to PLN 10,125,000 and disclosed in the interim income statement under “Other income”, and interests charged from 2 November 2010 in the amount of PLN 6,465,000 disclosed in the interim income statement under “Finance income”.

(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 uniform position to that extent in a line of decisions given by administrative courts.
In 2015 the Supreme Administrative Court issued a ruling where it dismissed a cassation appeal of a mining enterprise and shared the position of tax authorities and the Provincial Administrative Court to the effect that linings of

underground mining excavations constitute structures in the form retaining walls. Nevertheless, it is not possible to state unequivocally based on this ruling that a uniform position has been already formulated by administrative courts in this respect.
In connection with decisions issued by the Commune Heads and the Local Government Appellate Court in Lublin, determining real property tax of the Company for 2008-2012 with respect to all communes, the amounts of real property tax calculated for 2013-2016 were adjusted. The adjustment of the tax provision calculated for the above years was supported by a risk that in tax proceedings relating to these years, the tax authorities will decide in the same way as in relation to 2008-2012. Having taken the above into account, the provision disclosed in the Company's books as at 30 June 2016 (disclosed in the Interim Statement of Financial Position under "Provisions for other liabilities and charges") in the amount of PLN 28,100,000 (31 December 2015: PLN 23,881,000) represents a provision for real property tax liabilities, if any, and interest thereon for 2013-2016 with respect to all communes, should the tax authorities determine that mining excavations of the Company contain objects constituting structures on which real property tax is chargeable. The values connected with real property tax are disclosed in the Interim Income Statement under "Costs of products, goods and materials sold".

At the end of 2014 decisions issued by the Commune Heads and determining real property tax for the Company for 2009 (Ludwin and Puchaczów Communes) and for 2009-2012 (Cyców Commune) were upheld by the Local Government Appellate Court, and so it was decided to make the settlement of real property tax receivables and liabilities. As a result of the settlement, a provision, created earlier, was used in the amount of PLN 11,640,000 (mainly using the amount was in a set-off with overpayments made by the Company between 2005 and 2007). In 2015 a similar settlement was made for the period 2010-2012 for the Puchaczów Commune and 2010-2012 for the Ludwin Commune. As a result of the settlement, a provision, created earlier, was used in the amount of PLN 7,926,000 (using the whole amount in a set-off with overpayments made by the Company between 2005 and 2007). In the first 6 months of 2016 such settlements were not effected. Real property tax liabilities arising from settled decisions were in exactly the same amount as the provision created by the Company.
However, in spite of having made the above settlement, the Company takes all legal steps in order to challenge effectively the fact of assessment of real property tax in relation to the equipment and support. The Company is going to appeal against the decisions to the Regional Administrative Court and next, if necessary, to the Supreme Administrative Court.

Concurrently with the made provision, based on the above, in connection with the payments of the real property tax made in 2014 and 2015 (overpayments charged to liabilities) on account of mining excavations for 2010-2012 with respect to the Puchaczów Commune and Ludwin Commune, as at 30 June 2016 the Company calculated income due for those years for an excess payment of the real property tax, in the amount of PLN 7,423,000 (as at 31 December 2015: PLN 6,708,000). Receivables on account the revenue accrued were disclosed in the Interim Statement of Financial Position under "Trade and other receivables".

(e) Claims of the claims of the Social Security Institution (ZUS) for contribution for accident insurance

The percentage rate of a contribution for accident insurance, determined by the Social Security Institution based on ZUS IWA documents (Information on data required for calculation of contribution for accident insurance) and an adjustment of ZUS IWA document for 2012 submitted by the Company, was 3.09% for the settlement period from 1 April 2013 to 31 March 2014 and 2.70% for the settlement period from 1 April 2014 to 31 March 2015. In its Decision No. 7/2014 of 18 June 2014, the Social Security Institution, Branch in Lublin, determined the percentage rate of a contribution for accident insurance for the Company. Having taken into account ZUS IWA adjustments for the years of 2011 and 2012 (made *ex officio*), the authority determined the percentage rate of a contribution for accident insurance at 3.47% for the settlement period from 1 April 2013 to 31 March 2014 and at 3.09% for the settlement period from 1 April 2014 to 31 March 2015. In addition, pursuant to Article 34 of the Act on Social Insurance against Accidents at Work and Occupational Diseases and Article 83.1.3 of the Act on Social Insurance System, the Social Security Institution determined for the Company the percentage rate of a contribution for accident insurance increased by 50% for the above contributory years, i.e. at 5.21% for the contributory year from 1 April 2013 to 31 March 2014 and at 4.64% for the contributory year from 1 April 2014 to 31 March 2015. On 25 July 2014 the Company filed an appeal to the Regional Court in Lublin, against the above decision, requesting that it be cancelled and proceeding be discontinued, or in the alternative that the Court change the decision appealed against and decide that the Company is not required to pay the contribution for accident insurance at the rate increased by 50%, as well as decide that the percentage rate of the contribution for the above contributory years should be 3.09% and 2.7% respectively. On 20 January 2015, the first hearing in the case was held, during which the Court admitted all evidence from documents as requested by the Company, adjourned the case without stating any date of the adjourned hearing, and informed that the Company's request for admitting evidence from opinions of expert doctors would be analysed at a hearing in camera. The hearing took place on 6 February 2015, when the Court decided to admit evidence in the form of a joint opinion of court expert physicians. By the date of drawing these condensed interim financial statements such an opinion has not been prepared.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

The above decision, which determined the percentage rate of a contribution for accident insurance and increased the rate so determined by 50%, is not final and binding.

After taking the above into account, the provision disclosed in the Company's books as at 30 June 2016 and amounting to PLN 19,383,000 represents a provision for claims of the Social Security Institution related to a contribution for accident insurance (PLN 3,046,000), the increased percentage rate of that contribution by 50% (PLN 13,352,000) and interest (PLN 2,329,000).

(f) Other

Other provisions refer primarily to a provision, created by the Company, for the cost of purchase of green certificates. A decrease of other provision of PLN 1,649,000 compared to 31 December 2015 is primarily a result of creating a provision of PLN 1,301,000 for green certificates, necessary for submitting for redemption in relation to electric energy purchased and used in 2016, and for using a provision for green certificates for 2015 (in connection with their submission for redemption) in the amount of 2,926,000.

13. Other income

	1 Jan. 2016- 30 Jun. 2016	**1 Jan. 2015- 30 Jun. 2015**
Compensations and damages received	119	1,833
Release of unused provision for the claims of the consortium of BUDIMEX S.A., Ferrovial Agroman S.A., and Mostostal Kraków	10,125	-
Other, including:	1,531	128
- Release of used provisions for liabilities	*72*	-
- Release of impairment losses	*48*	*123*
- Other revenue	*1,411*	*5*
Total other income	**11,775**	**1,961**

14. Other costs

	1 Jan. 2016- 30 Jun. 2016	**1 Jan. 2015- 30 Jun. 2015**
Grants	(324)	(130)
Enforcement fees and penalties	(23)	(56)
Compensation	(989)	(117)
Other	(61)	(57)
Total other costs	**(1,397)**	**(360)**

(All amounts in the tables are in PLN thousand, unless otherwise specified)

15. Other profits/(losses) - net

	1 Jan. 2016- 30 Jun. 2016	1 Jan. 2015- 30 Jun. 2015
Loss on sale of non-current assets	(138)	(84)
Currency exchange differences	(430)	(389)
Impairment losses of property, plant and equipment	-	(33)
Provision for the claims of the Social Security Institution (ZUS) for contribution for accident insurance including:	-	(1,538)
- Creating provision for the contribution	-	*(239)*
- Creating provision for additional fine	-	*(1,299)*
Other, including:	(548)	1,946
- Creating other provisions	*(49)*	*1,248*
- Other	*(499)*	*698*
Total other net losses	**(1,116)**	**(98)**

16. Finance income and cost

	1 Jan. 2016- 30 Jun. 2016	1 Jan. 2015- 30 Jun. 2015
Interest income on short-term bank deposits	2,258	1,694
Dividend due	2,032	3,267
Release of unused provision for the claims of the consortium of BUDIMEX S.A., Ferrovial Agroman S.A., and Mostostal Kraków	6,465	-
For financial assets, including:	1,434	1,426
- Interest regarding the Mine Closure Fund	*960*	*1,002*
- Other,	*474*	*424*
Total finance income	**12,189**	**6,387**
Interest and commissions on bank loans and bonds	(6,804)	(4,722)
Interest expense on valuation of employee benefits	(2,911)	(2,636)
Settlement of discount on regarding the Mine Closure Fund	(1,742)	(1,699)
Creation of a provision and impairment losses of interest	(1,678)	(779)
Provision for interest on claims of the Social Security Institution (ZUS) for contribution for accident insurance	(656)	(627)
Other finance cost	(450)	(905)
Total finance cost	**(14,241)**	**(11,368)**
Finance cost – net	**(2,052)**	**(4,981)**

17. Income tax

	1 Jan. 2016- 30 Jun. 2016	1 Jan. 2015- 30 Jun. 2015
Current tax	11,317	16,321
Deferred tax charged into finance income	3,948	898
Deferred tax charged into other comprehensive income:		
- as cash flow hedge	-	(20)
- as actuarial gains/losses as recognised in the Statement of Comprehensive Income	(1,831)	153
	13,434	**17,352**

Income tax in the condensed interim financial statements was established pursuant to the expected tax rate for 2016 of 19.0% (2015: 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 the 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 could 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. Amounts disclosed in the condensed interim financial statements can therefore be changed after their amount has been finally determined by the tax authorities.

18. 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. 2016- 30 Jun. 2016	1 Jan. 2015- 30 Jun. 2015
Earnings attributable to shareholders of the Company	69,802	76,754
Weighted average number of ordinary shares (’000)	34,014	34,014
Basic earnings per share (in PLN)	**2.05**	**2.26**

(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. As at 30 June 2016, in connection with the introduction of the Management Options Scheme in 2013, the Company held instruments causing possible dilution of ordinary shares. As at 30 June 2016 dilution did not occur (the same situation was recorded as at 30 June 2015).

19. Dividend per share

In the first half of 2016 and in the same period of 2015, the Company did not pay any dividend to Shareholders. During the Annual General Shareholders Meeting held on 22 June 2016, the Shareholders of Lubelski Węgiel Bogdanka S.A., has not adopted a resolution on payment of dividend. In compliance with Resolution No. 27 of the Annual General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A., the net loss of the Company in the amount of PLN 278,029,000 has been fully covered from the Company’s reserve capital.
The dividend rate due to the shareholders of the Company is presented in the table below.

	1 Jan. 2016- 30 Jun. 2016	**1 Jan. 2015- 30 Jun. 2015**
Dividend due	-	119,048
Number of ordinary shares as at the dividend date ('000)	34,014	34,014
Dividend per share (in PLN per share)	**-**	**3.50**

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

20. Financial instruments (financial liabilities)

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 2016 (as well as at 31 December 2015) the Company had no financial instruments measured at fair value.

21. Contingent items

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

a) Real property tax

The contingent liability concerning the value of mining excavations from which the Company does not create a provision (provision for real property tax, in its parts deemed as probable by the Company, amounts to PLN 28,100,000 and is presented in Note 12), may primarily result from the existing discrepancies between the position of the Company and the position of tax authorities with respect to the subject of that tax. The issue revolves around the question of whether there are in the mining excavations any structures within the meaning of the Act on Local Taxes and Charges which would be subject to the property tax. The discrepancies may also occur with regard to the value of particular facilities — in the event that it is agreed that the facilities are subject to the real property tax. The extent of such liability has not changed significantly compared to the end of the prior financial year (31 December 2015).

b) Patent claims

The contingent liability for legal claims related to the fee for co-inventors of inventions covered with patents no. 206048 and 209043 functioning at the Company from which the Company does not create provision may primarily result from impossibility to assess whether the claim in question is justified and different positions taken by the Company and the co-inventors of inventions covered with the abovementioned patents. The value of the possible liability as at the day of publishing these financial statements amounts to PLN 48 million. The Company estimated a provision for remuneration for co-inventors to the best of its knowledge and in line with principles so far applied at the Company when calculating remunerations for inventors. The item provisions for legal claims shows a provision for legal claims regarding remuneration for co-inventors of inventions covered by patents No. 206048 and 209043, used at the Company. The amount of remuneration will be subject to analysis of court experts or experts accepted by both parties, to be made upon drafting a technical opinion regarding the patented inventions. The extent of such liability has not changed significantly compared to the end of the prior financial year (31 December 2015).

c) Liabilities and contingent assets regarding a dispute with a Consortium

By 30 June 2016 the Company issued to the Consortium of Mostostal Warszawa S.A. and Acciona Infraestructuras S.A. ("Consortium") debit notes in the total amount of PLN 34,592,000, on account of contractual damages, liquidated damages for delay in contract performance and lost profit damages. Further, on 7 April 2015, to Arbitration Court at the National Chamber of Commerce in Warsaw received an action filed by the Consortium against the Company. The action mainly referred to claims for reimbursement of costs in relation to the extension of the contract term and liquidated damages for withdrawal from the contract by fault of the Company, totalling PLN 27,232,000. In the Company's Management Board's opinion both the imposed liquidated damages and the claim for additional costs incurred by the Consortium are groundless, all the more that the Consortium is the party responsible for the delay in contract performance.

The Company's Management Board believes that the Consortium moved to the Arbitration Court as a response to being charged with liquidated damages, contractual damages and lost profit damages by the Company. The Management Board finds that likelihood of resolving the dispute to the disadvantage of the Company is small, so is the resulting necessity (if any) to pay the claims, and the final financial result of mutual claims should not be adverse to the Company.

On 18 January 2016, Arbitration Court's Adjudication Panel issued a statement to the effect that it had no jurisdiction over a majority of claims pursued by the Consortium (the Arbitration Court has only decided to have jurisdiction for the recognition of the claim for the return of PLN 15 million being a bank guarantee paid to the Company and issued on order of Mostostal Warszawa S.A.), at the same time issuing a decision, on 21 January 2016, obliging the parties to the arbitration proceedings to file a joint position regarding further course of the proceedings. On 10 June 2016, to Arbitration Court at the National Chamber of Commerce in Warsaw received an action filed by the Consortium regarding the bank guarantee described above. Further, as a result of the above decision of 18 January 2016, each party may pursue its claims before a common court.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

22. 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. 2016	31 Dec. 2015	30 Jun. 2015
Property, plant and equipment	26,782	43,997	40,535

23. 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.

Transactions with Lubelski Węgiel Bogdanka Spółka Akcyjna Group companies

The Company's revenue resulting from the co-operation Łęczyńska Energetyka Sp. z o.o., a Company's subsidiary, is in the most part generated through sale of coal and bricks, lease of premises, telecommunications services and re-invoicing electricity costs.

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

The Company's revenue resulting from the co-operation with its subsidiary, EkoTRANS Bogdanka Sp. z o.o., relates predominantly to payments for lease of premises and telecommunication services.

Purchases include primarily services of transportation, utilisation and recovery of spoil arising during coal-associated shale cleaning and washing.

The Company's revenue resulting from the cooperation with the subsidiary, RG Bogdanka Sp. z o.o., is in the most part generated through lease of premises, fees for using the machinery, and telecommunications services.

Purchases include primarily services with respect to the mining works (reconstruction) and regeneration services.

The Company's revenue resulting from the co-operation with its subsidiary, MR Bogdanka Sp. z o.o., relates predominantly to payments for lease of premises and telecommunication services.

Purchases primarily include the purchase of services connected with renovation of mining equipment and devices, performing regeneration services, traffic maintenance services and supply of machineries and components.

In the reporting periods ended on 30 June 2015 and 30 June 2016 the value of trade related to purchase with the following subsidiaries: Łęczyńska Energetyka Sp. z o.o., EkoTRANS Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o. and MR Bogdanka Sp. z o.o., and the balance of the Company's liabilities towards these associated entities as at subsequent balance-sheet dates were as follows:

	1 Jan. 2016-30 Jun. 2016	1 Jan. 2015-30 Jun. 2015
Purchases in period, including:	56,379	43,103
- Purchases of services activated on the value of "property, plant and equipment"	6,811	197

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Total liabilities at end of period including VAT	14,082	9,972

In the reporting periods ended on 30 June 2015 and 30 June 2016 the value of trade related to sale to the following subsidiaries: Łęczyńska Energetyka Sp. z o.o., EkoTRANS Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o. and MR Bogdanka Sp. z o.o., and the balance of the Company's receivables from these associated entities as at subsequent balance-sheet dates were as follows:

	1 Jan. 2016-30 Jun. 2016	**1 Jan. 2015-30 Jun. 2015**
Sales in period:	5,896	6,197
Total receivables at end of period including VAT	2,629	3,899

In the reporting periods ended on 30 June 2015 and 30 June 2016 the value of dividend due from the following subsidiaries: MR Bogdanka Sp. z o.o., EkoTRANS Bogdanka Sp. z o.o., and RG Bogdanka Sp. z o.o. as at subsequent balance-sheet dates were as follows:

	1 Jan. 2016-30 Jun. 2016	**1 Jan. 2015-30 Jun. 2015**
Dividend	2,032	3,267

Transactions with ENEA Group companies

As a result of purchasing the majority block of shares in Lubelski Węgiel Bogdanka S.A., by ENEA S.A. (the Parent in the ENEA Group) which was accounted for on 29 October 2015, the Company became a part of the ENEA Group.

Purchase transactions cover the purchases of electrical energy from ENEA S.A. and materials from ENEA Logistyka Sp. z o.o.

	1 Jan. 2016-30 Jun. 2016	**29 Oct. 2015-31 Dec. 2015***
Purchases in period	32,258	-
Liabilities at end of period including VAT	13,510	-

Sale transactions cover solely the sales of thermal coal to ENEA Wytwarzanie Sp. z o.o.

	1 Jan. 2016-30 Jun. 2016	**29 Oct. 2015-31 Dec. 2015***
Sales in period	408,097	135,904

(All amounts in the tables are in PLN thousand, unless otherwise specified)

Total receivables at end of period including VAT	89,093	75,796

*ENEA Wytwarzanie Sp. z o.o. and ENEA S.A. became related companies upon the purchase by ENEA S.A. (the Parent in the ENEA Group) of the majority block of shares, which was accounted for on 29 October 2015, therefore the tables above, with respect to comparable data, show purchases and sales solely for the last two months of 2015.

Transactions with subsidiaries of the State Treasury of the Republic of Poland

The Company concludes commercial transactions with state administration and local self-government bodies as well as entities owned by the State Treasury of the Republic of Poland.

Key sale transactions include revenue on sales of thermal coal to the following companies: Zakłady Azotowe w Puławach S.A. (Grupa Azoty), PGNiG Termika S.A., Energa Elektrownie Ostrołęka S.A. and Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o. o. in Chełm.

In the reporting period ending on 30 June 2016, the value of sales to the above entities and the total receivables of the Company from those entities were as follows:

	1 Jan. 2016-30 Jun. 2016	**29 Oct. 2015-31 Dec. 2015****
Sales in period	176,509	94,178
Total receivables at end of period including VAT	41,139	53,642

Key purchase transactions include: purchase of electrical energy from PGE Polska Grupa Energetyczna S.A., purchase of materials (mine lining) from Huta Łabędy S.A., purchase of transport services from PKP Cargo S.A., purchases of electrical energy from PGE Polska Grupa Energetyczna S.A. as well as payments for mining and prospecting licences.

In the reporting period ending on 30 June 2016, the value of purchases from the above entities and the total liabilities of the Company to those entities were as follows:

	1 Jan. 2016-30 Jun. 2016	**29 Oct. 2015-31 Dec. 2015****
Purchases in period	39,953	29,527
Liabilities at end of period including VAT	9,904	36,979

**the disclosed transactions refer to the period from purchasing by ENEA S.A. of the majority block of the Company's shares accounted for on 29 October 2015.

(All amounts in the tables are in PLN thousand, unless otherwise specified)

24. Information on remuneration of the Management Board, the Supervisory Board and the commercial proxies

	1 Jan. 2016-30 Jun. 2016	**1 Jan. 2015-30 Jun. 2015**
Remuneration of Management Board members and commercial proxies	4,168	3,247
Remuneration of the Supervisory Board members	50	461

25. Unusual events affecting the financial result

During 6 months of 2016, the most important unusual event which affected the Company's Interim Income Statement was a release of the unused provision for the Consortium of BUDIMEX S.A., Ferrovial Agroman S.A. and Mostostal Kraków – the event was described in a greater detail in Note 12, point c.

26. Events after the balance-sheet date

After the balance-sheet date, to the best of the Company's knowledge, no material event occurred, which could affect the financial result as at 30 June 2016 and were not disclosed in these condensed interim financial statements.

On 17 August 2016, in accordance with resolution No. 3 of the Extraordinary General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A., a decision was made to amend the Articles of Association of the Company by way of replacing the entire existing wording thereof with a new consolidated text. In particular, the amendments consist in adopting the ENEA Group Code by the Company.

By the publication date of these condensed interim financial statements, no other affecting the Company's operations in 2016 have occurred.

27. Approval of the Condensed Interim Financial Statements

The Management Board of Lubelski Węgiel BOGDANKA S.A. declares that as of 25 August 2016, it approves these financial statements of the Company for the period from 1 January to 30 June 2016.

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

Krzysztof Szlaga	President of the Management Board
Stanisław Misterek	Vice-President of the Management Board Economic and Financial Affairs
Sławomir Karlikowski	Vice-President of the Management Board, Production – Head of Mining Supervision in Mining Facility
Adam Partyka	Vice-President of the Management Board Employee and Social Affairs
Marcin Kapkowski	Vice-President of the Management Board Procurement and Investments
Urszula Piątek	Chief Accountant