



LUBELSKI WĘGIEL
„BOGDANKA”
SPÓŁKA AKCYJNA



THE LUBELSKI WĘGIEL BOGDANKA GROUP

QUARTERLY CONSOLIDATED REPORT FOR THE FIRST QUARTER OF 2017
FOR 3 MONTHS ENDED 31 MARCH 2017

BOGDANKA, MAY 2017



Notes to the Consolidated Quarterly Report of the Lubelski Węgiel Bogdanka Group for the first quarter 2017

1. General information

The composition of the Group and the object of the Group's business.

The Lubelski Węgiel Bogdanka Group

The Lubelski Węgiel Bogdanka Group (hereinafter referred to as the "Group") is composed of the following companies:

The Parent - Lubelski Węgiel Bogdanka S.A., with registered office in Bogdanka, 21-013 Puchaczów.

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 LW Bogdanka S.A. are listed on the Warsaw Stock Exchange in Warsaw.

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

The subsidiary - Łęczyńska Energetyka Sp. z o.o., with registered office in Bogdanka, 21-013, Puchaczów.

As at 31 March 2017, the Parent held 88.70% of shares in the capital of the subsidiary, Łęczyńska Energetyka Sp. z o.o.

Łęczyńska Energetyka Sp. z o.o. provides services to mines involving supplying heat energy and conducts water/wastewater management. In the previous period Łęczyńska Energetyka Sp. z o.o. conducted works with a view to completing the construction of the central air conditioning station in the Bogdanka Field. In addition, the Company supplies heat energy to third parties like housing estates and other facilities in Łęczna. The company also conducts activities involving the construction and refurbishment of heat-generating, water supply and sewage disposal installations.

The company prepares its balance sheet as at 31 December.

The subsidiary - EkoTRANS Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 March 2017, the Parent held 100.00% of shares in the capital of the subsidiary, EkoTRANS Bogdanka Sp. z o.o.

EkoTRANS Bogdanka Sp. z o.o. provides services to the mine with respect to recovery of spoil arising during coal output cleaning and washing.

The company prepares its balance sheet as at 31 December.

The subsidiary - RG Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013, Puchaczów.

As at 31 March 2017, the Parent held 100.00% of share in capital of its subsidiary RG Bogdanka Sp. z o.o.

RG Bogdanka Sp. z o.o. provides services to the mine mainly with respect to the works in the mine and reconstruction works.



The company prepares its balance sheet as at 31 December.

The subsidiary - MR Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 March 2017, the Parent held 100.00% of share in capital of its subsidiary MR Bogdanka Sp. z o.o.

MR Bogdanka Sp. z o.o. provides services to the mine with respect to renovation, repair and construction services, works in underground machinery departments, regeneration and production of steel constructions.

The company prepares its balance sheet as at 31 December.

A breakdown characterising the Group's subsidiaries is presented below:

Name of the subsidiary	Balance-sheet total [PLN '000]	Equity [PLN '000]	% of shares held	Non-controlling interests	Restrictions in control; restrictions in consolidated assets and equity & liabilities	Consolidation method
<u>Companies subject to consolidation in the current and previous periods:</u>						
Łęczyńska Energetyka Sp. z o.o.	120,640	92,680	88.70	Non-controlling interests amount to 11.30% and are held by: Łęczna Municipality 11.29% Puchaczów Commune 0.01%	none	full
RG Bogdanka Sp. z o.o.	11,087	7,584	100.00	none	none	full
EkoTRANS Bogdanka Sp. z o.o.	4,405	878	100.00	none	none	full
MR Bogdanka Sp. z o.o.	6,438	2,486	100.00	none	none	full

In order to understand fully the Group's financial standing and the results of its operation, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Lubelski Węgiel Bogdanka Group, as well as with the audited financial statements of the Parent, Lubelski Węgiel Bogdanka, for the financial period ended on 31 December 2016. Those financial statements are available on the Parent's website at ri.lw.com.pl.

Share in the structure of the ENEA Group

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

2. Principles applied in preparing the condensed interim consolidated financial statements and the condensed interim financial statements of Lubelski Węgiel BOGDANKA S.A.

These condensed interim consolidated financial statements of the LW Bogdanka Group and condensed interim financial statements of the Parent, Lubelski Węgiel Bogdanka S.A., for the first quarter of 2017 were prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting", as approved by the European Union.



This Consolidated Quarterly Report was 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 Group 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 Group's Consolidated Quarterly Report 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 consolidated 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 Group.

Key estimates and judgements have not changed since the publication of the annual separate and consolidated financial statements for 2016.

The Consolidated Quarterly Report was prepared using the same accounting principles for the current and comparative periods; the financial statements follow the same accounting principles (policies) and calculating methods as the latest approved annual consolidated and separate financial statements.

3. Brief description of achievements and failures of the Group during the reporting period along with key events related thereto.

As regards the business activities pursued by the Parent, the following material events (having influence on the Group's operations in 2017) occurred in the period of the first quarter of 2017 and until the publication date of this Consolidated Quarterly Report:

- On 10 March 2017 the Management Board of the Parent signed an annex to an agreement on the Bond Issue Programme of 30 June 2014, concluded with Bank Polska Kasa Opieki S.A. and Bank Gospodarstwa Krajowego. In accordance with the Annex, the end date of the Programme for Tranche 1 was changed to 30 March 2017 (previously 31 December 2019). Due to above, on 30 March 2017, the Parent redeemed series LWB01C300617 registered bonds. Redeemed Tranche 1 covered 300 bonds with a nominal value of PLN 1 million (one million zlotys) each and a total nominal value of PLN 300 million (three hundred million zlotys). Therefore, the Programme Agreement has been terminated.
- ### **4. Description of factors and events, in particular of untypical nature, with a significant bearing on the financial results.**



In the period of three months of 2017, no unusual events occurred that would seriously affect the interim separate and consolidated financial statements.

It must be however pointed that on 7 February 2017 the Regional Court in Lublin issued a ruling in the case against the Social Insurance Institution Lublin Branch for cancelling or changing the decision issued by the Social Insurance Institution Lublin Branch with respect to determining the percentage rate of the contribution for accident insurance for the settlement period from 1 April 2013 to 31 March 2014, and from 1 April 2014 to 31 March 2015, and imposing sanctions on the Parent in the form of punitive increase of the abovementioned rate by 50% (for this purpose the Parent made a provision in its books amounting to PLN 20,358,000 as at 31 March 2017 – a detailed description is contained in Note 19 of the Consolidated financial statements for 2016, next to the description of the provision for the claim of the Social Insurance Institution regarding the accident contribution). By virtue of the above ruling, the Regional Court amended the challenged decision in such a way that the Parent is not obliged to pay the percentage rate of the contribution for accident insurance in the amount increased by 50%, and the rate of the contribution for accident insurance corresponds to the amount initially determined by the Parent. The Social Insurance Institution Lublin Branch appealed against the aforesaid judgement. The appeal was served to the Parent on 21 March 2017. The case is currently at the stage of preparing a reply to the abovementioned appeal.

5. Data with regard to the condensed interim consolidated financial statements for the Lubelski Węgiel Bogdanka Group in the first quarter of 2017.

Interim Consolidated Income Statement

In the first quarter of 2017, the consolidated net revenue on sales of products, goods and materials achieved the level of PLN 465,166,000, while in the comparable period of 2016 the item amounted to PLN 420,569,000, which represents an increase in the net revenue in 2017 by 10.60%.

Consolidated operating profit in the first quarter of 2017 amounted to PLN 89,743,000.

In the first quarter of 2017, net profit attributable to owners of the Parent was recorded in the amount of PLN 67,852,000, while in the comparable period of 2016 the Group recorded net profit attributable to owners of the Parent of PLN 54,088,000. It represents an increase by 25.45% as compared to the same period of the previous year.

Interim Consolidated Statement of Financial Position

Total provisions for other liabilities and charges, as well as provisions for employee benefits in the companies of the Lubelski Węgiel Bogdanka Group as at 31 March 2017 amounted to PLN 468,170,000, which shows an increase by PLN 12,914,000 compared to the amount achieved as at 31 December 2016.

Deferred income tax liability disclosed as at 31 March 2017 amounted to PLN 62,256,000, which represents an increase of PLN 6,197,000 as compared to the balance of this item as at 31 December 2016.



6. Data with regard to the interim condensed financial statements for the Parent in the first quarter of 2017

Interim Income Statement

In the first quarter of 2017 the net revenue on sales of products, goods and materials achieved the level of PLN 463,360,000, while in the comparable period of 2016 the item amounted to PLN 419,363,000, which represents an increase in the net revenue in 2017 by 10.49%.

Operating profit in the first quarter of 2017 amounted to PLN 84,472,000.

Net profit for the first quarter of 2017 amounted to PLN 64,100,000, while in the same period of the previous year the Parent generated net profit of PLN 51,397,000. It represents an increase by 24.72% compared to the same period of the previous year.

Interim Statement of Financial Position

In the Parent, Lubelski Węgiel Bogdanka S.A., the balance of provisions for other liabilities and charges, as well as provisions for employee benefits as at 31 March 2017 amounted to PLN 463,940,000, which represents an increase by PLN 12,440,000 as compared to the balance of this item as at 31 December 2016.

Deferred income tax liability disclosed as at 31 March 2017 amounted to PLN 62,132,000, which represents an increase of PLN 6,206,000 compared to the balance of this item as at 31 December 2016.

7. Explanations regarding seasonal and cyclical nature of the Group's activity in the presented period.

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 in the first quarter 2017 accounted for only 0.16% of total consolidated sales. This has no significant effect on operating and financing activities of the Group.

8. Information concerning the issue, redemption and repayment of debt and equity securities.

On 10 March 2017 an annex to the Programme Agreement of 30 June 2014 was signed (for more information see Note 3) amending the Term of the Programme with respect to Tranche 1 - from 31 December 2019 to 30 March 2017. As a consequence, all the bonds issued under the Programme and Tranche 1, in the total amount of PLN 300,000,000, were redeemed on 30 March 2017 and on that day the Programme Agreement was terminated.

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



9. Information concerning the dividend paid (or declared), in aggregate and calculated per share, divided into ordinary and preferred shares.

In the first quarter of 2017 and in the same period of 2016, the Parent did not pay any dividend to the Shareholders.

On 28 April 2017, the Parent's Management Board adopted a resolution on a motion to the Parent's General Shareholders Meeting regarding distribution of net profit for 2016. Pursuant to the resolution, the Management Board proposed that the amount of PLN 34,013,590 was allocated to a dividend (which corresponds to PLN 1.00 per share). The remainder of the net profit, out of the total amount of PLN 175,896,313.75, is proposed by the Management Board to be allocated to the reserve capital. On 22 May 2017 the Parent's Supervisory Board adopted a resolution with a positive assessment of the abovementioned proposal of the Management Board regarding the distribution of the net profit for 2016.

10. Events after the balance-sheet date not disclosed in the Consolidated Quarterly Report.

The presented results for the first quarter of 2017 refer to the events that occurred in this period and were identified by the Group.

No events that would affect the financial results and were not disclosed in the Consolidated Quarterly Report occurred after the balance-sheet date.

11. Information concerning changes in contingent liabilities or contingent assets that occurred after the end of the previous financial year.

Since the previous annual consolidated financial statements the balance of contingent liabilities has not changed significantly.

12. Transactions of the Lubelski Węgiel Bogdanka Group with related entities.

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

Transactions of the Parent with the subsidiary companies of Lubelski Węgiel Bogdanka Group.

The Company's revenue resulting from the co-operation Łęczyńska Energetyka, the Company's subsidiary, is in the most part generated through sale of coal, lease of premises, telecommunications services, investor supervision, 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. Furthermore, in the previous period Łęczyńska Energetyka Sp. z o.o. conducted works for the benefit of the Parent, with a view to completing the construction of the central air conditioning station in the Bogdanka Field.

The Parent'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 Parent'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 and auxiliary works at the mine as well as run-of-mine services.

The Parent'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 as well as transport units, performing regeneration services, traffic maintenance services and supply of machineries and components.

In the reporting periods ended on 31 March 2017 and 31 March 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 Parent's liabilities towards these associated entities were as follows:

	1 Jan. 2017 - 31 Mar. 2017	1 Jan. 2016 - 31 Dec. 2016	1 Jan. 2016 - 31 Mar. 2016
Purchases in period, including:	25,938	104,333	28,612
- Purchases of services activated on the value of "property, plant and equipment"	961	6,920	3,077
Total liabilities at end of period including VAT	10,645	9,979	13,715

In the reporting periods ended on 31 March 2017 and 31 March 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 Parent's receivables towards these associated entities were as follows:

	1 Jan. 2017 - 31 Mar. 2017	1 Jan. 2016 - 31 Dec. 2016	1 Jan. 2016 - 31 Mar. 2016
Sales in period	4,052	10,922	4,125
Total receivables at end of period including VAT	1,323	1,704	1,347

In the reporting periods ending on 31 March 2017 and 31 March 2016 the value of dividends payable by and received from subsidiaries - Łęczyńska Energetyka Sp. z o.o., MR Bogdanka sp. z o.o., EkoTRANS Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o. and MR Bogdanka Sp. z o.o. were as follows:

	1 Jan. 2017 - 31 Mar. 2017	1 Jan. 2016 - 31 Dec. 2016	1 Jan. 2016 - 31 Mar. 2016
Dividend	-	2,032	-



Transactions with ENEA Group companies

Purchase transactions cover primarily the purchases of electrical energy from ENEA S.A. and materials from ENEA Logistyka Sp. z o.o. as well as IT services from ENEA Centrum Sp. z o.o.

In the reporting periods ending on 31 March 2017 and 31 March 2016, the value of tradeover on account of purchase with the ENEA Group companies and the total liabilities of the Parent towards those entities were as follows:

	1 Jan. 2017 - 31 Mar. 2017	1 Jan. 2016 - 31 Dec. 2016	1 Mar. 2016 - 31 Mar. 2016
Purchases in period	16,818	66,585	16,560
Total liabilities at end of period including VAT	14,025	13,459	12,139

Sale transactions cover the sales of thermal coal to ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec Sp. z o.o. (formerly ENGIE ENERGIA POLSKA Sp. z o.o.)

In the reporting periods ending on 31 March 2017 and 31 March 2016, the value of tradeover on account of sale with the ENEA Group companies and the total receivables of the Parent from those entities as at subsequent balance-sheet dates were as follows:

	1 Jan. 2017- 31 Mar. 2017*	1 Jan. 2016 - 31 Dec. 2016	1 Mar. 2016 - 31 Mar. 2016
Sales in period	290,400	819,991	186,506
Total receivables at end of period including VAT	156,017	105,579	66,584

*ENEA Elektrownia Połaniec Sp. z o.o. became a related entity once it was purchased by ENEA S.A. (the parent in the ENEA Group), on 15 March 2017; therefore revenue disclosed in the above table include transactions with ENEA Elektrownia Połaniec Sp. z o.o. conducted after 15 March 2017.

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

The Group 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., PGNiG Termika S.A., Energa Elektrownie Ostrołęka S.A. and Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm.

In the reporting periods ending on 31 March 2017 and 31 March 2016, the value of sales with the above entities and the total receivables of the Group from those entities were as follows:

	1 Jan. 2016 - 30 Dec. 2016	1 Jan. 2016 - 31 Dec. 2016	1 Jan. 2016 - 31 Mar. 2016
Sales in period	29,232	370,020	78,271
Total receivables at end of period including VAT	10,632	33,364	28,561



Key purchase transactions include: 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 31 March 2017 and 31 March 2016, the value of purchases from the above entities and the total liabilities of the Group to those entities were as follows:

	1 Jan. 2017 - 31 Mar. 2017	1 Jan. 2016 - 31 Dec. 2016	1 Jan. 2016 - 31 Mar. 2016
Purchases in period	31,937	109,790	17,583
Total liabilities at end of period including VAT	18,182	14,963	7,749

13. Reporting by segments: industry and location

The Management Board does not apply division into segments for managing the Group since the Group mainly focuses its activities on the production and sale of coal.



Interim Consolidated Statement of Financial Position (Balance Sheet)

	31 Mar. 2017	31 Dec. 2016
Assets		
Non-current assets		
Property, plant and equipment	2,732,986	2,760,196
Intangible assets	47,141	47,511
Investment properties	3,490	3,532
Deferred tax assets	2,218	2,117
Trade and other receivables	5,191	5,214
Cash and cash equivalents	111,244	111,218
Total non-current assets	2,902,270	2,929,788
Current assets		
Inventories	80,925	71,571
Trade and other receivables	233,287	244,070
Overpaid income tax	10,755	9,424
Property, plant and equipment intended for sale	1,821	4,330
Cash and cash equivalents	321,082	541,106
Total current assets	647,870	870,501
TOTAL ASSETS	3,550,140	3,800,289
Equity		
Equity attributable to owners of the Parent		
Ordinary shares	301,158	301,158
Other capital	1,473,128	1,473,128
Retained profits	575,824	507,972
	2,350,110	2,282,258
Non-controlling interests	10,476	10,149
Total equity	2,360,586	2,292,407
Liabilities		
Non-current liabilities		
Loans and borrowings	19,243	20,002
Deferred income tax liability	62,256	56,059
Provisions for employee benefits	214,927	209,682
Provisions for other liabilities and charges	118,124	117,423
Grants	13,555	13,705
Financing liabilities on account of bond issue	225,000	300,000
Trade and other liabilities	43,261	43,201
	696,366	760,072
Current liabilities		
Loans and borrowings	3,260	3,273
Provisions for employee benefits	61,162	57,299
Provisions for other liabilities and charges	73,957	70,852
Grants	600	600
Financing liabilities on account of bond issue	75,041	300,080
Current income tax liabilities	82	18
Trade and other liabilities	279,086	315,688
	493,188	747,810
Total liabilities	1,189,554	1,507,882
TOTAL EQUITY AND LIABILITIES	3,550,140	3,800,289



Interim Consolidated Income Statement

	For Q1 ended on 31 March	
	31 December 2009	2016
Revenue	465,166	420,569
Costs of products, goods and materials sold	(339,651)	(312,837)
Gross profit	125,515	107,732
Selling costs	(12,589)	(9,073)
Administrative expenses	(23,596)	(20,043)
Other income	1,228	1,059
Other costs	(55)	(583)
Other net loss	(760)	(207)
Profit on operating activities	89,743	78,885
Finance income	2,519	1,615
Finance costs	(7,400)	(7,671)
Profit before taxation	84,862	72,829
Income tax	(16,683)	(18,383)
Net profit for the financial year	68,179	54,446
including:		
- attributable to Company shareholders	67,852	54,088
- attributable to non-controlling interests	327	358

Earnings per share attributable to owners of the Parent during the year (in PLN per share)

- basic	1.99	1.59
- diluted*	1.99	1.59

* As at 31 March 2017, in connection with the introduction of the Management Options Scheme in 2013, the Parent held instruments causing possible dilution of ordinary shares. As at 31 March 2017 dilution did not occur (the same situation was recorded as at 31 March 2016).



Interim Consolidated Statement of Comprehensive Income

	For Q1 ended on 31 March	
	2017	2016
Net profit for the reporting period	68,179	54,446
Other comprehensive income for the reporting period:		
Items which never will be subject to reclassification to profit or loss for the current period:		
Actuarial gains (losses) of defined benefit schemes	-	(16,608)
Income tax relating to non-transferrable items	-	3,155
Items which never will be subject to reclassification to profit or loss for the current period - total	-	(13,453)
Items which are or may be subject to reclassification to profit or loss for the current period:		
Cash flow hedges		
Profit (loss) for period	-	-
Adjustments resulting from transferring amounts to initial values of hedged items	-	-
Income tax relating to transferrable items	-	-
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-
Total comprehensive loss for the financial period	-	(13,453)
Other net comprehensive income for the reporting period - total	68,179	40,993
including:		
- attributable to owners of the Parent	67,852	40,635
- attributable to non-controlling interests	327	358



Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Parent						
	Ordinary shares	Other capital		Retained profits	Total equity	Non-controlling interests	Total equity
		Other capital – transfer of profit/(loss)	Other capital – issue of Management Options				
As at 1 January 2017	301,158	1,469,289	3,839	507,972	2,282,258	10,149	2,292,407
Total net comprehensive income for the reporting period:	-	-	-	67,852	67,852	327	68,179
- net profit	-	-	-	67,852	67,852	327	68,179
- other comprehensive income	-	-	-	-	-	-	-
As of 31 March 2017	301,158	1,469,289	3,839	575,824	2,350,110	10,476	2,360,586
As at 1 January 2016	301,158	1,747,318	9,752	54,691	2,112,919	9,703	2,122,622
Total net comprehensive income for the reporting period:	-	-	-	40,635	40,635	358	40,993
- net profit	-	-	-	54,088	54,088	358	54,446
- other comprehensive income	-	-	-	(13,453)	(13,453)	-	(13,453)
Management Options Issue	-	-	669	-	669	-	669
As of 31 March 2016	301,158	1,747,318	10,421	95,326	2,154,223	10,061	2,164,284



Interim Consolidated Statement of Cash Flows

	For Q1 ended on 31 March	
	2017	2016
Cash flow from (used in) operating activities		
Cash inflow from operating activities*	186,277	164,931
Interest received	948	2,314
Income tax paid	(11,740)	(8,460)
Net cash flow from (used in) operating activities	175,485	158,785
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(94,942)	(58,951)
Interest paid regarding investing activities	(781)	(877)
Acquisition of intangible assets	(237)	(1,087)
Inflow from the sale of property, plant and equipment	2,226	6
Interest received	2,054	1,033
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(26)	(9,498)
Net cash flow from (used in) investing activities	(91,706)	(69,374)
Cash flow from (used in) financing activities		
Proceeds from loans and borrowings	-	4,984
Bond redemption	(300,000)	-
Repayments of loans and borrowings	(759)	(759)
Interest and commissions paid regarding financing activities	(3,044)	(3,556)
Net cash flow from (used in) financing activities	(303,803)	669
Net increase / (decrease) in cash and cash equivalents	(220,024)	90,080
Cash and cash equivalents at beginning of period	541,106	262,037
Cash and cash equivalents at end of period	321,082	352,117

*detailed list of consolidated cash inflow from (used in) operating activities is presented on page 16.



Interim consolidated cash inflow from operating activities

	For Q1 ended on 31 March	
	2017	2016
Profit before taxation	84,862	72,829
- Depreciation of non-current assets	89,655	93,370
- Amortisation of intangible assets	380	1,090
- Depreciation of investments in real property	42	-
- Profit / (loss) on sale of property, plant and equipment	335	(6)
- Profit/(loss) on liquidation of plant, property and equipment	2,282	1,777
- Creating and using impairment losses of property, plant and equipment	-	(1,162)
- Actuarial gains (losses) as recognised in the interim consolidated statement of comprehensive income	-	(16,608)
- Change in provisions for employee benefits	9,108	(6,264)
- Changes in provisions	4,429	5,193
- Other flows	119	213
- Management Options	-	669
- Change in inventories	(9,354)	(19,978)
- Change in trade and other receivables	10,806	45,079
- Change in trade and other liabilities	(6,387)	(11,271)
Cash inflow from (used in) operating activities	186,277	164,931
Balance-sheet change in liabilities and grants	(36,692)	(9,894)
Change in investment liabilities	30,305	(1,377)
Change in liabilities for the purposes of the interim consolidated statement of cash flows	(6,387)	(11,271)
Increase in non-current assets	65,509	61,729
Other non-cash adjustments	(91)	(524)
Interest paid regarding investing activities	(781)	(877)
Change in investment liabilities	30,305	(1,377)
Acquisition of property, plant and equipment	94,942	58,951



Interim Statement of Financial Position (balance sheet) Lubelski Węgiel Bogdanka S.A.

	31 Mar. 2017	31 Dec. 2016
Assets		
Non-current assets		
Property, plant and equipment	2,645,127	2,670,355
Intangible assets	46,865	47,202
Non-current investments	75,601	75,601
Trade and other receivables	4,059	4,083
Cash and cash equivalents	111,244	111,218
Total non-current assets	2,882,896	2,908,459
Current assets		
Inventories	79,179	70,037
Trade and other receivables	231,417	243,167
Overpaid income tax	10,755	9,004
Property, plant and equipment intended for sale	1,821	4,330
Cash and cash equivalents	289,423	513,432
Total current assets	612,595	839,970
TOTAL ASSETS	3,495,491	3,748,429
Equity		
Ordinary shares	301,158	301,158
Other capital	1,473,128	1,473,128
Retained profits	559,480	495,380
Total equity	2,333,766	2,269,666
Liabilities		
Non-current liabilities		
Deferred income tax liability	62,132	55,926
Provisions for employee benefits	212,700	207,445
Provisions for other liabilities and charges	118,124	117,423
Grants	13,555	13,705
Financing liabilities on account of bond issue	225,000	300,000
Trade and other liabilities	43,085	43,030
	674,596	737,529
Current liabilities		
Provisions for employee benefits	59,420	56,031
Provisions for other liabilities and charges	73,696	70,601
Grants	600	600
Financing liabilities on account of bond issue	75,041	300,080
Trade and other liabilities	278,372	313,922
	487,129	741,234
Total liabilities	1,161,725	1,478,763
TOTAL EQUITY AND LIABILITIES	3,495,491	3,748,429



Interim Income Statement of Lubelski Węgiel Bogdanka S.A.

	For Q1 ended on 31 March	
	2017	2016
Revenue	463,360	419,363
Costs of products, goods and materials sold	(341,381)	(313,539)
Gross profit	121,979	105,824
Selling costs	(13,558)	(9,851)
Administrative expenses	(23,915)	(20,323)
Other income	786	170
Other costs	(59)	(576)
Other net loss	(761)	(211)
Profit on operating activities	84,472	75,033
Finance income	2,480	1,567
Finance costs	(7,175)	(7,452)
Profit before taxation	79,777	69,148
Income tax	(15,677)	(17,751)
Net profit for the financial year	64,100	51,397

Earnings per share attributable to owners of the Company during the year (in PLN per share)

- basic	1.88	1.51
- diluted*	1.88	1.51

* As at 31 March 2017, in connection with the introduction of the Management Options Scheme in 2013, the Company held instruments causing possible dilution of ordinary shares. As at 31 March 2017 dilution did not occur (the same situation was recorded as at 31 March 2016).



Interim Statement of Comprehensive Income of Lubelski Węgiel Bogdanka S.A.

	For Q1 ended on 31 March	
	2017	2016
Net profit for the reporting period	64,100	51,397
Other comprehensive income for the reporting period:		
Items which never will be subject to reclassification to profit or loss for the current period:		
- Actuarial gains (losses) of defined benefit schemes	-	(16,608)
- Income tax relating to non-transferrable items	-	3,155
Items never intended to be reclassified as profit or loss of the current period - total	-	(13,453)
Items which are or may be subject to reclassification to profit or loss for the current period:		
Cash flow hedges		
- Profit/(loss) for period	-	-
- Adjustments resulting from transferring amounts to initial values of hedged items	-	-
- Income tax relating to transferrable items	-	-
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-
Total comprehensive loss for the financial period	-	(13,453)
Other net comprehensive income for the reporting period - total	64,100	37,944



Interim Statement of Changes in Equity of Lubelski Węgiel Bogdanka S.A.

	Other capital			Retained profits	Total equity
	Ordinary shares	Other capital - transfer of profit / loss	Other capital - issue of Management Options		
As at 1 January 2017	301,158	1,469,289	3,839	495,380	2,269,666
Total net comprehensive income for the reporting period:	-	-	-	64,100	64,100
- net profit	-	-	-	64,100	64,100
- other comprehensive income	-	-	-	-	-
As of 31 March 2017	301,158	1,469,289	3,839	559,480	2,333,766

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:	-	-	-	37,944	37,944
- net profit	-	-	-	51,397	51,397
- other comprehensive income	-	-	-	(13,453)	(13,453)
Management Options Issue	-	-	669	-	669
As of 31 March 2016	301,158	1,747,318	10,421	85,606	2,144,503



Interim Statement of Cash Flows of Lubelski Węgiel Bogdanka S.A.

	For Q1 ended on 31 March	
	2017	2016
Cash flow from (used in) operating activities		
Cash inflow from operating activities*	179,244	163,047
Interest received	750	2,310
Income tax paid	(11,223)	(8,181)
Net cash flow from (used in) operating activities	168,771	157,176
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(93,391)	(53,745)
Interest paid regarding investing activities	(781)	(877)
Acquisition of intangible assets	(29)	(445)
Inflow from the sale of property, plant and equipment	2,226	2
Interest received	2,028	1,033
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(26)	(9,498)
Net cash flow from (used in) investing activities	(89,973)	(63,530)
Cash flow from (used in) financing activities		
Bond redemption	(300,000)	-
Interest and commissions paid regarding financing activities	(2,807)	(3,344)
Net cash flow from (used in) financing activities	(302,807)	(3,344)
Net increase / (decrease) in cash and cash equivalents	(224,009)	90,302
Cash and cash equivalents at beginning of period	513,432	240,011
Cash and cash equivalents at end of period	289,423	330,313

*detailed list of cash inflow from (used in) operating activities is presented in table on page 22.



Interim cash inflow from operating activities of Lubelski Węgiel Bogdanka S.A.

	For Q1 ended on 31 March	
	2017	2016
Profit before taxation	79,777	69,148
- Depreciation of non-current assets	87,593	91,358
- Amortisation of intangible assets	366	552
- Profit / (loss) on sale of property, plant and equipment	335	(1)
- Profit/(loss) on liquidation of plant, property and equipment	2,282	1,777
- Creating and using impairment losses of property, plant and equipment	-	(1,162)
- Actuarial gains (losses) as recognised in the interim statement of comprehensive income	-	(16,608)
- Change in provisions for employee benefits	8,644	(7,556)
- Changes in provisions	4,419	5,193
- Other flows	8	(7)
- Management Options	-	669
- Change in inventories	(9,142)	(20,023)
- Change in trade and other receivables	11,774	48,911
- Change in trade and other liabilities	(6,812)	(9,204)
Cash inflow from (used in) operating activities	179,244	163,047
Balance-sheet change in liabilities and grants	(35,645)	(2,860)
Change in investment liabilities	28,833	(6,344)
Change in liabilities for the purposes of the interim statement of cash flows	(6,812)	(9,204)
Increase in non-current assets	65,430	61,492
Other non-cash adjustments	(91)	(526)
Interest paid regarding investing activities	(781)	(877)
Change in investment liabilities	28,833	(6,344)
Acquisition of property, plant and equipment	93,391	53,745



14. Approval of the Financial Statements

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby declares that as at 24 May 2017 it approves for publication this Consolidated Quarterly Report for the first quarter for the financial year 2017, between 1 January 2017 and 31 March 2017.

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