



**LUBELSKI WĘGIEL „BOGDANKA”**  
**SPÓŁKA AKCYJNA**

## **The Lubelski Węgiel BOGDANKA Group**

### **Condensed Quarterly Consolidated Financial Statements**

**for the 3rd quarter of 2012**

**as at and for the period ended on 30 September 2012**

**Statements prepared in accordance with IAS 34 – Interim**

**Financial Reporting**

## **Additional information to the condensed quarterly consolidated financial statements for the Lubelski Węgiel Bogdanka Group and to the condensed quarterly financial statements for the Group's Parent Undertaking Lubelski Węgiel Bogdanka S.A., for the third quarter 2012.**

### **1. General Information**

The Group composition and its core business

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

**Parent Undertaking** - 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.

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

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

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

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

The Company's core business activities, pursuant to the European Classification of Activity (EKD 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 30 September 2012, the Parent Undertaking held 88.70% of share in capital of its 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. The company also conducts activities involving the construction and refurbishment of heat-generating, water supply and sewage disposal installations.

## **2. Principles applied in preparing the condensed quarterly consolidated financial statements and the condensed quarterly financial statements of Lubelski Węgiel Bogdanka S.A.**

These condensed quarterly consolidated financial statements have been prepared in compliance with the provisions of the International Accounting Standards and the International Financial Reporting Standards, as well as the Regulation of the Polish Council of Ministers of 19 February 2009 on current and periodic information furnished by the issuers of securities (Dz.U.09.33.259 as amended).

Data for the condensed quarterly consolidated financial statements and the condensed quarterly financial statements of Lubelski Węgiel Bogdanka S.A. has been prepared in compliance with the same accounting principles and calculation methods as in the previous annual financial statements.

These financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting and with relevant accounting standards applicable to interim financial reporting endorsed by the European Union, published and applicable as at 30 March 2012.

In the presented period, the Group did not introduce material changes in value of the estimated amounts which were presented for the preceding financial year.

## **3. Brief description of achievements and failures of the Group during the reporting period, along with the list of the related key events**

With regard to the conducted activities, the following events took place in the third quarter of 2012 under analysis:

By the publication date of these condensed quarterly consolidated financial statements, the following material events affecting the Group's operations in 2012 occurred:

- On 12 July 2012, the Management Board of the Parent Undertaking concluded an Agreement on sale of power coal No. 3/W/2012 with Elektrownia Połaniec S.A. – Grupa GDF Suez Energia Polska with registered office in Połaniec, Zawada 26. The Agreement is in effect from the 12 July 2012 until 31 December 2018, and provides for actual supplies of power coal for the purposes of Elektrownia Połaniec in 2013–2018. The value of the Agreement amounts to approx. PLN 2.857 billion net, excluding possible increases or deviations provided for under the Agreement.

- On 1 August 2012, the Management board of the Parent Undertaking concluded an annex to the Long-Term Agreement on sale of power coal of 19 July 2011 with Przedsiębiorstwo Handlowo-Uslugowe Energokrak Sp. z o.o. with registered office in Krakow, amending its content entirely. The Annex provides for the possibility of coal supplies to the Customers from the EDF Group. Moreover, the quantitative volumes of deliveries to the Customer will be increased. As a result of the Annex conclusion, the Agreement is in effect from 19 July 2011 until 31 December 2015, with the possibility to renew the Agreement for the successive years. As a result of the Annex conclusion, the value of the Agreement increases from PLN 393,000,000 net to an estimated value of PLN 621,000,000 net at current prices. The concluded Annex is in effect from 1 August 2012.

- The Management Board of the Parent Undertaking announced that on 30 October 2012 it was informed by Elektrownia Ostrołęka S.A., the power plant with registered office in Ostrołęka at ul. Elektryczna 5 ("Power Plant") about the termination of Long-Term Agreement No. 1/LW/D/2010 ("Agreement") concluded on 19 October 2010, the scope of which covered future power coal supplies to a power unit in Ostrołęka currently under construction, i.e. Unit C with power of approx. 1,000 MW ("Unit"), under which the supply of coal and operation of Unit C were expected to commence in 2016. The Agreement was described in Current Report 40/2010 of 19 October 2010 and Current Report 38/2012 of 29 June 2012 (Annex to the Agreement).

The Power Plant stated that the reason for terminating the Agreement was a change in market variables as regards project financing, as well as the fact that the Energa Group adopted a Long-Term Investment Plan. As a result, the project concerning the construction of Unit C was suspended, and consequently, the operation of the Unit will not commence in 2016 as scheduled in the Agreement.

Termination of the Agreement does not bring financial consequences which would affect the Parent Undertaking's current position, because the Agreement covers future supplies with regard to which

the Parent Undertaking took account of a high risk of the project failure, as the Agreement provided for the obligation to obtain financing for the investment in Unit C.

In its termination notice, the Power Plant refers to Article 11.3 of the Agreement which reads as follows:

"Each Party may terminate the Agreement upon a 3-year notice, which shall commence on 1 January of the year following the year in which the termination was effected (subject to Article 11.2)."

At the same time, the Power Plant requested the Company to hold negotiations aimed at terminating the Agreement by mutual agreement before the lapse of the termination period. The Company is now considering the issue, and will inform you of a potential agreement in a current report.

#### **4. Description of factors and events, in particular of untypical nature, with a significant bearing on the financial results.**

In the third quarter of 2012 no untypical events occurred that would have a significant bearing on the financial results achieved both by the Group and its Parent Undertaking Lubelski Węgiel Bogdanka S.A.

### ***LUBELSKI WĘGIEL BOGDANKA GROUP***

#### ***The third quarter of 2012 (Q3)***

In the third quarter of 2012 the consolidated net revenue on sales of products, goods and materials achieved the level of PLN 485,702,000 while in the comparable period of 2011 the consolidated revenue on sales of products, goods and materials amounted to PLN 283,680,000.

The consolidated operating profit in Q3 2012 amounted to PLN 125,663,000.

As a result of achieving the operating profit, in the third quarter of 2012 net profit attributable to the shareholders of the Parent Undertaking was recorded in the amount of PLN 103,887,000, while in the comparable period of 2011 the Group recorded net profit attributable to the shareholders of the Parent Undertaking of PLN 25,917,000.

#### ***Three quarters of 2012 (3Qs cumulative)***

In cumulative terms, the revenue on sales of products, goods and materials for three quarters of 2012 amounted to PLN 1,392,240,000, which represents an increase by 60.81% over the same period of the previous year.

The operating profit for three quarters of 2012 amounted to PLN 338,478,000.

In cumulative terms, the net profit attributable to the Parent Undertaking's shareholders for three quarters of 2012 amounted to PLN 276,747,000, which represents an increase by 215.02% over the same period of the previous year.

### ***Parent Undertaking - Lubelski Węgiel BOGDANKA S.A.***

#### ***The third quarter of 2012 (Q3)***

In the third quarter of 2012 the consolidated net revenue on sales of products, goods and materials achieved the level of PLN 484,515,000, while in the comparable period of 2011 the item amounted to PLN 281,347,000, which represents an increase in the net revenue in 2012 by 71.60%.

The operating profit in Q3 2012 amounted to PLN 126,732,000.

The net profit for the third quarter of 2012 amounted to PLN 104,272,000, while in the comparable period of the previous year the Company recorded net profit of PLN 26,127,000.

***Three quarters of 2012 (3Qs cumulative)***

In cumulative terms, the revenue on sales of products, goods and materials for three quarters of 2011 amounted to PLN 1,388,114,000, which represents an increase by 62.23% as compared to the same period of the previous year.

The operating profit for three quarters of 2012 amounted to PLN 337,276,000.

In cumulative terms, the net profit for three quarters of 2012 amounted to PLN 275,191,000, which represents an increase by 216.64% over the same period of the previous year.

***LUBELSKI WĘGIEL BOGDANKA GROUP***

***Three quarters of 2012 (3Qs cumulative)***

As at 30 September 2012, the balance of total provisions for other liabilities and charges and the total amount of retirement benefits and long-service awards payable in the member companies of the Lubelski Węgiel Bogdanka Group amounted to PLN 278,405,000, which represents a decrease by PLN 17,598,000 in comparison to the balance as at 31 December 2011.

For three quarters of 2012, deferred income tax liability occurred in the amount of PLN 63,464,000, which represents a decrease by PLN 7,195,000 in comparison to the balance as at 31 December 2011.

***Parent Undertaking - Lubelski Węgiel BOGDANKA S.A.***

***Three quarters of 2012 (3Qs cumulative)***

At the Parent Undertaking - Lubelski Węgiel Bogdanka S.A., as at 30 September 2012, the balance of provisions for other liabilities and charges and the amount of retirement benefits and long-service awards payable amounted to PLN 277,589,000, which represents an increase by PLN 17,600,000 in comparison to 31 December 2011.

As at 30 September 2012, deferred income tax liability occurred in the amount of PLN 65,301,000, which represents a decrease by PLN 7,190,000 in comparison to 31 December 2011.

**5. Explanations regarding seasonal and cyclical nature of the Company'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 account for 0.48% of the total sales. They do not have any significant impact on the operating and financial activities of the Group.

**6. Information about the issue, redemption and repayment of debt and equity securities**

In the third quarter of 2012, both the Group and the Parent Undertaking performed no transactions involving issue, redemption or repayment of debt and equity securities.

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

In the third quarter of 2012 and in the same period of 2011, the Parent Company did not pay any dividend to Shareholders. The payment of dividend for 2011, in the amount of PLN 136,054,000, took place on 14 August 2012. In compliance with Resolution No. 26 of the Annual General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A. of 27 April 2012, the profit for 2011 in the amount of PLN 136,054,000 has been designated for distribution to the Parent Undertaking's shareholders. The dividend rate due to shareholders of the Parent Undertaking is presented in the table below.

	<b>1 Jan. 2012 – 30 Sep. 2012</b>	<b>1 Jan. 2011 – 30 Sep. 2011</b>
Dividend due	136,054	47,619
Number of ordinary shares as at the dividend date ('000)	34,014	34,014
<b>Dividend per share (in PLN per share)</b>	<b>4.00</b>	<b>1.40</b>

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

#### **8. Events after the balance-sheet date not disclosed in the condensed quarterly consolidated financial statements**

The presented results for the third quarter of 2012 and three quarters of 2012 refer to the events, identified by the Group, that occurred in this period. After the balance-sheet date no events affecting the financial results occurred that would not be disclosed in the Condensed Quarterly Consolidated Financial Statements.

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

Since the previous consolidated report the balance of contingent liabilities has not changed significantly.

#### **10. Transactions of the Lubelski Węgiel BOGDANKA Group with related entities**

##### *Transactions of the Parent Undertaking with related entities*

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

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

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

In the reporting periods ended on 30 September 2011 and 30 September 2012 the value of trade related to purchase with the subsidiary, Łęczyńska Energetyka Sp. z o.o. in Bogdanka and the

balance of liabilities of the Company towards that related undertaking as at subsequent balance-sheet dates were:

	<b>30 Sep. 2012</b>	<b>31 Dec. 2011</b>	<b>30 Sep. 2011</b>
Purchases in period	11,797	11,707	7,473
Total liabilities at end of period including VAT	841	1,577	762

In the reporting periods ended on 30 September 2011 and 30 September 2012 the value of trade related to sales with the subsidiary, Łęczyńska Energetyka Sp. z o.o. in Bogdanka, and the balance of liabilities of the Company towards that related undertaking as at subsequent balance-sheet dates were:

	<b>30 Sep. 2012</b>	<b>31 Dec. 2011</b>	<b>30 Sep. 2011</b>
Sales in period	6,831	8,368	5,066
Total receivables at end of period including VAT	378	2,340	1,151

#### **11. 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.

**Consolidated Statement of Financial Position (Balance Sheet)**

	<b>30 Sep. 2012</b>	<b>31 Dec. 2011</b>	<b>30 Sep. 2011</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	2,750,515	2,605,312	2,523,823
Intangible fixed assets	28,098	9,931	10,122
Trade debtors and other receivables	759	685	520
Cash and cash equivalents	61,115	58,288	52,673
	<u>2,840,487</u>	<u>2,674,216</u>	<u>2,587,138</u>
<b>Current assets</b>			
Stock	76,768	43,494	46,860
Trade debtors and other receivables	265,175	255,698	142,894
Overpaid income tax	-	-	119
Cash and cash equivalents	212,279	102,820	100,328
	<u>554,222</u>	<u>402,012</u>	<u>290,201</u>
<b>TOTAL ASSETS</b>	<b><u>3,394,709</u></b>	<b><u>3,076,228</u></b>	<b><u>2,877,339</u></b>
<b>Shareholders' equity</b>			
<b>Shareholders' equity attributable to shareholders of the Parent Undertaking</b>			
Ordinary shares	301,158	301,158	301,158
Other capitals	1,345,888	1,261,013	1,261,013
Retained profits	626,714	570,896	437,827
	<u>2,273,760</u>	<u>2,133,067</u>	<u>1,999,998</u>
<b>Non-controlling interest</b>	<b><u>9,769</u></b>	<b><u>9,579</u></b>	<b><u>9,445</u></b>
<b>Total shareholders' equity</b>	<b><u>2,283,529</u></b>	<b><u>2,142,646</u></b>	<b><u>2,009,443</u></b>
<b>Undertakings</b>			
<b>Long-term liabilities</b>			
Loans and borrowings	426,000	341,000	185,000
Deferred income tax liabilities	63,464	70,659	53,912
Employee benefits liabilities	123,953	113,144	119,289
Provisions for other liabilities and charges	77,634	76,856	70,675
Grants	18,370	19,111	19,258
Trade creditors and other liabilities	21,746	5,796	5,615
	<u>731,167</u>	<u>626,566</u>	<u>453,749</u>
<b>Short-term liabilities</b>			
Loans and borrowings	17,961	-	56,000
Current income tax liabilities	5,540	2,034	2,281
Employee benefits liabilities	29,185	34,109	12,714
Provisions for other liabilities and charges	47,633	36,698	84,833
Dividend liabilities	4	-	-
Trade creditors and other liabilities	279,690	234,175	258,319
	<u>380,013</u>	<u>307,016</u>	<u>414,147</u>
<b>Total liabilities</b>	<b><u>1,111,180</u></b>	<b><u>933,582</u></b>	<b><u>867,896</u></b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b><u>3,394,709</u></b>	<b><u>3,076,228</u></b>	<b><u>2,877,339</u></b>



## Consolidated Statement of Comprehensive Income

	Q3 2012 period from 1 Jul. 2012 to 30 Sep. 2012	3Qs 2012 period from 1 Jan. 2012 to 30 Sep. 2012	Q3 2011 period from 1 Jul. 2011 to 30 Sep. 2011	3Qs 2011 period from 1 Jan. 2011 to 30 Sep. 2011
Revenue on sales	485,702	1,392,240	283,680	865,761
Costs of products, goods and materials sold	(357,915)	(963,008)	(222,416)	(682,881)
<b>Gross profit</b>	<b>127,787</b>	<b>429,232</b>	<b>61,264</b>	<b>182,880</b>
Selling costs	(13,109)	(33,130)	(10,722)	(30,191)
Administrative costs	(21,325)	(64,036)	(16,984)	(54,046)
Other income	29,957	31,525	105	8,056
Other expenses	(237)	(680)	(673)	(1,187)
Other profits/(losses) - net	2,590	(24,433)	(1,708)	(3,821)
<b>Operating profit</b>	<b>125,663</b>	<b>338,478</b>	<b>31,282</b>	<b>101,691</b>
Financial income	4,577	10,243	3,119	12,563
Financial expenses	(2,453)	(7,576)	(2,331)	(5,137)
Net financial income/expenses	2,124	2,667	788	7,426
Share in profits/(losses) of associated undertakings	-	-	-	(18)
<b>Profit before taxation</b>	<b>127,787</b>	<b>341,145</b>	<b>32,070</b>	<b>109,099</b>
Income tax	(24,097)	(64,208)	(6,190)	(21,056)
<b>Net profit for the financial year</b>	<b>103,690</b>	<b>276,937</b>	<b>25,880</b>	<b>88,043</b>
<b>of which:</b>				
- attributable to the shareholders of the Parent Undertaking	103,887	276,747	25,917	87,852
- attributable to non-controlling interest	(197)	190	(37)	191
<b>Total income for the period</b>	<b>103,690</b>	<b>276,937</b>	<b>25,880</b>	<b>88,043</b>
<b>of which:</b>				
- attributable to the shareholders of the Parent Undertaking	103,887	276,747	25,917	87,852
- attributable to non-controlling interest	(197)	190	(37)	191
Earnings per share attributable to the Parent Undertaking's shareholders during the year (in PLN per share)				
- basic		8.14		2.58
- diluted		8.14		2.58

## Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the Parent Undertaking			Total	Non- controlling interest	Total shareholder s' equity
	Ordinary shares	Other capitals	Retained profits			
<b>As at 1 January 2011</b>	<b>301,158</b>	<b>1,081,298</b>	<b>577,309</b>	<b>1,959,765</b>	<b>9,254</b>	<b>1,969,019</b>
Total income for the accounting period	-	-	87,852	87,852	191	88,043
Dividends concerning 2010	-	-	(47,619)	(47,619)	-	(47,619)
Transfer of the result for 2010	-	179,715	(179,715)	-	-	-
<b>As at 30 September 2011</b>	<b>301,158</b>	<b>1,261,013</b>	<b>437,827</b>	<b>1,999,998</b>	<b>9,445</b>	<b>2,009,443</b>
<b>As at 1 January 2011</b>	<b>301,158</b>	<b>1,081,298</b>	<b>577,309</b>	<b>1,959,765</b>	<b>9,254</b>	<b>1,969,019</b>
Total income for the accounting period	-	-	220,921	220,921	325	221,246
Dividends concerning 2010	-	-	(47,619)	(47,619)	-	(47,619)
Transfer of the result for 2010	-	179,715	(179,715)	-	-	-
<b>As at 31 December 2011</b>	<b>301,158</b>	<b>1,261,013</b>	<b>570,896</b>	<b>2,133,067</b>	<b>9,579</b>	<b>2,142,646</b>
<b>As at 1 January 2012</b>	<b>301,158</b>	<b>1,261,013</b>	<b>570,896</b>	<b>2,133,067</b>	<b>9,579</b>	<b>2,142,646</b>
Total income for the accounting period	-	-	276,747	276,747	190	276,937
Dividends concerning 2011	-	-	(136,054)	(136,054)	-	(136,054)
Transfer of the result for 2011	-	84,875	(84,875)	-	-	-
<b>As at 30 September 2012</b>	<b>301,158</b>	<b>1,345,888</b>	<b>626,714</b>	<b>2,273,760</b>	<b>9,769</b>	<b>2,283,529</b>

## Consolidated Cash Flow Statement

	<b>For 3 quarters ended on 30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating cash flow</b>		
Operating cash inflow	610,650	255,192
Interest paid	(2,506)	(1,833)
Income tax paid	(67,896)	(15,370)
Net operating cash flow	<b>540,248</b>	<b>237,989</b>
<b>Investing cash flow</b>		
Acquisition of tangible fixed assets	(382,626)	(554,371)
Interest paid regarding investing activity	(11,428)	(7,184)
Acquisition of intangible fixed assets	(2,233)	(393)
Inflow from the sale of tangible fixed assets	155	147
Interest received	5,991	10,423
Other net investing cash flow	(1,771)	-
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(2,827)	(1,765)
Net investing cash flow	<b>(394,739)</b>	<b>(553,143)</b>
<b>Financing cash flow</b>		
Loans and borrowings received	100,000	-
Loans and borrowings repaid	-	(9,000)
Dividend paid to Parent Undertaking's shareholders	(136,050)	(47,619)
Net financing cash flow	<b>(36,050)</b>	<b>(56,619)</b>
Net increase / (decrease) in cash and cash equivalents	109,459	(371,773)
Cash and cash equivalents at beginning of period	102,820	472,101
<b>Cash and cash equivalents at end of period</b>	<b>212,279</b>	<b>100,328</b>

## Statement of Financial Position (Balance Sheet) of Lubelski Węgiel BOGDANKA S.A.

	30 Sep. 2012	31 Dec. 2011	30 Sep. 2011
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	2,699,670	2,554,740	2,474,270
Intangible fixed assets	28,080	9,900	10,090
Long-term investments	73,341	73,341	73,341
Cash and cash equivalents	61,115	58,288	52,673
	<b>2,862,206</b>	<b>2,696,269</b>	<b>2,610,374</b>
<b>Current assets</b>			
Stock	75,212	41,572	44,806
Trade debtors and other receivables	262,690	252,605	140,331
Cash and cash equivalents	179,458	70,397	68,302
	<b>517,360</b>	<b>364,574</b>	<b>253,439</b>
<b>TOTAL ASSETS</b>	<b>3,379,566</b>	<b>3,060,843</b>	<b>2,863,813</b>
<b>Shareholders' equity</b>			
Ordinary shares	301,158	301,158	301,158
Other capitals	1,349,255	1,266,331	1,266,331
Retained profits	617,962	561,749	429,682
<b>Total shareholders' equity</b>	<b>2,268,375</b>	<b>2,129,238</b>	<b>1,997,171</b>
<b>Undertakings</b>			
<b>Long-term liabilities</b>			
Loans and borrowings	426,000	341,000	185,000
Deferred income tax liabilities	65,301	72,491	55,688
Employee benefits liabilities	123,137	112,326	118,444
Provisions for other liabilities and charges	77,634	76,856	70,675
Grants	18,370	19,111	19,258
Trade creditors and other liabilities	21,650	5,731	5,509
	<b>732,092</b>	<b>627,515</b>	<b>454,574</b>
<b>Short-term liabilities</b>			
Loans and borrowings	17,961	-	56,000
Current income tax liabilities	5,888	2,136	2,281
Employee benefits liabilities	29,185	34,109	12,714
Provisions for other liabilities and charges	47,633	36,698	84,833
Dividend liabilities	4	-	-
Trade creditors and other liabilities	278,428	231,147	256,240
	<b>379,099</b>	<b>304,090</b>	<b>412,068</b>
<b>Total liabilities</b>	<b>1,111,191</b>	<b>931,605</b>	<b>866,642</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,379,566</b>	<b>3,060,843</b>	<b>2,863,813</b>

## Statement of Comprehensive Income of Lubelski Węgiel BOGDANKA S.A.

	Q3 2012 period from 1 Jul. 2012 to 30 Sep. 2012	3Qs 2012 period from 1 Jan. 2012 to 30 Sep. 2012	Q3 2011 period from 1 Jul. 2011 to 30 Sep. 2011	3Qs 2011 period from 1 Jan. 2011 to 30 Sep. 2011
Revenue on sales	484,515	1,388,114	282,347	855,631
Costs of products, goods and materials sold	(356,243)	(961,874)	(221,096)	(675,072)
<b>Gross profit</b>	<b>128,272</b>	<b>426,240</b>	<b>61,251</b>	<b>180,559</b>
Selling costs	(13,106)	(33,253)	(10,726)	(30,139)
Administrative costs	(20,285)	(61,444)	(16,273)	(51,855)
Other income	29,463	30,747	90	7,718
Other expenses	(237)	(680)	(673)	(1,187)
Other profits/(losses) - net	2,625	(24,334)	(1,708)	(3,778)
<b>Operating profit</b>	<b>126,732</b>	<b>337,276</b>	<b>31,961</b>	<b>101,318</b>
Financial income	4,101	9,181	2,741	11,511
Financial expenses	(2,441)	(7,552)	(2,327)	(5,133)
Net financial income/expenses	1,660	1,629	414	6,378
<b>Profit before taxation</b>	<b>128,392</b>	<b>338,905</b>	<b>32,375</b>	<b>107,696</b>
Income tax	(24,120)	(63,714)	(6,248)	(20,785)
<b>Net profit for the period</b>	<b>104,272</b>	<b>275,191</b>	<b>26,127</b>	<b>86,911</b>
<b>Total income for the period</b>	<b>104,272</b>	<b>275,191</b>	<b>26,127</b>	<b>86,911</b>
Earnings per share attributable to the Company's shareholders during the year (in PLN per share)				
- basic		8.09		2.56
- diluted		8.09		2.56

## Statement of Changes in Shareholders' Equity of Lubelski Węgiel BOGDANKA S.A.

	Ordinary shares	Other capitals	Retained profits	Total shareholders' equity
<b>As at 1 January 2011</b>	<b>301,158</b>	<b>1,086,588</b>	<b>570,133</b>	<b>1,957,879</b>
Total income for the accounting period	-	-	86,911	86,911
Dividends concerning 2010	-	-	(47,619)	(47,619)
Transfer of the result for 2010	-	179,743	(179,743)	-
<b>As at 30 September 2011</b>	<b>301,158</b>	<b>1,266,331</b>	<b>429,682</b>	<b>1,997,171</b>
<b>As at 1 January 2011</b>	<b>301,158</b>	<b>1,086,588</b>	<b>570,133</b>	<b>1,957,879</b>
Total income for the accounting period	-	-	218,978	218,978
Dividends concerning 2010	-	-	(47,619)	(47,619)
Transfer of the result for 2010	-	179,743	(179,743)	-
<b>As at 31 December 2011</b>	<b>301,158</b>	<b>1,266,331</b>	<b>561,749</b>	<b>2,129,238</b>
<b>As at 1 January 2012</b>	<b>301,158</b>	<b>1,266,331</b>	<b>561,749</b>	<b>2,129,238</b>
Total income for the accounting period	-	-	275,191	275,191
Dividends concerning 2011	-	-	(136,054)	(136,054)
Transfer of the result for 2011	-	82,924	(82,924)	-
<b>As at 30 September 2012</b>	<b>301,158</b>	<b>1,349,255</b>	<b>617,962</b>	<b>2,268,375</b>

## Cash Flow Statement of Lubelski Węgiel BOGDANKA S.A.

	For 3 quarters ended on 30 September	
	2012	2011
<b>Operating cash flow</b>		
Operating cash inflow	607,297	252,384
Interest paid	(2,482)	(1,830)
Income tax paid	(67,152)	(14,739)
Net operating cash flow	<b>537,663</b>	<b>235,815</b>
<b>Investing cash flow</b>		
Acquisition of tangible fixed assets	(379,378)	(550,662)
Interest paid regarding investing activity	(11,428)	(7,184)
Acquisition of intangible fixed assets	(2,233)	(384)
Inflow from the sale of tangible fixed assets	155	147
Interest received	4,930	9,640
Other net investing cash flow	(1,771)	-
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(2,827)	(1,765)
Net investing cash flow	<b>(392,552)</b>	<b>(550,208)</b>
<b>Financing cash flow</b>		
Loans and borrowings received	100,000	-
Loans and borrowings repaid	-	(9,000)
Dividend paid to Company shareholders	(136,050)	(47,619)
Net financing cash flow	<b>(36,050)</b>	<b>(56,619)</b>
Net increase / (decrease) in cash and cash equivalents	109,061	(371,012)
Cash and cash equivalents at beginning of period	70,397	439,314
<b>Cash and cash equivalents at end of period</b>	<b>179,458</b>	<b>68,302</b>

## 12. Approval of the Condensed Quarterly Consolidated Financial Statements

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby represents that as of 6 November 2012 it approves these condensed quarterly consolidated financial statements of the Group and the condensed quarterly financial statements of the Parent Undertaking for the third quarter of 2012, covering the period from 1 January 2012 to 30 September 2012, for publication.

### SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

Name surname	and Position	Date	Podpis
Zbigniew Stopa	Vice-President of the Board for Technical Affairs	6 November 2012	
Krystyna Borkowska	Vice-President of the Board or Economic and Financial Affairs, Chief Accountant	6 November 2012	
Waldemar Bernaciak	Vice-President of the Board for Trade and Logistics	6 November 2012	
Lech Tor	Member of the Board elected by the employees	6 November 2012	