POLENERGIA S.A.

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30TH 2016
WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT

Jacek Głowacki –
Vice President of the Management Board

Bartłomiej Dujczyński –
Member of the Management Board

Agnieszka Grzeszczak –
Head of Accounting

Warsaw, August 10th 2016

(PLN '000)

1. Interim condensed separate statement of financial position

As at June 30th 2016

ASSETS

	Notes	Jun 30 2016	Dec 31 2015
I. Non-current assets		**1,318,305**	**1,433,343**
Property, plant and equipment	2.5	2,132	2,708
Intangible assets		728	886
Investment property	2.9	228	2,312
Financial assets	2.9	1,298,863	1,413,785
Non-current receivables		2,798	2,941
Deferred tax asset		13,546	10,697
Prepayments and accrued income		10	14
II. Current assets		**181,656**	**102,167**
Inventories	2.6	10,362	12,043
Trade receivables		18,921	23,879
Other current receivables		1,067	666
Prepayments and accrued income		5,173	5,654
Current financial assets		19,445	18,508
Cash and cash equivalents	2.3	126,688	41,417
Total assets		**1,499,961**	**1,535,510**

(PLN '000)

EQUITY AND LIABILITIES

	Notes	Jun 30 2016	Dec 31 2015
I. Equity		**1,183,932**	**1,241,731**
Share capital		90,887	90,887
Share premium		765,438	786,134
Capital reserve from valuation of options		13,207	13,207
Other capital reserves		349,478	372,199
Net loss		(35,078)	(20,696)
II. Non-current liabilities		**1,488**	**2,890**
Bank and other borrowings	2.8	1,000	1,000
Provisions	2.7	21	1,187
Other liabilities		467	703
III. Current liabilities		**314,541**	**290,889**
Bank and other borrowings	2.9	283,952	274,366
Trade payables	2.9	472	768
Other liabilities	2.9	24,448	4,496
Provisions	2.7	949	1,938
Prepayments and accrued income	2.9	4,720	9,321
Total equity and liabilities		**1,499,961**	**1,535,510**

(PLN '000)

Interim condensed separate statement of profit or loss

For the six months ended June 30th 2016

	Notes	For the six months ended		For the three months ended	
		Jun 30 2016	Jun 30 2015	Jun 30 2016	Jun 30 2015
Revenue		**13,674**	**13,379**	**7,612**	**7,022**
Cost of sales		(11,720)	(11,457)	(6,659)	(6,509)
Gross profit/(loss)		**1,954**	**1,922**	**953**	**513**
Other income		1,954	157	1,845	131
Administrative expenses		(3,736)	(6,183)	(590)	(2,511)
Other expenses		(2,787)	(627)	(2,793)	(67)
Finance income		18,125	3,839	16,937	1,695
including dividends		12,440	-	12,440	-
Finance costs		(53,437)	(10,307)	(48,579)	(5,174)
Loss before tax		**(37,927)**	**(11,199)**	**(32,227)**	**(5,413)**
Income tax	2.4	2,849	2,081	1,993	1,099
Net loss		**(35,078)**	**(9,118)**	**(30,234)**	**(4,314)**

Earnings (loss) per share:				
– basic earnings (loss) per share for period	-0.77	-0.20	-0.67	-0.09
– diluted earnings (loss) per share for period	-0.77	-0.20	-0.67	-0.09

(PLN '000)

Interim condensed separate statement of other comprehensive income

For the six months ended June 30th 2016

			unaudited	unaudited
	For the six months ended		For the three months ended	
	Jun 30 2016	Jun 30 2015	Jun 30 2016	Jun 30 2015
Net profit/(loss) for period	**(35,078)**	**(9,118)**	**(30,234)**	**(4,314)**
Net other comprehensive income	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR PERIOD	**(35,078)**	**(9,118)**	**(30,234)**	**(4,314)**

(PLN '000)

Interim condensed separate statement of changes in equity

For the six months ended June 30th 2016

	Share capital	Share premium	Capital reserve from valuation of options	Other capital reserves	Retained earnings	Net loss	Total equity
As at Jan 1 2016	**90,887**	**786,134**	**13,207**	**372,199**	**(20,696)**	**-**	**1,241,731**
Total comprehensive income for period							
Net profit for period	-	-	-	-	-	(35,078)	(35,078)
Allocation of profit	-	(20,696)	-	-	20,696	-	-
Payment of dividends	-	-	-	(22,721)	-	-	(22,721)
As at Jun 30 2016	**90,887**	**765,438**	**13,207**	**349,478**	**-**	**(35,078)**	**1,183,932**

For the six months ended June 30th 2015

	Share capital	Share premium	Capital reserve from valuation of options	Other capital reserves	Retained earnings	Net loss	Total equity
As at Jan 1 2015	**90,887**	**802,909**	**13,207**	**372,199**	**(16,091)**	**-**	**1,263,111**
Total comprehensive income for period							
Net profit for period	-	-	-	-	-	(9,118)	(9,118)
Share issue	-	(684)	-	-	-	-	(684)
Allocation of profit	-	(16,091)	-	-	16,091	-	-
As at Jun 30 2015	**90,887**	**786,134**	**13,207**	**372,199**	**-**	**(9,118)**	**1,253,309**

(PLN '000)

Interim condensed separate statement of cash flows

For the six months ended

	Notes	For the six months ended Jun 30 2016	Jun 30 2015
A. Cash flows from operating activities			
I. Loss before tax		**(37,927)**	**(11,199)**
II. Total adjustments		**36,208**	**13,273**
Depreciation and amortisation		844	862
Foreign exchange losses		(2)	-
Interest and profit distributions (dividends)		(3,632)	8,871
Loss on investing activities		41,517	261
Change in provisions		(2,155)	(104)
Change in inventories		1,681	-
Change in receivables		4,700	5,706
Change in current liabilities (net of borrowings)		(2,629)	(516)
Change in accruals and deferrals		(4,116)	(1,807)
III. Net cash from operating activities (I+/-II)		**(1,719)**	**2,074**
B. Cash flows from investing activities			
I. Cash receipts		**100,365**	**10,376**
1. Disposal of investments in property and intangible assets		1,514	-
2. Proceeds from financial assets, including:		98,851	8,529
– disposal of financial assets		3,921	-
– dividends and other profit distributions		12,440	-
– repayment of non-current loans advanced		-	7,960
– interest		-	31
– other proceeds from financial assets	2.9 e	82,490	538
3. Other cash receipts from investing activities		-	1,847
II. Cash payments		**12,707**	**163,989**
1. Acquisition of intangible assets and property, plant and equipment		349	37
2. Payments for financial assets, including:		12,358	163,952
– acquisition of financial assets		12,041	157,331
– non-current loans advanced		317	6,621
III. Net cash from investing activities (I-II)		**87,658**	**(153,613)**
C. Cash flows from financing activities			
I. Cash receipts		**-**	**-**
II. Cash payments		**671**	**262**
Payment of finance lease liabilities		671	262
III. Net cash from financing activities (I-II)		**(671)**	**(262)**
D. Total net cash flows (A.III+/-B.III+/-C.III)		**85,268**	**(151,801)**
E. Net increase/decrease in cash, including:		**85,271**	**(151,801)**
- effect of exchange rate fluctuations on cash held		**4**	**-**
F. Cash at beginning of period		**41,417**	**216,447**
G. Cash at end of period (F+/- E), including:		**126,688**	**64,646**
- restricted cash		77	50

2. Notes

2.1 Accounting policies

These interim condensed separate financial statements of the Company as at June 30th 2016 have been prepared in accordance with International Accounting Standard 34.

The accounting policies and calculation methods applied in preparing these interim condensed financial statements are consistent with those applied in preparing the Company's full-year financial statements for the year ended December 31st 2015.

As at June 30th 2016, current assets were lower than current liabilities. As current liabilities include mainly loans from related entities, the Company does not identify the liquidity risk. If the Company is unable to repay a loan by its maturity date, the Company is able – as the sole owner of the creditor – to extend the maturity date by another 12 months.

Application of new and amended standards and interpretations:

In these condensed separate financial statements, the following new and amended standards and interpretations effective as of January 1st 2016 were applied for the first time:

a) Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*, published by the International Accounting Standards Board in November 2013. Pursuant to the amendments, an entity may recognise employee contributions as a reduction in the service cost in the period in which the related service is rendered by an employee rather than allocate such contributions to periods of service, provided that the contribution amount is independent of the number of years of service rendered by the relevant employee.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

b) IFRS *Annual Improvements cycle 2010–2012*

In December 2013, the International Accounting Standards Board issued IFRS *Annual Improvements cycle 2010–2012*, which contain changes to seven standards. The amendments include changes in the presentation, recognition, measurement and terminology, as well as editorial changes.
It is expected that at the time of initial application, the change will have no material effect on the Group's consolidated financial statements.

c) Amendments to IAS 16 and IAS 41 concerning bearer plants

The amendments require that certain bearer plants, such as grape vines, rubber trees and oil palms (i.e. plants that crop for many years, are not for sale as seedlings and are not harvested), be recognised in accordance with IAS 16 *Property, Plant and Equipment*, as their cultivation is analogous to production. Therefore, pursuant to the amendments, such plants are included in the scope of IAS 16 and IAS 41, while their crop remains under IAS 41.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

d) Amendments to IFRS 11 concerning acquisitions of interests in joint operations

Pursuant to the amended IFRS 11, the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles of accounting for business combinations in accordance with IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.

It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

e) Amendments to IAS 16 and IAS 38 concerning depreciation and amortisation

The amendment clarifies that revenue-based depreciation and amortisation is inappropriate, as revenue generated from operating a business that uses particular assets also reflects factors other than consumption of economic benefits generated by the assets.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

f) IFRS *Annual Improvements cycle 2012–2014*

In September 2014, the International Accounting Standards Board issued IFRS *Annual Improvements cycle 2012–2014*, which contain amendments to four standards: IFRS 5, IFRS 7, IAS 19 and IAS 34.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

g) Amendments to IAS 1

In December 2014, as part of its disclosure initiative, the International Accounting Standards Board issued an amendment to IAS 1. The aim of the amendment is to explain the concept of materiality and to clarify that if an entity deems certain information immaterial, such information should not be disclosed even if its disclosure is required under a different IFRS. The amended IAS 1 clarifies that items presented in the statement of financial position and the statement of profit or loss and other comprehensive income may be aggregated or disaggregated depending on materiality. Additional guidelines are also introduced regarding presentation of subtotals in these statements.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

h) Amendments to IAS 27 concerning the equity method in an entity's separate financial statements

IAS 27 permits the use of the equity method as one of optional methods of accounting for investments in subsidiaries, associates and jointly controlled entities in separate financial statements.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.

Published standards and interpretations which are not yet effective and have not been adopted by the Company early

In these condensed separate financial statements, the Company resolved not to early adopt the following published standards, interpretations or amendments to existing standards prior to their effective date:

a) IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39. The standard is effective for annual periods beginning on or after January 1st 2018.
The standard introduces a single model that has only two classification categories for financial assets: measurement at fair value or at amortised cost. Assets are classified at initial recognition depending on an entity's financial instrument management model and the characteristics of contractual cash flows from such instruments.
IFRS 9 introduces a new impairment recognition model based on expected credit losses.
The majority of requirements under IAS 39 concerning classification and measurement of financial liabilities were incorporated into IFRS 9 unchanged. The key change is the new

requirement that entities present in other comprehensive income changes in their own credit risk related to financial liabilities designated to be measured at fair value through profit or loss.
Changes were also made to the hedge accounting model to factor in risk management.
The Group will apply IFRS 9 following its endorsement by the European Union.
The effect of the change on the Company's separate financial statements cannot be reliably assessed.
As at the date of these separate financial statements, IFRS 9 had not been endorsed by the European Union.

b) IFRS 14 *Regulatory Deferral Accounts*

The standard permits an entity which is a first-time adopter of IFRS (on or after January 1st 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRS and do not account for such activities, in accordance with the published IFRS 14, amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income.
As at the date of these separate financial statements, IFRS 9 had not been endorsed by the European Union.

c) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers*, published by the International Accounting Standards Board on May 28th 2014, is effective for annual periods beginning on or after January 1st 2017.
The provisions of IFRS 15 will apply to all contracts giving rise to revenue. The fundamental rule provided for in the new standard is that revenue is to be recognised upon transfer of goods or services to a customer at a transaction price. Any goods or services sold in bundles that are distinct within the bundle are to be recognised separately, and any discounts and rebates on the transaction price should be applied to specific bundle items. If the amount of revenue is variable, in accordance with the new standard, such variable amounts are recognised under revenue, provided that it is highly probable that the revenue will not be reversed in the future as a result of revaluation. Furthermore, in accordance with IFRS 15, the cost of obtaining and securing a contract with a customer should be capitalised and settled over the period in which the contract's benefits are consumed.
The Company will apply IFRS 15 as of January 1st 2017.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.
As at the date of these separate financial statements, IFRS 15 had not been endorsed by the European Union.

d) Amendments to IFRS 10 and IAS 28 concerning sales or contributions of assets between an investor and its associate or joint venture

The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business.
Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests.
The amendments were published on September 11th 2014 and are effective for annual periods beginning on January 1st 2016.
The Company will apply the amendment as of January 1st 2016.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.
As at the date of these separate financial statements, the amendment had not been endorsed by the European Union.

e) Amendments to IFRS 10, IFRS 12 and IAS 28 *Applying the Consolidation Exception*

On December 18th 2014, the International Accounting Standards Board issued a limited amendment. The amendment to IFRS 10, IFRS 12 and IAS 28 entitled '*Investment Entities: Applying the Consolidation Exception*' clarifies the requirements applicable to investment entities and facilitates certain other matters.
The standard provides that an entity should measure all investment entity subsidiaries at fair value through profit or loss. The standard also clarifies that where a higher-tier parent prepares and publishes financial statements, the consolidation exception applies irrespective of whether its subsidiaries are consolidated or measured at fair value through profit or loss, in accordance with IFRS 10, as part of the financial statements of a higher-tier or ultimate parent. The amendment is effective for annual periods beginning on January 1st 2016.
The Company will apply the amendment as of January 1st 2016.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.
As at the date of preparation of these separate financial statements, the amendment had not been endorsed by the European Union.

f) IFRS 16 *Leases*

IFRS 16 *Leases*, published by the International Accounting Standards Board on January 13th 2016, is effective for annual periods beginning on or after January 1st 2019.

The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases. As a result of all lease transactions, the lessee recognises a right-of-use asset and a lease liability. Thus, IFRS 16 abolishes the operating and finance lease classification under IFRS and provides a single lessee accounting model requiring lessees to recognise (a) assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value and (b) amortisation of the leased asset separately from interest on lease liability in the statement of profit or loss.
IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17. Lessors continue to classify leases as operating or finance, accounting for leases as appropriate.
The Company will apply IFRS 16 following its endorsement by the European Union.
The effect of the change on the Company's separate financial statements cannot be reliably assessed.
As at the date of preparation of these financial statements, the amendment had not been endorsed by the European Union.

g) Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses

The amendments to IAS 12 clarify the requirements concerning recognition of a deferred tax asset for unrealised losses on debt instruments. An entity will be required to recognise deferred tax assets for unrealised losses if they result from discounting cash flows related to debt instruments using a market interest rate, also if it intends to hold such debt instruments to maturity and the collection of the principal does not trigger any tax payments. The economic benefit embodied in the related deferred tax asset results from the ability of the holder of the debt instruments to achieve future gains (by reversing the discounting effect) without paying taxes on those gains.
The amendment is effective for annual periods beginning on or after January 1st 2017.
The Company will apply the amendment as of January 1st 2017.
The effect of the change on the Company's separate financial statements cannot be reliably assessed.
As at the date of preparation of these financial statements, the amendment had not been endorsed by the European Union.

h) Amendments to IAS 7 *Disclosure Initiative*

The amendment to IAS 7 is effective for annual periods beginning on or after January 1st 2017. Entities will be required to disclose a reconciliation of changes in liabilities arising from financing activities.
The Company will apply the amendment as of January 1st 2017.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.
As at the date of preparation of these financial statements, the amendment had not been endorsed by the European Union.

i) Clarifications to IFRS 15

Clarifications to IFRS 15 *Revenue from Contracts with Customers* were issued on April 12th 2016 and apply to financial statements prepared after January 1st 2018.
The clarifications provide additional information and explanations concerning key assumptions adopted in IFRS 15, related, among other things, to the identification of distinct obligations, determination whether an entity is the agent or the principal in a transaction involving goods or services, and recognition of revenue from licensing agreements.
Beside additional clarifications, also exemptions and simplifications for first-time adopters were introduced.
The Company will apply Clarifications to IFRS 15 as of January 1st 2018.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.
As at the date of these separate financial statements, IFRS 15 had not been endorsed by the European Union.

j) Amendments to IFRS 2 *Share-based Payment*

The amendment to IFRS 2 is effective for annual periods beginning on or after January 1st 2018. The amendment provides guidance on measurement at fair value of a liability under cash-settled share-based payment transactions, reclassification from cash-settled share-based payment transactions to equity-settled share-based payment transactions, and recognition of an employee's tax liability under share-based transactions.
The Company will apply the amendment as of January 1st 2018.
It is expected that at the time of initial application, the change will have no material effect on the Company's separate financial statements.
As at the date of preparation of these financial statements, the amendment had not been endorsed by the European Union.

(PLN '000)

2.2 Seasonality and cyclical nature of operations

Seasonality and cyclicality does not have a material effect on the Company's financial performance.

2.3 Cash and cash equivalents

	Jun 30 2016	Dec 31 2015
Cash and cash equivalents, including:	126,688	41,417
- cash in hand and at banks	126,688	41,417
Total cash and cash equivalents	**126,688**	**41,417**

2.4 Income tax

	For the six months ended		For the three months ended	
	Jun 30 2016	Jun 30 2015	Jun 30 2016	Jun 30 2015
Deferred income tax	(2,849)	(2,081)	(1,993)	(1,099)
Related to temporary differences and their reversal	(2,849)	(2,081)	(1,993)	(1,099)
Tax expense recognised in profit or loss	**(2,849)**	**(2,081)**	**(1,993)**	**(1,099)**

Reconciliation of income tax on profit (loss) before tax at statutory tax rate to income tax at effective tax rate:	For the six months ended Jun 30 2016	For the six months ended Jun 30 2015
Tax expense recognised in profit or loss, including:	(2,849)	(2,081)
Deferred tax	(2,849)	(2,081)
Loss before tax	**(37,927)**	**(11,199)**
Tax at the rate of 19% (2015: 19%)	(7,206)	(2,128)
Current tax of limited partnerships (spółka komandytowa)	213	(39)
Deferred tax (change) of limited partnerships (spółka komandytowa)	(56)	(421)
Non-tax-deductible costs:	**(6,878)**	**(388)**
- other permanent differences	(6,671)	(388)
– deferred tax adjustment	(207)	-
Non-taxable income:	**2,364**	**25**
- dividends	2,364	-
- other	-	25
Tax at the effective tax rate	**(2,849)**	**(2,081)**

2.5 Property, plant and equipment

In the six months ended June 30th 2016, the Company purchased property, plant and equipment with a value of PLN 395 thousand (in the year ended December 31st 2015: PLN 884 thousand).

(PLN '000)

2.6 Inventories

	Jun 30 2016	Dec 31 2015
- wind farm development projects*)	10,362	12,043
Total inventories	**10,362**	**12,043**
Inventory write-downs	1,681	0
Total inventories, gross	**12,043**	**12,043**

*) The operating cycle for a wind farm development project may be longer than 12 months.

2.7 Provisions

	Jun 30 2016	Dec 31 2015
Non-current provisions		
Provision for retirement and similar benefits	21	21
Provision for site restoration	-	1,166
Total non-current provisions	**21**	**1,187**
Current provisions		
Provision for retirement and similar benefits	12	12
Provision for accrued holiday entitlements	937	1,926
Total current provisions	**949**	**1,938**
Change in non-current and current provisions		
Provisions at beginning of period	3,125	3,229
Provisions recognised	-	-
Provisions reversed	(2,155)	(104)
Provisions at end of period	**970**	**3,125**

2.8 Non-current interest-bearing borrowings

In the six months ended June 30th 2016, the Company did not incur any new bank borrowings.

Non-current borrowings included chiefly a loan from Grupa PEP – Uprawy Energetyczne Sp. z o.o.

(PLN '000)

2.9 Amounts significantly affecting the Company's assets, liabilities, capital, net profit/loss, or cash flows

a) Non-current financial assets

	Jun 30 2016	Dec 31 2015
- in subsidiaries	1,298,863	1,413,785
- shares in non-listed companies	1,293,614	1,408,694
- loans advanced	4,836	4,678
- guarantees issued to subsidiaries	413	413
Total non-current financial assets	**1,298,863**	**1,413,785**

In the six months ended June 30th 2016, the Company increased the share capital and was refunded additional equity contributions in the following companies:

Company	Share capital increase	Refund of additional equity contributions
consolidated * Grupa PEP FW 23 Sp. z o.o. (Solano) – wind farm development	32	-
consolidated * Grupa PEP FW 18 Sp. z o.o. (Zonda) – wind farm development	35	-
consolidated * Polenergia FW Piekło Sp. z o.o. (Bise) – wind farm development	850	-
consolidated * Grupa PEP FW 17 Sp. z o.o. (Juron) – wind farm development	400	-
consolidated * Grupa PEP FW 22 Sp. z o.o. (Autan) – wind farm development	40	-
consolidated * Grupa PEP FW Wierzbnik/Jankowice Sp. z o.o. (Euros) – wind farm development	350	-
consolidated * Grupa PEP FW 16 Sp. z o.o. (Morka) – wind farm development	70	-
consolidated * Polenergia FW Krzywa Sp. z o.o. (FW19) – wind farm development	200	-
consolidated * Polenergia FW Szymankowo Sp. z o.o. (Pepino) – wind farm development	750	-
consolidated * Polenergia FW Dębice/Kostomłoty Sp. z o.o. (Mistral) – wind farm development	1,200	-
consolidated * Polenergia FW Mycielin Sp. z o.o. – wind farm development	1,592	-
consolidated * Polenergia FW Bądecz Sp. z o.o. (Karif) – wind farm development	1,550	-
consolidated * Grupa PEP FW 1 Sp. z o.o. – own wind farms	-	40,807
consolidated * Grupa PEP FW 3 Sp. z o.o. – own wind farms	4,500	-
consolidated * Grupa PEP FW 4 Sp. z o.o. – own wind farms	-	18,383
consolidated * Grupa PEP FW 6 Sp. z o.o. – own wind farms	-	22,300
consolidated * Polenergia FW Namysłów Sp. z o.o. (FW10) - own wind farms	250	-
consolidated * Grupa PEP FW 11 Sp. z o.o. – own wind farms	20	-
consolidated * Polenergia FW Klukowo Sp. z o.o. (FW12) - own wind farms	150	-
consolidated * Polenergia Biomasa Energetyczna Północ Sp. z o.o. – pellets production	-	1,000
non-consolidated * Polenergia Elektrociepłownia Zakrzów Sp. z o.o. – energy outsourcing	10	-
non-consolidated * Grupa PEP Biolektrownia 2 Sp. z o.o. – own biomass-fired power plants	10	-
non-consolidated * Grupa PEP FW 15 Sp. z o.o. – own wind farms	10	-
non-consolidated * Grupa PEP Projekty Energetyczne 1 Sp. z o.o. - solar panels	12	-
non-consolidated * Grupa PEP Obrót 2 Sp. z o.o.	10	-
Total	**12,041**	**82,490**

On June 16th 2016, the Company sold its shares in Polenergia Zakrzów Sp. z o.o., Sp.k. and Polenergia Zakrzów Sp. z o.o. for PLN 3,871 thousand and PLN 50 thousand, respectively. The Company also sold property, plant and equipment related to the Zakrzów CHP Plant project for PLN 1,514 thousand.

To comply with the Act on Wind Farm Projects (the "Act"), coming into force on July 15th 2016, the Company had to recognise an impairment loss on assets in the form of shares in companies implementing projects under development, i.e. wind farm construction projects with respect to which a building permit had not been obtained or building permit procedure had not been initiated. The provisions of the Act regulating the minimum distance between a wind farm and residential buildings make continued development of these projects impossible. The respective impairment loss amounted to PLN 43,726 thousand.

(PLN '000)

b) Current liabilities

	Jun 30 2016	Dec 31 2015
- bank and other borrowings	283,952	274,366
- trade payables	472	768
- to related entities	368	426
- to other entities	104	342
- other liabilities	24,448	4,496
- to the state budget	936	3,565
- dividends payable	22,722	-
- other financial liabilities	364	483
- salaries and wages	41	135
- special accounts	89	17
- other	296	296
Current liabilities, total	**308,872**	**279,630**

c) Prepayments and accrued income

	Jun 30 2016	Dec 31 2015
- future bonuses, salaries and wages	3,247	7,481
- services	797	1,031
- other	676	809
Total current accruals and deferred income	**4,720**	**9,321**

d) Cash flows from investing activities – Other cash receipts from investing activities

	Jun 30 2016	Dec 31 2015
Refund of additional equity contributions	82,490	2,548
Total	**82,490**	**2,548**

e) Current borrowings

As at June 30th 2016, current borrowings in the amount of PLN 283,952 thousand included loans within the Polenergia Group. Therefore, the Management Board does not identify liquidity risk.

f) Fair value

As at June 30th 2016, the Company did not carry any financial instruments at fair value.

The fair values of other financial assets and liabilities listed below do not differ materially from their respective carrying amounts:

- non-current receivables
- trade and other receivables
- other financial assets
- cash and cash equivalents
- bank and other borrowings
- other non-current liabilities
- trade and other payables

2.10 Changes in estimates

In the reporting period, the Company recognised impairment losses on shares, as described in detail in Note 2.9a.

2.11 Changes in comparative data

As at June 30th 2016, there were no changes in comparative data in the interim condensed financial statements.

2.12 Dividends paid

On March 24th 2016, the Annual General Meeting of the Company resolved to distribute to the shareholders part of the capital reserve created from the Company's profits earned in prior years (PLN 22,721 thousand) as dividends. The dividends will be PLN 0.50 per share, totalling PLN 22,721 thousand.

2.13 Revenue and net profit/loss by operating segment

The Company, operating in one sector and in one specific market, has only one operating segment.

2.14 Changes in contingent assets and liabilities

As at March 31st 2016, in Grupa PEP Farma Wiatrowa 4 Sp. z o.o. the conditions concerning the debt service reserve surety were fulfilled; thus the surety amount as at June 30th 2016 was PLN 6,596 thousand.
The surety expires on the date of final repayment of all liabilities under the credit facility agreement.

On February 16th 2016, at the request of the Company, mBank issued a guarantee for payment by Grupa PEP – Farma Wiatrowa 3 Sp. z o.o. ('FW3') of its liabilities under the grid connection agreement, due to Energa Operator S.A.
The guarantee expires on February 15th 2019.
The guarantee amount is reduced gradually as the agreement is settled; as at June 30th 2016, it stood at PLN 699 thousand.

(PLN '000)

2.15 Significant related-party transactions

Jun 30 2016	Sale to related parties	Finance costs	Finance income	Receivables from related parties
Mercury Energia Sp. z o.o. i Wspólnicy, Spółka komandytowa	237	-	-	175
Polenergia Biomasa Energetyczna Północ Sp. z o.o.(GRUPA PEP-Biomasa Energetyczna Północ Spółka z o.o.)	327	-	-	234
GRUPA PEP-Biomasa Energetyczna Południe Spółka z o.o.	334	-	-	242
GRUPA PEP-Biomasa Energetyczna Wschód Spółka z o.o.	317	-	-	268
GRUPA PEP-Bioelektrownia 2 Sp. z o.o., Spółka komandytowa	358	-	-	355
GRUPA PEP-Farma Wiatrowa 1 Sp. z o.o.	633	-	-	466
GRUPA PEP-Farma Wiatrowa 3 Sp. z o.o.	518	-	-	548
GRUPA PEP-Farma Wiatrowa 4 Sp. z o.o.	606	-	-	545
GRUPA PEP-Farma Wiatrowa 6 Sp. z o.o.	457	-	-	346
Polenergia Farma Wiatrowa Grabowo Sp. z o.o. (Grupa PEP Farma Wiatrowa 8 Sp. z o.o.)	346	-	-	372
GRUPA PEP-Development Projektów Sp. z o.o.	43	615	606	38
GRUPA PEP-Finansowanie Projektów 1 Sp. z o.o.	43	8,971	-	3
Amon Sp. z o.o.	349	-	-	309
Polenergia Farma Wiatrowa Piekło Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Piekło Sp. z o.o.)	239	-	-	238
Dipol Spółka z o.o.	321	-	-	240
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o (Pepino Sp. z o.o.)	269	-	87	273
Talia Sp. z o.o.	310	-	-	270
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o.)	281	-	-	1,749
Polenergia Farma Wiatrowa Mycielin Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Mycielin Sp. z o.o.)	698	-	-	416
Polenergia Farma Wiatrowa Bądecz Sp. z o.o. (GRUPA PEP-Farma Bądecz Sp. z o.o.)	286	-	-	2,538
Polenergia Kogeneracja Sp. z o.o.	311	-	-	161
Polenergia Bałtyk II Sp. z o.o.	351	-	-	354
Polenergia Bałtyk III Sp. z o.o.	358	-	-	355
Polenergia Dystrybucja Sp. z o.o.	846	-	70	399
Polenergia Elekrociepłownia Nowa Sarzyna Sp. z o.o.	555	-	-	269
Polenergia Obrót S.A.	410	-	-	175
Polenergia Elektrownia Północ Sp. z o.o.	463	-	-	3,492
Polenergia Biogaz Sp. z o.o.	56	-	-	127
ENS Investment B.V.	-	-	-	-
Polenergia Holding S. a r. l.	238	-	-	110
Polenergia International S. a r. l.	1,062	-	-	841
PPG Pipeline Projektgesellschaft mbH	416	-	-	425
Other	1,289	-	-	1,294
Total	**13,327**	**9,586**	**763**	**17,627**

(PLN '000)

Jun 30 2015	Sale to related parties	Finance costs	Finance income	Receivables from related parties
Interpep EC Zakrzów Sp. z o.o., Spółka komandytowa	1,504	-	-	2,445
Energopep Sp. z o.o. Sp. kom. (Interpep Sp. z o.o.)	15	-	-	604
Polenergia Biomasa Energetyczna Północ Sp. z o.o. (GRUPA PEP-Biomasa Energetyczna Północ Spółka z o.o.)	150	-	-	62
GRUPA PEP-Biomasa Energetyczna Południe Spółka z o.o.	190	-	-	98
GRUPA PEP-Biomasa Energetyczna Wschód Spółka z o.o.	212	-	-	120
GRUPA PEP-Farma Wiatrowa 1 Sp. z o.o.	264	-	-	231
GRUPA PEP-Farma Wiatrowa 3 Sp. z o.o.	550	-	-	615
GRUPA PEP-Farma Wiatrowa 4 Sp. z o.o.	338	-	-	358
GRUPA PEP-Farma Wiatrowa 6 Sp. z o.o.	215	-	-	254
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o. (GRUPA PEP-Farma Wiatrowa 7 Sp. z o.o.)	103	-	-	104
Polenergia Farma Wiatrowa Grabowo Sp. z o.o. (Grupa PEP Farma Wiatrowa 8 Sp. z o.o. - own wind farms)	713	-	-	601
GRUPA PEP-Farma Wiatrowa 13 Sp. z o.o.	115	-	-	115
GRUPA PEP-Development Projektów Sp. z o.o.	16	617	-	3
GRUPA PEP-Finansowanie Projektów 1 Sp. z o.o.	17	9,266	-	5
Amon Sp. z o.o.	221	-	-	167
Polenergia Farma Wiatrowa Piekło Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Piekło Sp. z o.o.)	403	-	-	429
Dipol Spółka z o.o.	205	-	-	141
Polenergia Farma Wiatrowa Wierzbnik/ Jankowice Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Wierzbnik/Jankowiec Sp. z o.o.)	145	-	-	157
Polenergia Farma Wiatrowa Rudniki Sp. z o.o. (Grupa PEP – Farma Wiatrowa 21 Sp. z o.o.)	105	-	-	108
GRUPA PEP-Farma Wiatrowa 17 Sp. z o.o. (Juron Sp. z o.o.)	100	-	-	103
Pepino Sp. z o.o.	112	-	-	124
Talia Sp. z o.o.	184	-	-	129
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o.)	152	-	-	163
Polenergia Farma Wiatrowa Mycielin Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Mycielin Sp. z o.o.)	916	-	-	812
Polenergia Farma Wiatrowa Bądecz Sp. z o.o. (GRUPA PEP-Farma Bądecz Sp. z o.o.)	147	-	-	156
Polenergia Kogeneracja Sp. z o.o.	356	-	-	202
Polenergia Bałtyk II Sp. z o.o.	509	-	-	569
Polenergia Bałtyk III Sp. z o.o.	533	-	-	582
Polenergia Dystrybucja Sp. z o.o.	801	-	197	387
Elekrociepłownia Nowa Sarzyna Sp. z o.o.	555	-	-	220
Polenergia Obrót S.A.	442	-	-	153
Polenergia Elektrownia Północ Sp. z o.o.	1,097	-	-	1,129
Polenergia International S.à. r.l.	199	-	-	201
PPG Pipeline Projektgesellschaft mbH	1,190	-	80	1,217
Ciech S.A	237	-	-	244
Other	1,132	-	-	771
Total	**14,143**	**9,883**	**277**	**13,779**

2.16 Events subsequent to the reporting date

As at the date of preparation of these interim financial statements, i.e. August 10th 2016, no events had occurred which should have been but were not disclosed in the accounting records for the reporting period.