THE LUBELSKI WĘGIEL BOGDANKA GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2019

BOGDANKA, MAY 2019

NOTES

1. General information

The Lubelski Węgiel Bogdanka Group:

Lubelski Węgiel Bogdanka Group
% of votes at the Shareholder Meetings of subsidiaries

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

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 2019, 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 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 2019, 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 transport, recovery and reuse 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 2019, 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 mining works, auxiliary works and run-of-mine services.

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 2019, 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 as at 31 March 2019 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
Companies subject to consolidation in the current and previous periods:						
Łęczyńska Energetyka sp. z o.o.	115,929	91,701	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.	8,048	2,723	100.00	none	none	full
EkoTRANS Bogdanka Sp. z o.o.	5,015	1,520	100.00	none	none	full
MR Bogdanka Sp. z o.o.	5,648	3,581	100.00	none	none	full

Lubelski Węgiel Bogdanka S.A. is the Parent in the Lubelski Węgiel Bogdanka Group. The Group prepares consolidated financial statements compliant with the IFRS as approved by the European Union.

In order to understand fully the Group's financial standing and the results of its operation, these condensed interim 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 2018. Those financial statements are available on the Parent's website at www.lw.com.pl.

Joining 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 Lubelski Węgiel Bogdanka S.A., 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.

The ultimate controlling entity is the State Treasury.

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

These condensed interim consolidated financial statements of the LW Bogdanka Group and condensed interim financial statements of the Parent, LW Bogdanka, for the first quarter of 2019 were prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting", as approved by the European Union.

The Consolidated Quarterly Report was prepared according to the historical cost principle except for derivative instruments measured at fair value as well as share-based payments.

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 in a sale of 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 IFRS 16, 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

Accounting estimates as well as the professional judgement regarding current and future events in individual fields are required for the preparation the condensed interim (consolidated and separate) financial statements on the basis of the International Financial Reporting Standards and in accordance with the accounting policies.

The main accounting estimates and judgments are based on past experience as well as other factors, including assessments of future events which seem justified in a given situation. Accounting estimates and judgments are reviewed on a regular basis.

Other key estimates and judgements have not changed since the publication of the annual consolidated and annual separate financial statements for 2018.

New Accounting Policies

On 1 January 2019, the Group adopted the new standard, IFRS 16 "Leases", for the first time. IFRS 16 "Leases" has been applied with the use of the modified retrospective method with the total effect of the first-time application of IFRS 16. Below is a description of the impact that the application of this standard had on the interim financial statements.

The application of the standard resulted in the recognition of additional lease assets and lease liabilities in the balance sheet. However, because of a relatively small scope and number of contracts treated so far as operating leases, the ultimate impact on the Company's financial statements and the Group's consolidated financial statements is limited. In the event of agreements, which in accordance with the new IFRS 16 are or will be classified as financial lease, new items are disclosed in the financial statements of the Parent or in the consolidated financial statements of the Group:

- If the Parent / the Group is a lessor, such items as "Finance lease receivables" have been disclosed in the statement of financial position / the consolidated statement of financial position, and "Finance lease revenue" – in the consolidated income statement;
- If the Parent / the Group is a lessee, such items as "Lease liabilities" have been disclosed in the statement of financial position / the consolidated statement of financial position under equity and liabilities, and "Right-of-use assets" under assets.

Lease payments are shown as repayment of the principal (reduction of the lease liability in the balance sheet) and interest costs on lease liability, which are recognised in the income statement / the consolidated income statement. At the same time, the income statement / the consolidated income statement disclose the depreciation of a right-of-use asset.

For the calculation of the current value of future lease payments the discount rate is applied.

The Parent / the Group sets the lease time, i.e. non-cancellable lease payments, including:

- optional periods for lease extension, if the Parent / the Group is reasonably certain to exercise an option to extend the lease; and
- optional periods for lease termination, if the Parent / the Group is reasonably certain to terminate an option to extend the lease.

The Parent / the Group, for majority of its lease agreements, matches the lease period with the agreement term. In case of agreements concluded for indefinite term, the Parent / the Group sets minimum period binding for both parties of the agreement. If the Parent / the Group is unable to define how long it is going to use an asset, and an estimation might be treated as a lease term (in case of an agreement for an indefinite term), the Parent / the Group defines so that the termination period of that agreement is the non-cancellable agreement term.

As far as the land perpetual usufruct right is concerned, lease term is equal to the period of the right to use the land.

The Parent / the Group may use the practical release and not to apply the model of recognising leases with respect to:

- short-term lease (the agreement is concluded for the period of less than 12 months, without the right to buy back the asset),
- lease of low-value assets of which the initial value, for new assets, does not exceed PLN 10,000.00 (even if their value becomes material after aggregation); assets are not highly dependable on or related to other assets specified in the agreement.

The release does not refer to a situation where the Parent / the Group sub-leases an asset or expects the asset to be transferred.

In the event that the Parent / the Group decides to take advantage of the release, then lease payments are recognised as cost, as per a straight-lime method throughout the term of the lease.

The fact that the standard was applied for the first time did not lead to an adjustment of the balance of retained profits (no adjustments that would result in the adjustment of retained profits in the opening balance). The application of IFRS 16, as of 1 January 2019, caused an increase in the sum of consolidated assets and liabilities in the amount of PLN 21,410,000, including an increase in assets and liabilities of the Parent by PLN 19,128,000. New items, namely "Right-of-use asset" and "Lease liabilities", have appeared in the interim consolidated statement on financial position and the interim statement on financial position due to certain rental agreements, lease agreement, and agreements regarding land perpetual usufruct being classified, in accordance to the new standard, as lease (with the Group being the Lessee).

Except for the changes described above, the condensed interim (consolidated and separate) financial statements were 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 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 Group, the following material events (having influence on the Group's operations in 2019) occurred in the period of the first quarter of 2019 and until the publication date of this Consolidated Quarterly Report:

- On 30 April 2019, the Management Board of the Parent concluded, with ENEA Elektrownia Połaniec S.A., with registered office in Zawada, an Annex to the Long-Term Agreement on sale of thermal coal. The Annex covers the provision of price formula applicable for the period 2018-2020, serving for setting the price of coal supplies, also in 2021.

4. Description of factors and events, especially of untypical nature, which have a material impact on the financial results achieved

In the period of three months of 2019, the only important and unusual event that had an impact on the interim separate and consolidated income statement was the issuance, for the Group, of the judgement of the Supreme Court dated 4 April 2019 regarding the cassation complaint of the Social Security Institution (ZUS) in a dispute concerning accident contribution.

The dispute on ZUS claims related to contribution for accident insurance has been described in detail in Note 19 of the annual consolidated financial statements. On 21 November 2017 an appeal trial was held during which the Court of Appeal in Lublin recognised the appeal filed by the Social Insurance Institution from the judgment (advantageous for the Company) of 7 February 2017. The Court of Appeal issued a judgment in which it dismissed the appeal filed by the Social Insurance Institution. On 15 January 2018 a copy of the aforementioned ruling of the Court of Appeal was delivered to the Parent. On 12 March 2018 the Social Insurance Institution Lublin Branch filed a cassation appeal against the aforesaid judgement to the Supreme Court. By virtue of a judgement dated 4 April 2019, the Supreme Court finally dismissed the cassation appeal lodged by the Social Insurance Institution (ZUS) Lublin Branch, and, as a result, the dispute between the Group and the Social Insurance Institution (ZUS) Lublin Branch has been finally resolved. Given the above, the Group decided to release in full, a provision previously created for this purpose, in the amount of PLN 22,658,000. The above amount was composed of principal amount and a sanction, in the total value of PLN 16,398,000 and interest of PLN 6,260,000. The total impact of the release of the provision on the net financial result (separate and consolidated) was PLN 22,079,000.

5. Data with regard to the Condensed Interim Consolidated Financial Statements for the Lubelski Węgiel Bogdanka Group in the first quarter of 2019

Interim Consolidated Income Statement

In the first quarter of 2019 the consolidated net revenue on sales of products, goods and materials achieved the level of PLN 540,787,000 while in the comparable period of 2018 the consolidated revenue on sales of products, goods and materials amounted to PLN 398,697,000. This represents an increase in net revenue for Q1 2019 by 35.6%

Consolidated operating profit in the first quarter of 2019 amounted to PLN 127,966,000.

In the first quarter of 2019, net profit attributable to owners of the Parent was recorded in the amount of PLN 109,781,000, while in the comparable period of 2018 net profit attributable to owners of the Parent was PLN 22,960,000. It represents an increase by 378.1% 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 Group as at 31 March 2019 amounted to PLN 358,125,000, which shows a decrease by PLN 10,394,000 as compared to the amount achieved as at 31 December 2018.

Deferred income tax liability disclosed as at 31 March 2019 amounted to PLN 208,774,000, which represents a decrease of PLN 4,912,000 as compared to the balance of this item as at 31 December 2018.

6. Data with regard to the interim condensed financial statements for the Parent in the first quarter of 2019

Interim Income Statement

In Q1 2019 net revenue on sale of products, goods and materials achieved the level of PLN 539,690,000, while in the same period of 2018 the figure was PLN 397,897,000. This represents an increase in net revenue for Q1 2019 by 35.6%

Operating profit in the first quarter of 2019 amounted to PLN 123,916,000.

Net profit for the first quarter of 2019 amounted to PLN 106,942,000, while in the same period of the previous year the Parent generated net profit of PLN 20,903,000. It represents an increase by 411.6% as 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 2019 amounted to PLN 353,620,000, which represents a decrease by PLN 11,453,000 as compared to the balance of this item as at 31 December 2018.

Deferred income tax liability disclosed as at 31 March 2019 amounted to PLN 208,706,000, which represents a decrease of PLN 4,905,000 as compared to the balance of this item as at 31 December 2018.

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 2019 accounted for below 0.01% of total consolidated sales. This has no significant effect on operating and financing activities of the Group.

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

In the first quarter of 2019 and in the same period of 2018, the Parent did not pay any dividend to the Shareholders.

On 14 May 2019, the Parent's Management Board adopted a resolution on a motion to the Parent's General Shareholders Meeting regarding distribution of net profit for 2018. Pursuant to the resolution, the Management Board proposed that the net profit for 2018, amounting to PLN 51,597,000, be allocated as follows:
- the amount of PLN 25,510,000, i.e. PLN 0.75 per share, for dividend;
- the remaining amount, i.e. PLN 26,087,000 – for the reserve capital.

On 15 May 2019, the Parent's Supervisory Board adopted a resolution in which it positively assessed the abovementioned motion of the Management Board regarding distribution of net profit for 2018.

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

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

10. Information on changes in contingent liabilities or contingent assets, occurring following the end of the previous financial year

Contingent liabilities and assets have been described in detail in Note 29 of the annual consolidated financial statements. The status of the case regarding the corporate income tax for 2012-2015 has changed significantly in comparison to the status presented therein.

As it was disclosed in the most recent annual consolidated financial statements, with respect to the customs and tax inspection carried out in the area of compliance with tax law, and specifically with regulations on the corporate income tax for 2012, which inspection was subsequently transformed into tax proceedings, the Parent, from the very outset, had not agreed with the position of the Head of the Customs and Tax Office in Biała Podlaska ("Tax Authority"). The Tax Authority, in its decision issued on 24 September 2018, assessed tax arrears of the Parent in the amount of PLN 22,526,000. The Parent had not accepted the above Decision, therefore on 8 October 2018 it filed an appeal from the Decision and presented its objections to the above. Given a very complex nature of the case, appeal procedure was extended several times; in this period the Parent provided additional evidence and explanations to confirm its position. One of key elements of evidence to confirm the validity of the Parent's position, was General Interpretation No. DD1.8201.1.2019 issued on 10 April 2019, by the Minister of Finance regarding the *determination of the correct moment of recognition, as tax deductible expenses, of expenses incurred for movable (longwall) excavations and for wall reinforcement* *in underground mines serving excavations of mineral deposits.* The presented General Interpretation has fully confirmed the position assumed by the Parent.

(PLN '000)

Eventually, on 8 May 2019, the Parent was served a decision issued by the Head of the Customs and Tax Office in Biała Podlaska on discontinuation of the tax proceedings for 2012. The Tax Authority withdrew from its approach with respect to tax recognition of expenses incurred for movable excavations and wall reinforcement. In the light of this decision, it is no longer justified to disclose in the financial statements the amount of possible interest of PLN 11,373,000 of tax arrears as contingent liabilities (the above amount was disclosed as a contingent tax liability as at 31 December 2018).

Other contingent liabilities and assets have not changed significantly from the end of the previous financial year.

11. 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 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 subsidiary entities of 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. (Azoty Group), PGE Energia Ciepła S.A., PGNiG Termika S.A., Energa Elektrownie Ostrołęka S.A. and Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Chełm.

In the reporting periods ending on 31 March 2019 and 31 March 2018, the value of sales to the above entities and the total receivables of the Group from those entities were as follows:

	For the period		
	1 Jan. 2019-31 Mar. 2019	1 Jan. 2018-31 Dec. 2018	1 Jan. 2018-31 Mar. 2018
Sales in period	60,313	181,436	24,541
Total receivables at end of period including VAT	27,053	16,774	15,258

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 distribution services from PGE Dystrybucja S.A., purchase of fuel from Orlen Paliwa Sp. z o.o. as well as payments for mining and prospecting licences.

In the reporting periods ending on 31 March 2019 and 31 March 2018, the value of purchases from the above entities and the total liabilities of the Group to those entities were as follows:

	For the period		
	1 Jan. 2019-31 Mar. 2019	1 Jan. 2018-31 Dec. 2018	1 Jan. 2018-31 Mar. 2018
Purchases in period	34,172	158,653	49,750
Total liabilities at end of period including VAT	16,487	9,476	23,324

Transactions with ENEA Group companies

Purchase transactions cover mainly the purchases of electrical energy from ENEA S.A.

(PLN '000)

In the reporting periods ending on 31 March 2019 and 31 March 2018, the value of purchases from the ENEA Group companies and the Group's total liabilities towards those entities were as follows:

	For the period		
	1 Jan. 2019-31 Mar. 2019	1 Jan. 2018-31 Dec. 2018	1 Jan. 2018-31 Mar. 2018
Purchases in period	19,361	73,669	19,539
Total liabilities at end of period including VAT	15,467	14,171	14,819

Sale transactions cover primarily the sales of thermal coal to ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A. and Enea Ciepło Sp. z o.o.

In the reporting periods ending on 31 March 2019 and 31 March 2018, the value of sales to the ENEA Group companies and the total receivables of the Group from those entities were as follows:

	For the period		
	1 Jan. 2019-31 Mar. 2019	1 Jan. 2018-31 Dec. 2018	1 Jan. 2018-31 Mar. 2018
Sales in period	469,004	1,518,082	362,360
Total receivables at end of period including VAT	176,754	132,957	156,839

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

The Company's revenue resulting from the co-operation with 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.

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 and auxiliary works at the mine as well as run-of-mine 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 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 2019 and 31 March 2018 the value of trade related to purchase from the following subsidiaries: Łęczyńska Energetyka Sp. z o.o., EkoTRANS 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 related entities were as follows:

	For the period		
	1 Jan. 2019-31 Mar. 2019	1 Jan. 2018-31 Dec. 2018	1 Jan. 2018-31 Mar. 2018
Purchases in period, including:	29,100	106,026	28,836

(PLN '000)

- Purchases of services activated on the value of "property, plant and equipment"	1,465	*2,164*	508
Total liabilities at end of period including VAT	12,585	12,281	14,398

In the reporting periods ended on 31 March 2019 and 31 March 2018 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 were as follows:

	For the period		
	1 Jan. 2019-31 Mar. 2019	1 Jan. 2018-31 Dec. 2018	1 Jan. 2018-31 Mar. 2018
Sales in period	4,103	12,756	5,069
Total receivables at end of period including VAT	1,117	2,178	2.051

12. 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.

(PLN '000)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As at	
	31 March 2019	31 December 2018
Assets		
Non-current assets		
Property, plant and equipment	3,244,074	3,270,293
Intangible assets	59,158	58,844
Investment properties	3,269	3,312
Right-of-use asset	20,630	-
Deferred tax assets	2,005	1,833
Trade and other receivables	1,661	1,261
Cash and cash equivalents	128,280	128,279
Total non-current assets	3,459,077	3,463,822
Current assets		
Inventories	120,832	83,382
Trade and other receivables	253,776	203,452
Overpaid income tax	-	11,835
Other current investments	68	67
Cash and cash equivalents	171,152	170,793
Total current assets	545,828	469,529
TOTAL ASSETS	**4,004,905**	**3,933,351**
Equity		
Equity attributable to owners of the Parent		
Ordinary shares	301,158	301,158
Other capitals	2,288,291	2,288,291
Retained profits	460,271	350,490
	3,049,720	2,939,939
Non-controlling interests	**10,365**	**10,177**
Total equity	3,060,085	2,950,116
Liabilities		
Non-current liabilities		
Loans and borrowings	13,171	13,930
Deferred income tax liability	208,774	213,686
Provisions for employee benefits	137,208	132,347
Provisions for other liabilities and charges	124,817	124,207
Grants	12,447	12,587
Lease liabilities	17,709	-
Trade and other liabilities	36,796	39,675
	550,922	536,432
Current liabilities		
Loans and borrowings	3.200	3,212
Provisions for employee benefits	37,281	32,809
Provisions for other liabilities and charges	58,819	79,156
Grants	560	560
Current income tax liability	6,050	-
Lease liabilities	3,003	-
Trade and other liabilities	284,611	330,549
Contract liabilities	374	517
	393,898	446,803
Total liabilities	944,820	983,235
TOTAL EQUITY AND LIABILITIES	**4,004,905**	**3,933,351**

INTERIM CONSOLIDATED INCOME STATEMENT

	For Q1 ended on 31 March	
	2019	2018
Revenue from contracts with customers, including:	540,787	398,697
Core business revenue	*526,277*	*385,797*
Additional business revenue	*14,510*	*12,900*
Costs of products, goods and materials sold	(395,550)	(363,167)
Gross profit	145,237	35,530
Selling costs	(8,987)	(10,266)
Administrative expenses	(25,407)	(26,727)
Other income	1.315	31,172
Other costs	(326)	(429)
Other profit / (loss) - net	16,134	(771)
Profit on operating activities	127,966	28,509
Finance income	7,133	4,780

(PLN '000)

Finance costs	(3,295)	(4,760)
Profit before taxation	131,804	28,529
Income tax	(21,835)	(5,360)
Net profit for the financial year	**109,969**	**23,169**
including:		
- attributable to the owners of the Parent	*109,781*	*22,960*
- attributable to non-controlling interests	*188*	*209*

Earnings per share attributable to owners of the Parent during the year (in PLN per share)		
- basic	3.23	0.68
- diluted	3.23	0.68

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For Q1 ended on 31 March	
	2019	2018
Net profit for the financial year	**109,969**	**23,169**
Other comprehensive income/(loss) for the financial period:		
Items which will never be subject to reclassification to profit or loss for the current period - total	-	-
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-
Other comprehensive net income/(loss) for the financial period	-	-
Other net comprehensive income for the reporting period - total	**109,969**	**23,169**
including:		
- attributable to owners of the Parent	*109,781*	*22,960*
- attributable to non-controlling interests	*188*	*209*

(PLN '000)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Other capitals						
	Ordinary shares	Supplementary fund	Reserve capital	Other capital related to the Management Options Scheme	Retained profits	Total equity	Non-controlling interests	Total equity
As at 1 January 2019	**301,158**	**702,549**	**1,581,903**	**3,839**	**350,490**	**2,939,939**	**10,177**	**2,950,116**
Total net comprehensive income for the reporting period:	-	-	-	-	109,781	109,781	188	109,969
- net profit	*-*	*-*	*-*	*-*	*109,781*	*109,781*	*188*	*109,969*
As of 31 March 2019	**301,158**	**702,549**	**1,581,903**	**3,839**	**460,271**	**3,049,720**	**10,365**	**3,060,085**
As at 1 January 2018	**301,158**	**702,549**	**908,622**	**3,839**	**975,357**	**2,891,525**	**10,002**	**2,901,527**
Total net comprehensive income for the reporting period:	-	-	-	-	22,960	22,960	209	23,169
- net profit	*-*	*-*	*-*	*-*	*22,960*	*22,960*	*209*	*23,169*
As of 31 March 2018	**301,158**	**702,549**	**908,622**	**3,839**	**998,317**	**2,914,485**	**10,211**	**2,924,696**

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	For Q1 ended on 31 March	
	2019	2018
Cash flow from (used in) operating activities		
Cash inflow from operating activities*	169,242	42,182
Interest received and paid	311	(297)
Income tax paid	(19,293)	(326)
Net cash flow from (used in) operating activities	**150,260**	**41,559**
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(146,126)	(98,234)
Interest paid regarding investing activities	-	(2,744)
Acquisition of intangible assets	(1,914)	(13)
Inflow from the sale of property, plant and equipment	1	1,789
Interest received	368	971
Expenditure on other current investments	(68)	-
Inflows from other current investments	67	-
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(1)	(27)
Net cash flow from (used in) investing activities	**(147,673)**	**(98,258)**
Cash flow from (used in) financing activities		
Bond redemption	-	(75,000)
Repayments of loans and borrowings	(759)	(759)
Lease payments	(1,222)	-
Interest and commissions paid regarding financing activities	(247)	(1,174)
Net cash flow from (used in) financing activities	**(2,228)**	**(76,933)**
Net increase / (decrease) in cash and cash equivalents	359	(133,632)
Cash and cash equivalents at beginning of period	170,793	434,928
Cash and cash equivalents at end of period	**171,152**	**301,296**

**detailed list of cash inflow from (used in) operating activities is presented in table on page 20.*

INTERIM CONSOLIDATED CASH INFLOW FROM OPERATING ACTIVITIES

	For Q1 ended on 31 March	
	2019	2018
Profit before taxation	**131,804**	**28,529**
- Depreciation of non-current assets	93,324	98,253
- Amortisation of intangible assets	664	673
- Depreciation of investments in real property	43	41
- Depreciation of the right-of-use asset	863	-
- Profit/(loss) on sale of property, plant and equipment	8	(1,014)
- Profit/(loss) on liquidation of plant, property and equipment	12,590	3,813
- Change in provisions for employee benefits	9,333	832
- Changes in provisions	(19,121)	4,236
- Other flows	949	15

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- Change in inventories	(37,450)	(38,505)
- Change in trade and other receivables	(50,724)	(33,833)
- Change in trade and other liabilities	26,959	(20,858)
Cash inflow from (used in) operating activities	**169,242**	**42,182**
Balance-sheet change in liabilities, contract liabilities and grants	(49,100)	(35,162)
Set-off of income tax overpaid with other taxes payable	10,245	-
Change in investment liabilities	65,814	14,304
Change in liabilities for the purposes of the interim consolidated statement of cash flows	**26,959**	**(20,858)**
Increase in non-current assets	80,353	85,774
Other non-cash adjustments	(41)	900
Interest paid regarding investing activities	-	(2,744)
Change in investment liabilities	65,814	14,304
Acquisition of property, plant and equipment	**146,126**	**98,234**

INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As at	
	31 March 2019	31 December 2018
Assets		
Non-current assets		
Property, plant and equipment	3,157,180	3,181,779
Intangible assets	58,194	58,617
Non-current investments	75,601	75,601
Right-of-use asset	18,296	-
Trade and other receivables	591	199
Cash and cash equivalents	128,280	128,279
Total non-current assets	3,438,142	3,444,475
Current assets		
Inventories	118,638	80,896
Trade and other receivables	252,103	202,693
Overpaid income tax	-	11,129
Cash and cash equivalents	152,183	154,522
Total current assets	522,924	449,240
TOTAL ASSETS	**3,961,066**	**3,893,715**
Equity		
Ordinary shares	301,158	301,158
Other capitals	2,288,291	2,288,291
Retained profits	448,482	341,540
Total equity	3,037,931	2,930,989
Liabilities		
Non-current liabilities		
Deferred income tax liability	208,706	213,611
Provisions for employee benefits	135,117	130,243
Provisions for other liabilities and charges	124,817	124,207
Grants	12,447	12,587
Lease liabilities	15,419	-
Trade and other liabilities	36,437	39,160
	532,943	519,808
Current liabilities		
Provisions for employee benefits	34,963	31,492
Provisions for other liabilities and charges	58,723	79,131

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Grants	560	560
Current income tax liability	6,105	-
Lease liabilities	2,937	-
Trade and other liabilities	286,530	331,218
Contract liabilities	374	517
	390,192	442,918
Total liabilities	923,135	962,726
TOTAL EQUITY AND LIABILITIES	**3,961,066**	**3,893,715**

INTERIM INCOME STATEMENT

	For Q1 ended on 31 March	
	2019	2018
Revenue from contracts with customers, including:	539,690	397,897
Core business revenue	*529,077*	*389,339*
Additional business revenue	*10,613*	*8,558*
Costs of products, goods and materials sold	(397,992)	(364,329)
Gross profit	141,698	33,568
Selling costs	(9,136)	(10,578)
Administrative expenses	(25,517)	(27,091)
Other income	1,053	30,858
Other costs	(324)	(426)
Other profit / (loss) - net	16,142	(740)
Profit on operating activities	123,916	25,591
Finance income	7,101	4,719
Finance costs	(3,059)	(4,565)
Profit before taxation	127,958	25,745
Income tax	(21,016)	(4,842)
Net profit for the financial year	**106,942**	**20,903**

Earnings per share attributable to owners of the Company during the period (in PLN per share)		
- basic	3.14	0.61
- diluted	3.14	0.61

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For Q1 ended on 31 March	
	2019	2018
Net profit for the financial year	**106,942**	**20,903**
Other comprehensive income/(loss) for the financial period:		
Items which will never be subject to reclassification to profit or loss for the current period - total	-	-
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-
Other comprehensive net income/(loss) for the financial period	-	-
Other net comprehensive income for the reporting period - total	**106,942**	**20,903**

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INTERIM STATEMENT OF CHANGES IN EQUITY

	Other capitals					
	Ordinary shares	Supplementary fund	Reserve capital	Other capital related to the Management Options Scheme	Retained profits	Total equity
As at 1 January 2019	**301,158**	**702,549**	**1,581,903**	**3,839**	**341,540**	**2,930,989**
Total net comprehensive income for the reporting period:	-	-	-	-	106,942	106,942
- net profit	-	-	-	-	*106,942*	*106,942*
As of 31 March 2019	**301,158**	**702,549**	**1,581,903**	**3,839**	**448,482**	**3,037,931**
As at 1 January 2018	**301,158**	**702,549**	**908,622**	**3,839**	**968,459**	**2.884.627**
Total net comprehensive income for the reporting period:	-	-	-	-	20,903	20,903
- net profit	-	-	-	-	*20,903*	*20,903*
As of 31 March 2018	**301,158**	**702,549**	**908,622**	**3,839**	**989,362**	**2,905,530**

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INTERIM STATEMENT OF CASH FLOWS

	For Q1 ended on 31 March	
	2019	2018
Cash flow from (used in) operating activities		
Cash inflow from operating activities*	161,817	38,555
Interest received and paid	108	(449)
Income tax paid	(18,932)	-
Net cash flow from (used in) operating activities	**142,993**	**38,106**
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(144,270)	(95,814)
Interest paid regarding investing activities	-	(2,744)
Acquisition of intangible assets	(182)	(11)
Inflow from the sale of property, plant and equipment	1	1,789
Interest received	333	929
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(1)	(27)
Net cash flow from (used in) investing activities	**(144,119)**	**(95,878)**
Cash flow from (used in) financing activities		
Bond redemption	-	(75,000)
Lease payments	(1,213)	-
Interest and commissions paid regarding financing activities	-	(968)
Net cash flow from (used in) financing activities	**(1,213)**	**(75,968)**
Net decrease in cash and cash equivalents	(2,339)	(133,740)
Cash and cash equivalents at beginning of period	154,522	416,827
Cash and cash equivalents at end of period	**152,183**	**283,087**

**detailed list of cash inflow from (used in) operating activities is presented in table on page 26.*

INTERIM CASH INFLOWS FROM OPERATING ACTIVITIES

	For Q1 ended on 31 March	
	2019	2018
Profit before taxation	**127,958**	**25,745**
- Depreciation of non-current assets	91,087	96,087
- Amortisation of intangible assets	605	661
- Depreciation of the right-of-use asset	831	-
- Profit on sale of property, plant and equipment	-	(1,014)
- Profit/(loss) on liquidation of plant, property and equipment	12,590	3,813
- Change in provisions for employee benefits	8,345	522
- Changes in provisions	(19,193)	4,217
- Other flows	4	(1)

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- Change in inventories	(37,742)	(38,235)
- Change in trade and other receivables	(49,802)	(34,042)
- Change in trade and other liabilities	27,134	(19,197)
Cash inflow from (used in) operating activities	**161,817**	**38,556**
Balance-sheet change in liabilities, contract liabilities and grants	(47,694)	(31,662)
Set-off of income tax overpaid with other taxes payable	10,245	-
Change in investment liabilities	64,583	12,465
Change in liabilities for the purposes of the interim statement of cash flows	**27,134**	**(19,197)**
Increase in non-current assets	79,705	85,194
Other non-cash adjustments	(18)	899
Interest paid regarding investing activities	-	(2,744)
Change in investment liabilities	64,583	12,465
Acquisition of property, plant and equipment	**144,270**	**95,814**

APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby declares that as at 28 May 2019 it approves this Consolidated Quarterly Report for the first quarter for the financial year 2019, between 1 January 2019 and 31 March 2019.

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

Artur Wasil	President of the Management Board
Artur Wasilewski	Vice-President of the Management Board, Economic and Financial Affairs

Dariusz Dumkiewicz	Vice-President of the Management Board, Development
Adam Partyka	Vice-President of the Management Board, Employee and Social Affairs
Urszula Piątek	Chief Accountant