

# **POENERGIA OBRÓT SPÓŁKA AKCYJNA**

**Financial statements  
for the financial year from 1 January to 31 December 2017**

## Polenergia Obrót S.A.

### Financial statements for the financial year from 1 January to 31 December 2017

To the Shareholders of Polenergia Obrót S.A.

#### Approval of Financial Statements

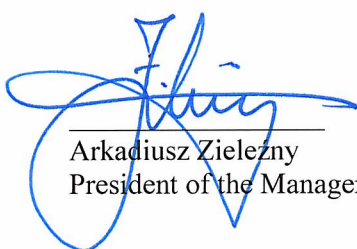
Pursuant to the provisions of the Accounting Act of 29 September 1994 (consolidated text in Journal of Laws of 2018, item 395 as amended), the Management Board is obligated to ensure the preparation of the annual financial statements giving a true and clear view of the economic and financial condition of the Company at the end of the financial year as well as its financial result for that year.

The financial statements were prepared on the basis of accounting principles that are adequate to the entity's operations and that were used on a continuous basis.

In the valuation of the assets and liabilities and measurement of the financial result it was assumed that the Company would continue as a going concern in the foreseeable future without curtailing materially its scope of operations, and without being put into liquidation or bankruptcy.

These financial statements have been prepared in accordance with the Accounting Act and presented in the following order:

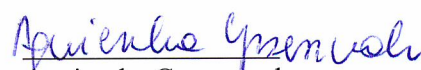
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Arkadiusz Zieleźny  
President of the Management Board



Marek Krzysteczko  
Member of the Management Board



Agnieszka Grzeszczak  
Responsible for  
the preparation of the financial statements

Warsaw, 08 March 2018

## **Introduction**

### **1. Company's Information**

- a) Polenergia Obrót Spółka Akcyjna was established in 2001. The Company's registered office is located in Warsaw at ul. Krucza 24/26;
- b) The Company is entered in the Register of Entrepreneurs under the number KRS 0000043658. The Company was registered by the District Court for the Capital City of Warsaw, 19th Commercial Division of the National Court Register, Tax Identification Number (NIP): 5262098617, Business Statistical Identification Number (REGON): 012789596;
- c) The Company's business objects include, among other things:
  - trading in electricity,
  - trading in property rights, and
  - trading in gaseous fuels.
- d) Under the memorandum of association, the Company's duration shall be indefinite.
- e) In the financial year, the Management Board of the Company was composed of:
  - Arkadiusz Zieleźny, President of the Management Board
  - Marek Krzysteczko, Member of the Management Board

### **2. Financial statements**

- a) The financial statements were made in accordance with the Accounting Act of 29 September 1994 (consolidated text in Journal of Laws of 2018, item 395, as amended), according to the historical cost convention, except for the forward contracts to purchase and sale energy which are measured at fair value.
- b) These financial statements have been prepared on a going concern basis, i.e., assuming that the Company will continue its business operations in the foreseeable future and that there are no circumstances indicating that there is a threat to the continued operations.

## **Introduction (cont'd)**

### **3. Some more important accounting principles**

#### **a) Property, plant and equipment, intangible assets**

Non-current assets and intangible assets are recognised at cost or revalued amount (after revaluation of non-current assets) less amortization or depreciation and impairment.

The purchase price and the cost to manufacture constructions in progress, non-current assets and intangible assets also include the costs of servicing the liabilities incurred in order to finance them for the duration of their construction, assembling or adaptation. The purchase price or manufacturing cost of a non-current asset is increased by its improvement costs.

Third-party non-current assets or intangible assets accepted for use under lease contracts are recognised as non-current assets if the contract meets the criteria set out in the Act.

Constructions in progress are measured at total costs directly connected with their acquisition or manufacturing less impairment. They are recognised at cost. Most significantly, the company considers the remuneration costs and surcharges on remuneration, costs of third-party services and business travel costs as costs directly connected with the acquisition or manufacturing of constructions in progress.

Impairment allowance against other operating costs is made in the case of changes to the manufacturing technology or if a non-current asset or an intangible asset is intended for retirement, withdrawn from use or when its value is diminished permanently for other reasons. If the reason for which impairment allowance for non-current assets and intangible assets was made ceases to exist, the equivalent of the previously made impairment allowance, in whole or in adequate part, will increase the value of a given assets and will be included as other operating income.

Assets are depreciated/ amortised on a straight-line basis. The depreciation/ amortisation period and the annual depreciation/ amortisation rate are determined by reference to the useful economic life of a non-current asset and intangible assets. The correctness of the adopted depreciation/ amortisation periods and depreciation/ amortisation rates is subject to periodic verification.

The Company has applied the following annual depreciation rates to the main groups of non-current assets:

- |  |           |
|--|-----------|
| • buildings, premises and civil engineering facilities | 5%        |
| • technical equipment and machinery                    | 5% - 40%  |
| • means of transport                                   | 20% - 40% |
| • other non-current assets                             | 14% - 20% |

Annual amortisation rates for intangible assets are as follows:

**Introduction (cont'd)**

- patents, licences 100%
- computer software 20-50%
- other intangible assets 20%

Constructions in progress and land, including perpetual usufruct right, are not depreciated.

Property, plant and equipment and intangible assets worth less than PLN 3,500.00 are expensed when incurred.

**b) Investments**

**Other non-current investments**

Interests or shares in subordinated entities, which are included as part of non-current investments, are measured at acquisition price less impairment.

The effects of periodic measurement of financial assets, including derivatives, excluding hedged items and hedging instruments, are recognized as financial income or expenses, respectively, for the reporting period in which revaluation was made.

**Current investments**

The effects of periodic measurement of financial assets, including derivatives, excluding hedged items and hedging instruments, are recognized as financial income or expenses, respectively, for the reporting period in which revaluation was made.

**Forward contracts**

Forward contracts for the sale and purchase of electricity and gaseous fuels are measured at fair value with fair value changes being charged to the profit and loss account. The result of contract measurement is presented per saldo in sales revenue or costs.

The unutilised portion of the contracts is subject to measurement; it is broken into a short-term portion, to be exercised within 12 months as of the balance sheet date, and the long-term portion, to be exercised in the coming years. The effects of the forward contracts measurement are recognised, respectively, under other non-current financial assets, other current financial assets, other non-current financial liabilities or other current financial liabilities.

**c) Receivables**

Receivables are measured at the amounts due, taking account of the prudence principle, and carried net of impairment losses.

The value of receivables is revised taking into account the probability of their payment by recognising an impairment loss.

**Introduction (cont'd)**

**d) Inventories**

Inventories are measured at actual costs of purchase which, however, are not higher than the net realisable value.

Goods in the Company comprise primarily property rights (commodities) which derive from the certificates of origin for green energy. Records regarding quantity and value are kept for the commodities.

**e) Cash assets**

Cash assets include assets in the domestic currency, foreign currencies and foreign exchange. Cash assets also include interest accrued on financial assets.

Financial assets payable or due within 3 months from the date of their receipt, issue, acquisition or deposit are recognised under cash assets for the purpose of the cash flow statement.

## **Introduction (cont'd)**

### **f) Prepaid expenses**

Prepaid expenses are recognised in respect of costs incurred in relation to future reporting periods.

Prepaid expenses are written off proportionally to the passage of time. The settlement time and method are justified by the nature of the costs to be settled, while taking account of the prudence principle.

### **g) Equity**

The share capital is presented at such amount as specified in the articles of association and recorded in the court register.

Capital contributions declared but not made are recognized as called-up share capital.

### **h) Provisions for liabilities**

Provisions for liabilities are established in a reasonable and reliably estimated amount.

Provisions are established for:

- certain or highly probable future obligations, the amount of which can be reliably estimated, including but not limited to losses on business transactions in progress, including under guarantees and sureties issued, and lending operations, the effects of pending litigation;
- future obligations arising from restructuring, provided that the entity is obliged to carry out the same under separate regulations or binding agreements and the restructuring plan allows to estimate such future obligations reliably.
- probable obligations falling due in the current reporting period, resulting in particular from an obligation to provide, in connection with current activities, future benefits for unknown parties where the amount of such obligation can be reliably estimated, although its date is not yet known, including obligations due to guarantee repairs and warranty for long-term use products sold.

### **i) Liabilities**

Financial liabilities (other than financial liabilities held for trading, derivatives recorded as liabilities and hedged items) are measured not later than at the end of the reporting period at adjusted acquisition cost.

Liabilities other than financial liabilities are recognized in the amount payable.

## **Introduction (cont'd)**

### **j) Accrued expenses**

Accrued expenses are recognized at the amount of probable liabilities corresponding to the current reporting period, arising in particular from the services provided for the entity by the counterparties when the liability amount may be estimated in a reliable manner.

Accrued expenses, as referred to above, are presented in the balance sheet under trade payables.

Accrued expenses are written off proportionally to the passage of time. The settlement time and method are justified by the nature of the costs to be settled, while taking account of the prudence principle.

### **k) Deferred income tax**

A provision is established and deferred income tax assets are determined due to the temporary differences between the value of assets and liabilities recognised in the books of accounts and their tax value and tax loss that might be deducted in the future.

Deferred income tax assets are determined in the amount of the expected future income tax deduction in respect of temporary differences and deductible tax loss, which may result, in the future, in a decrease in the income tax base and tax loss determined in accordance with the prudent principle.

The provision for the deferred income tax is established in the amount of income tax to be paid in the future in relation to the taxable temporary differences, i.e. differences that result in an increase of the income tax base in the future.

The amount of the provision and the deferred income tax assets are determined according to the rates effective in the year in which the tax liability arises.

The difference between the balance of provisions and deferred income tax assets as at the end and beginning of the reporting period has an impact on the financial result; however, the provisions and deferred income tax assets relating to operations settled against equity are also recognised in equity.

### **l) Revenue recognition**

Sales revenue is recognised upon goods delivery, if the entity has transferred material risks and rewards under the ownership of goods or upon completing the service. Sale is recognised in net terms, i.e. without the value added tax and upon accounting for all discounts.

### **m) The balance sheet and the profit and loss account for the individual types of business operations**

In keeping with Article 44 of the Energy Law, Polenergia Obrót keeps books of accounts that allow for separate calculation of the costs and revenue, profits and losses from its business activity in relation to trading in energy and trading in gaseous fuels.



**Introduction (cont'd)**

The Company prepared a separate balance sheets and the profit and loss accounts for the individual types of business operations for 2017 and 2016. The individual items of the balance sheet and of the profit and loss accounts were broken down as follows:

- The costs and balance sheet items that may be directly allocated to a specific type of business were allocated using the direct method,
- the other indirect costs and balance sheet items that cannot be directly allocated to the specific types of business are allocated on the basis of an allocation key based on the revenue structure.

The allocation key was adopted pursuant to the Polenergia Obrót S.A. Management Board Resolution No. 1/204/15 dated 4 February 2015 on the allocation of balance sheet items and profit and loss account items. The allocation key for 2017 vs 2016 is as follows:

	<b>2017</b>	<b>2016</b>
Electricity	82.84%	86.97%
Gaseous fuels	11.32%	10.49%
Other business operations	5.84%	2.54%

## Financial Statements as at and for the year ended 31 December 2017

## BALANCE SHEET

	Additional information	31.12.2017 PLN	31.12.2016 PLN
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>22,196,654.03</b>	<b>20,789,951.05</b>
<b>Intangible assets</b>	<b>2</b>	<b>16,624.99</b>	-
Other intangible assets		16,624.99	-
<b>Property, plant and equipment</b>	<b>3,4,5</b>	<b>84,876.90</b>	<b>110,307.40</b>
Non-current assets		<b>84,876.90</b>	<b>110,307.40</b>
Technical equipment and machinery		17,641.80	2,167.76
Means of transport		67,235.10	90,287.13
Other non-current assets		-	17,852.51
<b>Non-current receivables</b>		<b>8,000,000.00</b>	<b>8,000,000.00</b>
From related entities	<b>6</b>	8,000,000.00	8,000,000.00
<b>Non-current investments</b>	<b>13</b>	<b>13,480,137.76</b>	<b>11,518,828.13</b>
Non-current financial assets		13,480,137.76	11,518,828.13
In related entities		2,377,482.18	-
- loans made		2,377,482.18	-
In other entities		11,102,655.58	11,518,828.13
- other long-term financial assets		11,102,655.58	11,518,828.13
<b>Non-current pre-paid expenses</b>	<b>8</b>	<b>615,014.38</b>	<b>1,160,815.52</b>
Deferred income tax assets	<b>8.22</b>	615,014.38	1,160,815.52
<b>Current assets</b>		<b>232,345,221.35</b>	<b>230,814,707.90</b>
<b>Inventories</b>		<b>1,004,418.46</b>	<b>290,903.66</b>
Merchandise		1,004,418.46	290,903.66
<b>Current receivables</b>	<b>6.7</b>	<b>93,901,017.25</b>	<b>108,307,817.30</b>
Receivables from related entities	<b>30</b>	2,509,092.57	2,082,055.84
Trade receivables, falling due:		2,509,092.57	2,082,055.84
- up to 12 months		2,509,092.57	2,082,055.84
Receivables from other entities		91,391,924.68	106,225,761.46
Trade receivables, falling due:		78,910,344.03	94,351,764.13
- up to 12 months		78,910,344.03	94,351,764.13
Taxation, government grants, customs duty, social and health care insurance, and other titles under public law		2,546,756.63	8,280,712.76
Other		9,934,824.02	3,593,284.57
<b>Current investments</b>		<b>136,814,055.59</b>	<b>121,759,507.69</b>
Current financial assets		136,814,055.59	121,759,507.69
In related entities		-	2,282,882.19
- loans made		-	2,282,882.19
In other entities	<b>13</b>	119,300,589.44	96,624,303.70
- other current financial assets		119,300,589.44	96,624,303.70
Cash and cash equivalents		17,513,466.15	22,852,321.80
- cash in hand and at bank accounts		17,513,466.15	22,852,321.80
<b>Current prepaid expenses</b>	<b>8</b>	<b>625,730.05</b>	<b>456,479.25</b>
<b>Total assets</b>		<b>254,541,875.38</b>	<b>251,604,658.95</b>

**BALANCE SHEET (cont'd.)**

	Additional information	31.12.2017 PLN	31.12.2016 PLN
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>22,965,062.96</b>	<b>22,916,467.45</b>
Share capital	10	15,102,069.00	15,102,069.00
Reserve capital		3,803,267.45	2,310,935.32
Capital on account of merger		11,131.00	11,131.00
Net profit	11	4,048,595.51	5,492,332.13
<b>Liabilities and provisions for liabilities</b>		<b>231,576,812.42</b>	<b>228,688,191.50</b>
<b>Provisions for liabilities</b>	22	<b>2,119,357.18</b>	<b>3,238,827.62</b>
Deferred income tax provision		2,119,357.18	3,238,827.62
<b>Non-current liabilities</b>	14	<b>7,666,819.48</b>	<b>5,763,570.02</b>
to other entities		7,666,819.48	5,763,570.02
Other financial liabilities	13.14	7,644,978.99	5,717,870.02
Other		21,840.49	45,700.00
<b>Current liabilities</b>		<b>219,585,064.75</b>	<b>217,790,329.35</b>
Payable to related entities	30	8,067,238.66	19,718,501.33
Trade payables, falling due:		8,067,238.66	19,718,501.33
- up to 12 months		8,067,238.66	19,718,501.33
to other entities		211,517,826.09	198,071,828.02
Loans and advances		4,087,930.71	-
- working capital loans in PLN		4,087,930.71	-
Issue of debt securities			
Other financial liabilities	13	111,292,787.70	85,583,722.50
Trade payables, falling due:		95,633,542.66	112,394,663.56
- up to 12 months		95,633,542.66	112,394,663.56
Advance payments received for deliveries		225,818.28	-
Taxation, government grants, customs duty, social and health care insurance, and other titles under public law		253,887.23	70,593.98
Other		23,859.51	22,847.98
<b>Accrued expenses</b>	9	<b>2,205,571.01</b>	<b>1,895,464.51</b>
Other accrued expenses		2,205,571.01	1,895,464.51
- current		2,205,571.01	1,895,464.51
<b>Total equity and liabilities</b>		<b>254,541,875.38</b>	<b>251,604,658.95</b>

**PROFIT AND LOSS ACCOUNT**

	Additional information	2017 PLN	2016 PLN
<b>Net sales of products and similar, of which:</b>	<b>16</b>	<b>2,396,553,883.26</b>	<b>2,559,184,836.46</b>
– from related parties	30	120,123,612.48	91,648,202.11
Net revenue from sale of merchandise and materials		2,396,553,883.26	2,559,184,836.46
<b>Costs of operating activities</b>		<b>2,390,078,532.06</b>	<b>2,551,970,075.23</b>
Amortisation/depreciation		35,772.99	36,673.18
Consumption of materials and energy		16,796.40	19,540.70
Third-party services		2,258,912.91	2,153,229.34
Taxes and charges		4,205,545.26	3,573,170.23
Salaries		3,797,265.58	3,577,715.42
Social security and other benefits		409,676.50	332,083.58
Other expenses by nature		118,286.88	113,989.57
Value of merchandise and materials sold		2,379,236,275.54	2,542,163,673.21
<b>Profit/(Loss) on sale</b>		<b>6,475,351.20</b>	<b>7,214,761.23</b>
<b>Other operating income</b>	<b>17</b>	<b>3,374.71</b>	<b>486,897.02</b>
Other operating income		3,374.71	486,897.02
<b>Other operating expenses</b>	<b>18</b>	<b>21,267.68</b>	<b>84,834.40</b>
Other operating expenses		21,267.68	84,834.40
<b>Profit/(loss) from operating activities</b>		<b>6,457,458.23</b>	<b>7,616,823.85</b>
<b>Financial income</b>	<b>19</b>	<b>346,016.94</b>	<b>451,427.12</b>
Interest, of which:		346,016.94	395,652.88
– From related parties	30	94,599.99	94,308.49
Other		-	55,774.24
<b>Financial expenses</b>	<b>20</b>	<b>1,716,676.96</b>	<b>1,256,133.47</b>
Interest		41,842.99	18,694.03
Foreign exchange differences		507,466.28	-
Other		1,167,367.69	1,237,439.44
<b>Gross profit</b>		<b>5,086,798.21</b>	<b>6,812,117.50</b>
<b>Income tax</b>	<b>21.22</b>	<b>(1,038,202.70)</b>	<b>(1,319,785.37)</b>
<b>Net profit</b>		<b>4,048,595.51</b>	<b>5,492,332.13</b>

**CASH FLOW STATEMENT**

	<b>Additional information</b>	<b>2017 PLN</b>	<b>2016 PLN</b>
<b>Cash flows from operating activities</b>			
<b>Net profit/(loss)</b>		<u>4,048,595.51</u>	<u>5,492,332.13</u>
<b>Total adjustments</b>		<u>(9,423,042.43)</u>	<u>3,899,821.91</u>
Amortisation/depreciation		35,772.99	36,673.18
Interest and share of profits (dividends)		(92,076.01)	(90,815.83)
Income tax		(34,556.00)	(148,889.63)
Increase/decrease in inventories		(713,514.80)	496,088.88
Increase/decrease in receivables	<b>23</b>	(9,231,347.14)	(16,624,046.39)
Change in current liabilities, excluding loans and advances	<b>23</b>	471,822.83	20,270,433.13
Increase/decrease in accrued expenses		140,855.70	(39,621.43)
<b>Total net cash flow from operating activities</b>		<u>(5,374,446.92)</u>	<u>9,392,154.04</u>
<b>Cash flows from investing activities</b>			
<b>Receipts</b>		<u>-</u>	<u>-</u>
<b>Payments</b>		<u>(26,967.48)</u>	<u>(11,711.27)</u>
Purchase of intangible assets and property, plant and equipment		(26,967.48)	(11,711.27)
<b>Total net cash flow from investing activities</b>		<u>(26,967.48)</u>	<u>(11,711.27)</u>

**CASH FLOW STATEMENT (cont'd)**

	<b>Additional information</b>	<b>2017 PLN</b>	<b>2016 PLN</b>
<b>Cash flows from financing activities</b>			
<b>Receipts</b>		<u>4,087,930.71</u>	<u>-</u>
Loans and advances		4,087,930.71	-
<b>Payments</b>		<u>(4,025,371.96)</u>	<u>(2,025,371.96)</u>
Dividends and other payments to owners		(4,000,000.00)	(2,000,000.00)
Payments under financial lease contracts		(22,847.98)	(21,879.30)
Interest		(2,523.98)	(3,492.66)
<b>Total net cash flow from financing activities</b>		<u>62,558.75</u>	<u>(2,025,371.96)</u>
<b>Total net cash flow</b>		<u>(5,338,855.65)</u>	<u>7,355,070.81</u>
<b>Cash at the beginning of period</b>		<b>22,852,321.80</b>	<b>15,497,250.99</b>
<b>Balance sheet change in cash, of which:</b>		<b>(5,338,855.65)</b>	<b>7,355,070.81</b>
- net cash flows		<u>(5,338,855.65)</u>	<u>7,355,070.81</u>
<b>Cash and cash equivalents at end of year, including:</b>		<u>17,513,466.15</u>	<u>22,852,321.80</u>
- restricted cash		-	-

## STATEMENT OF CHANGES IN EQUITY

	2017	2016
	PLN	PLN
Equity capital at the beginning of period	22,916,467.45	19,424,135.32
Equity capital at the beginning of period, after adjustments	<u>22,916,467.45</u>	<u>19,424,135.32</u>
Share capital at the beginning of period	<u>15,102,069.00</u>	<u>15,102,069.00</u>
Share capital at the end of period	<u>15,102,069.00</u>	<u>15,102,069.00</u>
Reserve capital at the beginning of period	<u>2,310,935.32</u>	<u>8,352,658.13</u>
Changes in reserve capital	<u>1,492,332.13</u>	<u>(6,041,722.81)</u>
increase	1,492,332.13	2,310,935.32
- distribution of profit	<u>1,492,332.13</u>	<u>2,310,935.32</u>
decrease	-	(8,352,658.13)
- loss coverage	-	(8,352,658.13)
Reserve capital at the end of period	<u>3,803,267.45</u>	<u>2,310,935.32</u>
Capital on account of merger at the beginning of period	<u>11,131.00</u>	<u>11,131.00</u>
Capital on account of merger at the end of period	<u>11,131.00</u>	<u>11,131.00</u>
Retained profit/ (loss) at the beginning of period	<u>5,492,332.13</u>	<u>(8,690,898.86)</u>
decrease	(5,492,332.13)	8,690,898.86
- carry-overs of profit	<u>(1,492,332.13)</u>	<u>2,338,240.73</u>
- coverage of loss with reserve capital	-	8,352,658.13
- dividend payout	<u>(4,000,000.00)</u>	<u>(2,000,000.00)</u>
Retained profit/ (loss) at the end of period	-	-
Net profit/loss	<u>4,048,595.51</u>	<u>5,492,332.13</u>
- net profit	4,048,595.51	5,492,332.13
Equity capital at the end of period	<u><u>22,965,062.96</u></u>	<u><u>22,916,467.45</u></u>
Equity, as adjusted for the proposed distribution of profit (coverage of loss)	<u><u>19,965,062.96</u></u>	<u><u>18,916,467.45</u></u>

**Additional information and notes**

**1. Foreign exchange rates**

<b>Foreign exchange rate effective as at the final day of the period</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>PLN</b>	<b>PLN</b>
EUR/ PLN exchange rate	4.1709	4.4240
GBP/ PLN exchange rate	4.7001	5.1445

<b>Average exchange rates for the period</b>	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
EUR/ PLN exchange rate	4.2589	4.3633
GBP/ PLN exchange rate	4.8606	5.3422



## Additional information and notes (cont'd)

## 2. Intangible assets - movements throughout financial year

	Author's economic rights and related rights, licences, concessions	Total
	PLN	PLN
Gross value as at 01.01.2017	<b>6,904.32</b>	<b>6,904.32</b>
Increase:	19,000.00	19,000.00
- acquisition	19,000.00	19,000.00
Gross value as at 31.12.2017	<b>25,904.32</b>	<b>25,904.32</b>
Write-off as at 01.01.2017	<b>6,904.32</b>	<b>6,904.32</b>
Increase	2,375.01	2,375.01
- amortisation and depreciation	2,375.01	2,375.01
Write-off as at 31.12.2017	<b>9,279.33</b>	<b>9,279.33</b>
<b>Net value</b>	-	-
<b>Balance as at 01.01.2017</b>	-	-
<b>Balance as at 31.12.2017</b>	<b>16,624.99</b>	<b>16,624.99</b>

## Additional information and notes (cont'd)

## 3. Property, plant and equipment - movements throughout financial year

31.12.2017	Technical equipment and machinery	Means of transport	Other non- current assets	Total
	PLN	PLN	PLN	PLN
Gross value as at 01.01.2017	83,425.16	115,260.16	35,458.13	234,143.45
Increases:	25,819.99	-	-	25,819.99
- acquisition	7,967.48	-	-	7,967.48
- transfer	17,852.51	-	-	17,852.51
Decreases:	-	-	(17,852.51)	(17,852.51)
- transfer	-	-	(17,852.51)	(17,852.51)
Gross value as at 31.12.2017	109,245.15	115,260.16	17,605.62	242,110.93
Write-off as at 01.01.2017	81,257.40	24,973.03	17,605.62	123,836.05
Increases:	10,345.95	23,052.03	-	33,397.98
- amortisation and depreciation	10,345.95	23,052.03	-	33,397.98
Write-off as at 31.12.2017	91,603.35	48,025.06	17,605.62	157,234.03
<b>Net value</b>				
<b>Balance as at 01.01.2017</b>	<b>2,167.76</b>	<b>90,287.13</b>	<b>17,852.51</b>	<b>110,307.40</b>
<b>Balance as at 31.12.2017</b>	<b>17,641.80</b>	<b>67,235.10</b>	<b>-</b>	<b>84,876.90</b>

**Additional information and notes (cont'd)**

**4. Non-current assets – by ownership title**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>PLN</b>	<b>PLN</b>
Own non-current assets	17,641.80	20,020.27
Non-current assets used under financial lease contracts	67,235.10	90,287.13
<b>Total non-current assets in the balance sheet</b>	<b>84,876.90</b>	<b>110,307.40</b>

During the financial year, the Company did not make any impairment charges on property, plant and equipment.

There were no liabilities to the state or local government budgets due to acquisition of ownership of buildings and structures as at the balance sheet date.

**5. Outlays on non-financial non-current assets**

In 2017, the Company spent PLN 26,967.48 on non-financial non-current assets. Outlays on non-financial non-current assets in 2016 totalled PLN 11,711.27, including PLN 0 on environment protection.

**6. Ageing structure of receivables**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>PLN</b>	<b>PLN</b>
Receivables from related entities	10,509,092.57	10,082,055.84
Current	10,509,092.57	9,932,502.67
Past due	-	149,553.17
up to 30 days	-	147,479.67
31-60 days	-	2,073.50
<b>Receivables from related entities</b>	<b>10,509,092.57</b>	<b>10,082,055.84</b>
Receivables from other entities	78,910,344.03	94,351,764.13
Current	78,906,722.44	94,330,500.79
Past due	3,621.59	21,263.34
up to 30 days	3,621.59	-
over 180 days	-	21,263.34
<b>Receivables from other entities</b>	<b>78,910,344.03</b>	<b>94,351,764.13</b>

**Additional information and notes (cont'd)**

**7. Impairment charges on receivables**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
<b>Opening balance at year beginning</b>	-	5,071,060.93
Reversal of impairment charge	-	5,071,060.93
<b>Closing balance at year end</b>	<u>-</u>	<u>-</u>

It was unnecessary to create impairment charges on receivables in 2017 as there were no receivables overdue for more than 180 days. In 2016, the Company analysed the status of past due receivables; following that analysis, the Company resolved to reverse an impairment charge on trade receivables due to the fact that they were impossible to recover and were time-barred.

**8. Prepaid expenses**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>PLN</b>	<b>PLN</b>
<b>Non-current prepaid expenses</b>		
Deferred income tax assets	615,014.38	1,160,815.52
	<u><b>615,014.38</b></u>	<u><b>1,160,815.52</b></u>
<b>Current prepaid expenses</b>		
Property insurance	11,318.09	10,388.39
Market shares – annual fees	408,968.97	334,084.94
Information services	23,179.48	16,288.75
Annual fees – licences	6,236.38	6,275.63
Warranty fees	171,144.81	84,999.98
Other current prepaid expenses	4,882.32	4,441.56
	<u><b>625,730.05</b></u>	<u><b>456,479.25</b></u>
	<u><b>1,240,744.43</b></u>	<u><b>1,617,294.77</b></u>

**9. Accrued expenses**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>PLN</b>	<b>PLN</b>
<b>Current accrued expenses</b>		
Provision for unused holiday leaves	357,886.86	276,121.65
Provision for bonuses	1,738,138.45	1,538,698.10
Other	109,545.70	80,644.76
	<u>1,205,571.01</u>	<u>1,895,464.51</u>

The introduction as well as the additional information and notes are an integral part of these financial statements

**Additional information and notes (cont'd)**

2,205,571.01

1,895,464.51

**10. Share capital**

The Company's share capital as at 31 December 2017 was composed of 296,119 equal and indivisible shares with a par value of PLN 51 each.

The following entity was the sole shareholder of the Company as at 31.12.2017 until the signing date of these financial statements:

Shareholder name	Number of shares held	Par value of shares held	Type of shares held	(%) of votes
Polenergia S.A.	<u>296,119</u>	<u>15,102,069.00</u>	common	<u>100.00%</u>
	<u><b>296,119</b></u>	<u><b>15,102,069.00</b></u>		<u><b>100.00%</b></u>

**11. Net financial result**

Net profit for financial year from 1 January to 31 December 2016 stood at PLN 5,492,332.13 . Pursuant to the Ordinary General Meeting resolution dated 12 June 2017, the profit was allocated as follows:

- PLN 1,492,332.13 (27%) towards the reserve capital,
- PLN 4,000,000.00 (73%) towards dividend payout.

Net profit for financial year from 1 January to 31 December 2017 stood at PLN 4,048,595.51 . The Management Board recommend that net profit be allocated as follows:

- PLN 1,048,595.51 (26%) towards the reserve capital,
- PLN 3,000,000.00 (74%) towards dividend payout.

**12. Loans and advances**

On 17 August 2017, the Company entered into an annex to the credit agreement with a bank on the multi-purpose credit limit; under that annex, the credit limit was increased up to PLN 200 million. It may be used as follows:

- as a guarantee line up to PLN 170 million;
- as an overdraft up to PLN 30 million.

As at 31 December 2017, the limit was utilised as follows:

**Additional information and notes (cont'd)**

- the guarantee line – PLN 142.2 million;
- the overdraft – PLN 4,087,930.71 .

At the order of Polenergia Obrót, the bank issues guarantees for the business partners of Polenergia Obrót.

The guarantees issued by the bank are not recognised in the balance sheet of Polenergia Obrót.

**13. Derivatives valuation**

	31.12.2017 PLN	31.12.2016 PLN
<b>Profit or loss on derivatives</b>	<u><b>(5,372,793.82)</b></u>	<u><b>2,016,804.69</b></u>
Current asset	119,300,589.44	96,624,303.70
Non-current assets	11,102,655.58	11,518,828.13
<b>Total</b>	<u><b>130,403,245.02</b></u>	<u><b>108,143,131.83</b></u>
Current liabilities	111,292,787.70	85,583,722.50
Non-current liabilities	7,644,978.99	5,717,870.02
<b>Total</b>	<u><b>118,937,766.69</b></u>	<u><b>91,301,592.52</b></u>

Since 1 January 2013, the Company has been classifying forward contracts for the purchase and/or sale of energy as derivatives falling within the standards on derivatives. As a result, those contracts are measured at fair value with fair value changes being charged to the profit and loss account. The result of contract measurement is presented per saldo in sales revenue. The unutilised portion of the contracts is subject to measurement; it is broken into a short-term portion, to be exercised within 12 months as of the balance sheet date, and the long-term portion, to be exercised in the coming years. The forward contracts were measured using a model relying on market parameters, i.e. market prices discounted using interest rates. The impact of possible unobservable inputs was insignificant for the derivative valuation. Forward contracts are related to the deliveries and receipt of electricity and gaseous fuel. They are exercised through a physical delivery of goods which is regulated in distribution contracts between Polenergia Obrót and Electricity and Gas Transmission System Operators. Goods deliveries are settled on a daily-, ten-day or a monthly basis, with immediate or deferred payments, depending on the contractual terms and conditions agreed with counterparties.

**14. Non-current liabilities – ageing structure by maturity date**

	31.12.2017 PLN	31.12.2016 PLN
Liabilities owed to other entities	7,666,819.48	5,763,570.02
• above 1 year up to 3 years	7,666,819.48	5,763,570.02
	<u><b>7,666,819.48</b></u>	<u><b>5,763,570.02</b></u>

Liabilities relate to the valuation of long-term contracts as described in Note 13.

**Additional information and notes (cont'd)**

**15. Objectives and Principles of Risk Management**

The Company is exposed to the following financial risks due to its business:

- credit risk,
- financial liquidity risk,
- commodity risk,
- foreign exchange risk, and
- interest rate risk.

Financial risks are related to the following financial instruments: inter-company loans, trade payables and receivables, financial lease, cash and cash equivalents, forward contracts for electricity. The accounting principles referring to the above instruments are described in the Introduction to the financial statements. The Company's risk management policy focuses on mitigating potential adverse effects on the Company's financial results. The risk management issues at Polenergia Obrót are regulated in the Company's Risk Management Policy and are addressed according to the rules described in that document. The risk types and risk management rules have been presented below.

Credit risk is the risk that the Company will suffer financial losses as a result of the default of the client or counterparty who is a party to the financial instrument; credit risk is mainly related to debt collection. The Company follows a credit policy, where credit risk exposure is monitored on an ongoing basis. The Company analyses the amount of overdue debt, makes impairment charges, and presses legal charges, if justified. The table presenting the status of receivables has been presented in Note 6.

The liquidity risk is the risk that the Company is unable to repay its financial liabilities when due. As regards liquidity management, the Company focuses on a detailed analysis of receivable collection and maturity dates of liabilities, ongoing monitoring of bank accounts and keeping open credit lines.

Commodity risk is related to the Company's operations on the energy market which is known for high volatility of prices. In order to management commodity risk, it is necessary to keep the risk exposure within acceptable boundaries while optimising the return on risk.

The currency risk is related to the possible changes in cash flows generated by the Company due to the volatility of exchange rates for currencies in which those figures are denominated. Polenergia Obrót is exposed to the currency risk due to trading in electricity on foreign markets and participation in the market for trading of CO2 emission rights. The Company's exposure to currency risk is largely mitigated in a natural manner, i.e. sales revenues and the corresponding purchase costs, as well as receivables and payables are generated in a foreign currency.

The interest rate risk to which the Company is exposed is related to the loans and advances agreements, financial lease contracts, as well as financial assets in the form of bank deposits and loans made.

## Additional information and notes (cont'd)

## 16. Net revenues from sale of products, goods and materials by category and territory

Item	Revenues from domestic sales	Revenues from export sales	Total
	PLN	PLN	PLN
<b>Revenues from sales of services</b>	<b>4,059,735.55</b>	-	<b>4,059,735.55</b>
related entities	4,059,735.55	-	4,059,735.55
- property rights management services	940,660.23	-	940,660.23
- OHT services	1,657,541.36	-	1,657,541.36
- management services	1,390,183.96	-	1,390,183.96
- other	71,350.00	-	71,350.00
<b>Revenues from sales of goods and materials</b>	<b>2,033,360,899.25</b>	<b>354,635,930.07</b>	<b>2,387,996,829.32</b>
related entities	116,063,876.93	-	116,063,876.93
- electricity	22,826,018.96	-	22,826,018.96
- gas	1,149,073.94	-	1,149,073.94
- property rights	92,088,784.03	-	92,088,784.03
unrelated entities	1,917,297,022.32	354,635,930.07	2,271,932,952.39
- electricity	1,601,681,601.54	353,060,072.58	1,954,741,674.12
- gas	270,227,788.96	-	270,227,788.96
- property rights	45,387,631.82	1,575,857.49	46,963,489.31
<b>Other income</b>	<b>2,377,886.49</b>	<b>2,119,431.90</b>	<b>4,497,318.39</b>
- contract valuation	(5,372,793.82)	-	(5,372,793.82)
- other	7,750,680.31	2,119,431.90	9,870,112.21
<b>Total revenues from sales</b>	<b>2,039,798,521.29</b>	<b>356,755,361.97</b>	<b>2,396,553,883.26</b>



**Additional information and notes (cont'd)**

**17. Other operating income**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Other, including:	3,374.71	486,897.02
- other	3,374.71	486,897.02
	<u><b>3,374.71</b></u>	<u><b>486,897.02</b></u>

**18. Other operating expenses**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Other, including:	21,267.68	84,834.40
- other operating expenses	21,267.68	84,834.40
	<u><b>21,267.68</b></u>	<u><b>84,834.40</b></u>

**19. Financial income**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Interest accrued on:	346,016.94	395,652.88
- loans granted	96,399.99	94,308.49
- bank deposits	241,616.40	280,983.46
- trade receivables	8,000.55	20,360.93
Other, including:	-	55,774.24
- foreign currency exchange gains	-	21,342.04
- other	-	34,432.20
	<u><b>346,016.94</b></u>	<u><b>451,427.12</b></u>

**20. Financial expenses**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Interest accrued on:	41,842.99	18,694.03
- overdue amounts to the budget	74.00	4,622.29
- bank loans	16,328.28	10,569.96
- trade receivables	59.25	9.12
- liabilities under lease contracts	2,523.98	3,492.66
- deposits and investments	22,857.48	-
Other, including:	1,674,833.97	1,237,439.44
- foreign currency exchange losses	507,466.28	-
- sureties and guarantees	151,620.51	225,442.14
- commissions realised	929,669.50	817,592.43
- other	86,077.68	194,404.87
	<u><b>1,716,676.96</b></u>	<u><b>1,256,133.47</b></u>

**Additional information and notes (cont'd)**

**21. Income tax**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Gross profit	5,086,798.21	6,812,117.50
Expenses that are not tax deductible	1,032,975.57	294,625.53
Income other than tax income	(318,680.54)	(2,650,053.26)
Tax income other than balance sheet income	5,792,129.01	162,096.18
Tax-deductible costs other than balance sheet costs	<u>(39,851.91)</u>	<u>(141,135.90)</u>
Tax base	<u>11,553,370.34</u>	<u>4,477,650.05</u>
Utilisation of tax loss	<u>3,069,832.37</u>	<u>3,899,704.84</u>
<b>Tax base</b>	<b><u>8,483,537.97</u></b>	<b><u>577,945.21</u></b>
<b>Current income tax (19%/19%)</b>	<b>(1,611,872.00)</b>	<b>(109,810.00)</b>
<b>Change in the balance of deferred income tax</b>	<b><u>573,669.30</u></b>	<b><u>(1,209,975.37)</u></b>
<b>Income tax disclosed in the income statement</b>	<b><u><u>(1,038,202.70)</u></u></b>	<b><u><u>(1,319,785.37)</u></u></b>

Tax authorities may audit books of accounts and tax returns within 5 years after the end of the year in which the tax returns were filed, and assess additional tax to be paid by the Company, including fines and interest. In the opinion of the Company's Management Board, there are no circumstances indicating that significant liabilities may arise on that account.

**Additional information and notes (cont'd)**

**22. Deferred income tax**

	31.12.2017	31.12.2016
	PLN	PLN
Taxable temporary differences between the asset value disclosed in the books of accounts and their tax value, including:		
- Interest accrued - not received	5,579.10	21,263.34
- interest on loans	377,482.18	282,882.19
- contract valuation	11,465,478.33	16,841,539.31
- revenue provision	-532,836.71	-115,410.00
- unrealised exchange differences	-161,191.47	16,186.26
<b>Total taxable temporary differences</b>	<b>11,154,511.43</b>	<b>17,046,461.10</b>
<b>Taxable temporary differences covered by the provision for deferred tax</b>	<b>11,154,511.43</b>	<b>17,046,461.10</b>
<b>Provision for deferred income tax (at 19%/19%)</b>	<b>2,119,357.18</b>	<b>3,238,827.62</b>
Deductible temporary differences between the asset and liabilities value disclosed in the books of accounts and their tax value, including:		
- provisions established	2,407,045.37	1,906,464.51
- brokerage services	0.00	4,079.01
Total deductible temporary differences	2,407,045.37	1,910,543.52
<b>Deductible temporary differences covered by the asset for deferred tax</b>	<b>2,407,045.37</b>	<b>1,910,543.52</b>
Tax losses to be utilised	829,872.44	4,199,011.86
Tax losses covered by the asset for deferred tax	829,872.44	4,199,011.86
<b>Deferred income tax assets (19%/19%)</b>	<b>615,014.38</b>	<b>1,160,815.52</b>
Change in the value of deferred tax assets	573,669.30	(1,209,975.36)
<b>Tax losses to be utilised</b>	<b>Loss amount to be settled as at 31.12.2017</b>	<b>Loss amount to be settled as at 31.12.2016</b>
Tax loss for the year 2012	0.00	535,837.55
Tax loss for the year 2013	0.00	283,083.72
Tax loss for the year 2014	829,872.45	3,080,783.55
	<b>829,872.45</b>	<b>3,899,704.81</b>

**Additional information and notes (cont'd)**

**23. Reconciliation of cash flows**

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Balance sheet movement in current receivables	14,406,800.05	(16,423,644.52)
Adjustment by contract valuation	(22,260,113.19)	(1,559,266.87)
Adjustment by income tax receivables	<u>(1,378,034.00)</u>	<u>1,358,865.00</u>
<b>Change in receivables disclosed in the cash flow statement</b>	<b><u>(9,231,347.14)</u></b>	<b><u>(16,624,046.39)</u></b>
Balance sheet movement in current trade payables	(28,412,383.57)	20,706,942.30
Balance sheet movement in contract liabilities	27,846,003.70	(436,509.17)
Balance sheet movement in other liabilities	<u>1,038,202.70</u>	<u>-</u>
<b>Change in current liabilities, excluding loans and advances, as presented in the cash flow statement</b>	<b><u>471,822.83</u></b>	<b><u>20,270,433.13</u></b>

**24. Consolidation**

Polenergia Obrót Spółka Akcyjna has no subsidiaries. Polenergia S.A with its registered office in Warsaw, at ul. Krucza 24/26, registered in the National Court Register under 0000026545 is the entity that prepares the consolidated financial statements at the medium level of the group of which the Company is a member.

Kulczyk Investments S.A. with its registered office in Luxembourg, 15 Rue Edward Steichen, registered with R.C.S. Luxembourg under the number B126198 is the entity that prepares the consolidated financial statements at the top level of the group of which the Company is a member.

**25. Events after the balance sheet date**

There had been no material events affecting the Company's assets and financial standing as at the balance sheet date between the balance sheet date and the signing date of the financial statements.

**Additional information and notes (cont'd)**

**26. Employment**

Average headcount in the individual professions throughout financial year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>Number of individuals</b>	<b>Number of individuals</b>
Workers	0	0
Non-worker positions	9	8
<b>Average headcount</b>	<b>9</b>	<b>8</b>

**27. Remuneration of the Management Board and of the Supervisory Board**

Remuneration paid and due totalled:

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Management Board	1,578,000.00	1,984,780.00

**28. Transactions with individuals who are members of the managing and supervisory bodies**

As at 31.12.2017, no loans or similar benefits were granted to individuals who are members of the managing and supervisory bodies

**29. Litigation**

A limited liability company called Eolos Sp. z o.o. filed for the joint and several payment from the subsidiaries of Polenergia S.A., i.e. Certyfikaty Sp. z o.o. and Polenergia Obrót S.A., of contractual penalties and outstanding amounts totalling PLN 27,895 thousand due to alleged non-performance of contracts that expired on 5 January 2016. The plaintiff states in its statement of claims that its claim may be higher because the contractual penalty the payment of which the plaintiff is seeking will grow. The companies reject the entire suit; furthermore, Polenergia Obrót S.A. is of the opinion that the basis for Polenergia Obrót S.A.'s alleged joint and several liability for the obligations of Certyfikaty Sp. z o.o., as indicated by Eolos Polska Sp. z o.o. is incorrect.

Financial Statements as at and for the year ended 31 December 2017

Additional information and notes (cont'd)

30. Transactions with affiliated entities

	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	PLN	PLN	PLN	PLN
	Receivables	Receivables	Liabilities	Liabilities
Polenergia S.A.	8,000,000.00	8,000,000.00	118,013.22	134,618.97
Polenergia Dystrybucja Sp. z o.o.	1,600,258.66	924,874.96	3,587,258.41	11,344,006.02
Polenergia Kogeneracja Sp. z o.o.	186,332.18	295,456.84	-	-
Mercury Energia Sp. k.	3,690.00	-	-	-
Grupa PEP - Farma Wiatrowa 1 Sp. z o.o.	16,170.27	14,779.45	-	3,319,717.28
Grupa PEP - Farma Wiatrowa 4 Sp. z o.o.	19,131.18	9,035.04	-	-
Grupa PEP - Farma Wiatrowa 6 Sp. z o.o.	6,591.08	4,118.76	-	901,759.41
Polenergia Farma Wiatrowa Mycielim Sp. z o.o.	284,822.58	237,627.02	4,078,453.18	3,712,242.75
Dipol Sp. z o.o.	8,464.98	1,130.17	-	-
Amon Sp. z o.o.	155,060.08	218,760.84	82,430.43	90,753.04
Talia Sp. z o.o.	107,776.46	150,994.98	65,250.57	48,028.18
Energoep Sp. z o.o. S.K.	63,996.00	168,057.17	-	-
ENS Sp. z o.o.	56,799.10	57,220.61	-	-
Kulezyk Holding S.A.	-	-	-	267.54
Kulezyk Investments S.A.	-	-	135,832.85	167,108.14
	<b>10,509,092.57</b>	<b>10,082,055.84</b>	<b>8,067,238.66</b>	<b>19,718,501.33</b>
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	PLN	PLN	PLN	PLN
	Lending	Lending	Borrowing	Borrowing
Polenergia Holding S.a.r.l.	2,377,482.18	2,282,882.19	-	-
	<b>2,377,482.18</b>	<b>2,282,882.19</b>	-	-

The introduction as well as the additional information and notes are an integral part of these financial statements

**Additional information and notes (cont'd)**

	2017 PLN	2016 PLN	2017 PLN	2016 PLN
	Operating income	Operating income	Operating expenses	Operating expenses
Polenergia S.A.	-	-	798,471.82	852,023.08
Polenergia Dystrybucja Sp. z o.o.	22,627,221.52	13,632,500.11	43,860,950.05	119,057,246.31
Polenergia Kogeneracja Sp. z o.o.	1,150,373.94	33,684,985.34	-	-
Polenergia Biogaz Sp. z o.o.	-	-	-	82,422.22
Mercury Energia Sp. k.	311,251.02	13,086.21	-	-
Grupa PEP - Farma Wiatrowa 1 Sp. z o.o.	172,697.62	108,648.33	53,087,700.20	21,570,264.35
Grupa PEP - Farma Wiatrowa 4 Sp. z o.o.	172,910.13	138,905.05	36,609,804.27	30,650,212.39
Grupa PEP - Farma Wiatrowa 6 Sp. z o.o.	65,137.18	51,265.34	18,904,261.80	15,883,510.22
Polenergia Farma Wiatrowa Mycielín Sp. z o.o.	1,636,125.54	1,468,113.40	30,242,130.92	30,006,565.05
Dipol Sp. z o.o.	29,752.61	10,117.97	8,802,310.65	7,039,855.73
Amon Sp. z o.o.	909,820.64	933,320.76	405,652.79	419,880.45
Talia Sp. z o.o.	599,050.30	598,464.83	304,632.14	268,827.75
Energopep Sp. z o.o. S.K.	91,816,196.34	40,473,660.79	-	-
ENS Sp. z o.o.	633,075.64	355,339.56	-	-
PPG Polska Sp. z o.o.	-	784.20	-	-
	<b>120,123,612.48</b>	<b>91,469,191.89</b>	<b>193,015,914.64</b>	<b>225,830,807.55</b>

**Financial Statements as at and for the year ended 31 December 2017**

**Additional information and notes (cont'd)**

	2017 PLN	2016 PLN	2017 PLN	2016 PLN
	Financial income	Financial income	Financial expenses	Financial expenses
Kulezyk Holding S.A.	-	-	15,787.66	58,334.00
Kulezyk Investments S.A.	-	-	135,832.85	167,108.14
Polenergia Holding S.a.r.l.	94,599.99	94,308.49	-	-
	<b>94,599.99</b>	<b>94,308.49</b>	<b>151,620.51</b>	<b>225,442.14</b>



**Additional information and notes (cont'd)**

**31. Material related-party transactions**

The Company did not enter into any material transactions with related parties in the financial year covered by the financial statements, on terms and conditions other than the arm's length ones.

**32. Fee of the entity authorized to audit financial statements**

The fee paid out or payable to the entity authorised to audit financial statements for the financial years ended 31 December 2017 and 31 December 2016:

	<b>2017</b>	<b>2016</b>
	<b>PLN</b>	<b>PLN</b>
Financial audit	18,000.00	18,000.00

## Additional information and notes (cont'd)

## 33. The balance sheet and the profit and loss account for the individual types of business operations presented in keeping with Article 44 of the Energy Law

The financial statements present separate information concerning the balance sheet and profit and loss account for each type of business operations performed, as required under Article 44 of the Energy Law Act of 10 April 1997 (Journal of Laws of 2017, item 220 as amended), also to ensure that the recipients are treated equally and to eliminate cross-subsidisation among business activities.

## BALANCE SHEET

31.12.2017  
PLN

## ASSETS

	Total	Including:	Electricity	Gaseous fuels	Other business operations
<b>Non-current assets</b>	<b>22,196,654.03</b>		<b>11,696,214.19</b>	<b>81,076.74</b>	<b>10,419,363.10</b>
Intangible assets	16,624.99		13,772.06	1,881.19	971.74
Property, plant and equipment	84,876.90		70,311.61	9,604.17	4,961.12
Non-current receivables	8,000,000.00		-	-	8,000,000.00
Non-current investments	13,480,137.76		11,102,655.58	-	2,377,482.18
Non-current accrued expenses	615,014.38		509,474.94	69,591.39	35,948.06
<b>Current assets</b>	<b>232,345,221.35</b>		<b>217,201,698.55</b>	<b>17,658,022.70</b>	<b>(2,514,499.89)</b>
Inventories	1,004,418.46		-	-	1,004,418.46
Current receivables	93,901,017.25		89,674,363.77	698,114.60	3,528,538.88
Current investments	136,814,055.59		127,008,983.03	16,889,104.19	(7,084,031.63)
Current accrued expenses	625,730.05		518,351.75	70,803.91	36,574.40
<b>Total assets</b>	<b>254,541,875.38</b>		<b>228,897,912.74</b>	<b>17,739,099.44</b>	<b>7,904,863.21</b>

**Additional information and notes (cont'd)**

	31.12.2017 PLN	Including:		
	Total	Electricity	Gaseous fuels	Other business operations
<b>BALANCE SHEET</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>22,965,062.96</b>	<b>12,771,664.14</b>	<b>3,067,688.62</b>	<b>7,125,710.21</b>
Share capital	15,102,069.00	9,943,547.87	181,550.65	4,976,970.48
Reserve capital	3,803,267.45	-	-	3,803,267.45
Capital on account of merger	11,131.00	-	-	11,131.00
Net profit	4,048,595.51	2,828,116.27	2,886,137.97	(1,665,658.73)
<b>Liabilities and provisions for liabilities</b>	<b>231,576,812.42</b>	<b>216,126,248.60</b>	<b>14,671,410.82</b>	<b>779,153.00</b>
<b>Provisions for liabilities</b>	<b>2,119,357.18</b>	<b>1,755,665.23</b>	<b>239,813.91</b>	<b>123,878.04</b>
Deferred income tax provision	2,119,357.18	1,755,665.23	239,813.91	123,878.04
<b>Non-current liabilities</b>	<b>7,666,819.48</b>	<b>7,641,050.71</b>	<b>24,492.18</b>	<b>1,276.59</b>
Other liabilities	7,666,819.48	7,641,050.71	24,492.18	1,276.59
<b>Current liabilities</b>	<b>219,585,064.75</b>	<b>204,902,448.30</b>	<b>14,157,535.38</b>	<b>525,081.07</b>
Trade liabilities	103,700,781.32	94,878,594.77	8,670,664.52	151,522.03
Other liabilities	115,884,283.43	110,023,853.53	5,486,870.86	373,559.04
<b>Accrued expenses</b>	<b>2,205,571.01</b>	<b>1,827,084.35</b>	<b>249,569.35</b>	<b>128,917.30</b>
Other accrued expenses	2,205,571.01	1,827,084.35	249,569.35	128,917.30
<b>Total equity and liabilities</b>	<b>254,541,875.38</b>	<b>228,897,912.74</b>	<b>17,739,099.44</b>	<b>7,904,863.21</b>

## Additional information and notes (cont'd)

## BALANCE SHEET

31.12.2016  
PLN

## ASSETS

	Total	Including:	Electricity	Gaseous fuels	Other business operations
<b>Non-current assets</b>	<b>20,789,951.05</b>		<b>11,169,351.12</b>	<b>1,588,278.56</b>	<b>8,032,321.37</b>
Property, plant and equipment	110,307.40		95,935.20	11,567.37	2,804.83
Non-current receivables	8,000,000.00		-	-	8,000,000.00
Non-current investments	11,518,828.13		10,063,845.65	1,454,982.48	-
Non-current accrued expenses	1,160,815.52		1,009,570.27	121,728.71	29,516.54
<b>Current assets</b>	<b>230,814,707.90</b>		<b>183,142,704.21</b>	<b>42,817,432.05</b>	<b>4,854,571.64</b>
Inventories	290,903.66		-	-	290,903.66
Current receivables	108,307,817.30		100,069,660.05	6,217,633.04	2,020,524.21
Current investments	121,759,507.69		82,632,511.94	36,586,964.15	2,540,031.60
Current accrued expenses	456,479.25		440,532.22	12,834.86	3,112.17
<b>Total assets</b>	<b>251,604,658.95</b>		<b>194,312,055.33</b>	<b>44,405,710.61</b>	<b>12,886,893.01</b>

**Additional information and notes (cont'd)**

**BALANCE SHEET**

31.12.2016  
PLN

**EQUITY AND LIABILITIES**

	<b>Total</b>	<b>Including:</b>	<b>Electricity</b>	<b>Gaseous fuels</b>	<b>Other business operations</b>
<b>Equity</b>	<b>22,916,467.45</b>		<b>13,987,115.51</b>	<b>1,310,679.09</b>	<b>7,618,672.85</b>
Share capital	15,102,069.00		7,027,605.90	(5,869,047.61)	13,943,510.71
Reserve capital	2,310,935.32		-	-	2,310,935.32
Capital on account of merger	11,131.00		-	-	11,131.00
Net profit	5,492,332.13		6,959,509.61	7,179,726.70	(8,646,904.18)
<b>Liabilities and provisions for liabilities</b>	<b>228,688,191.50</b>		<b>180,324,939.82</b>	<b>43,095,031.53</b>	<b>5,268,220.15</b>
<b>Provisions for liabilities</b>	<b>3,238,827.62</b>		<b>2,816,833.52</b>	<b>339,639.07</b>	<b>82,355.03</b>
Deferred income tax provision	3,238,827.62		2,816,833.52	339,639.07	82,355.03
<b>Non-current liabilities</b>	<b>5,763,570.02</b>		<b>3,104,346.67</b>	<b>2,658,061.31</b>	<b>1,162.03</b>
Other liabilities	5,763,570.02		3,104,346.67	2,658,061.31	1,162.03
<b>Current liabilities</b>	<b>217,790,329.35</b>		<b>172,755,259.44</b>	<b>39,898,563.60</b>	<b>5,136,506.31</b>
Trade liabilities	132,113,164.89		109,067,311.12	17,911,723.45	5,134,130.32
Other liabilities	85,677,164.46		63,687,948.32	21,986,840.15	2,375.99
<b>Accrued expenses</b>	<b>1,895,464.51</b>		<b>1,648,500.20</b>	<b>198,767.54</b>	<b>48,196.77</b>
Other accrued expenses	1,895,464.51		1,648,500.20	198,767.54	48,196.77
<b>Total equity and liabilities</b>	<b>251,604,658.95</b>		<b>194,312,055.33</b>	<b>44,405,710.62</b>	<b>12,886,893.00</b>

Financial Statements as at and for the year ended 31 December 2017

Additional information and notes (cont'd)

	2017	PLN			
	Total	Including:	Electricity	Gaseous fuels	Other business operations
<b>PROFIT AND LOSS ACCOUNT</b>					
<b>Net sales of products and similar, of which:</b>	<b>2,396,553,883.26</b>		<b>1,985,293,640.28</b>	<b>271,179,845.88</b>	<b>140,080,397.10</b>
Net revenue from sale of merchandise and materials	2,396,553,883.26		1,985,293,640.28	271,179,845.88	140,080,397.10
<b>Costs of operating activities</b>	<b>2,390,078,532.06</b>		<b>1,980,588,324.41</b>	<b>267,450,912.44</b>	<b>142,039,295.21</b>
Amortisation/depreciation	35,772.99		29,634.17	4,047.86	2,090.96
Consumption of materials and energy	16,796.40		13,914.06	1,900.58	981.76
Third-party services	2,258,912.91		1,877,558.44	236,346.70	145,007.77
Taxes and charges	4,205,545.26		2,116,437.60	617,042.97	1,472,064.69
Salaries	3,797,265.58		3,145,636.43	429,676.09	221,953.06
Social security and other benefits	409,676.50		339,374.03	46,356.57	23,945.90
Other expenses by nature	118,286.88		97,988.28	13,384.64	6,913.96
Value of merchandise and materials sold	2,379,236,275.54		1,972,967,781.40	266,102,157.03	140,166,337.11
<b>Profit/(Loss) on sale</b>	<b>6,475,351.20</b>		<b>4,705,315.87</b>	<b>3,728,933.44</b>	<b>(1,958,898.11)</b>
<b>Other operating income</b>	<b>3,374.71</b>		-	-	<b>3,374.71</b>
Other operating income	3,374.71		-	-	3,374.71
Other operating expenses	<b>21,267.68</b>		-	-	<b>21,267.68</b>
Other operating expenses	21,267.68		-	-	21,267.68
<b>Profit (loss) on operating activities</b>	<b>6,457,458.23</b>		<b>4,705,315.87</b>	<b>3,728,933.44</b>	<b>(1,976,791.08)</b>
<b>Financial income</b>	<b>346,016.94</b>		<b>208,272.58</b>	<b>28,448.85</b>	<b>109,295.50</b>

The introduction as well as the additional information and notes are an integral part of these financial statements

**Financial Statements as at and for the year ended 31 December 2017**

**Additional information and notes (cont'd)**

Interest	346,016.94	208,272.58	28,448.85	109,295.50
<b>Financial expenses</b>	<b>1,716,676.96</b>	<b>1,422,086.89</b>	<b>194,249.00</b>	<b>100,341.07</b>
Interest	41,842.99	34,662.53	4,734.70	2,445.75
Foreign exchange differences	507,466.28	420,382.61	57,421.88	29,661.79
Other	1,167,367.69	967,041.75	132,092.42	68,233.53
<b>Profit from business activity</b>	<b>5,086,798.21</b>	<b>3,491,501.57</b>	<b>3,563,133.29</b>	<b>(1,967,836.65)</b>
<b>Gross profit/(loss)</b>	<b>5,086,798.21</b>	<b>3,491,501.57</b>	<b>3,563,133.29</b>	<b>(1,967,836.65)</b>
<b>Income tax</b>	1,038,202.70	663,385.30	676,995.33	(302,177.93)
<b>Net profit/(loss)</b>	<b>4,048,595.51</b>	<b>2,828,116.27</b>	<b>2,886,137.96</b>	<b>(1,665,658.71)</b>

Financial Statements as at and for the year ended 31 December 2017

Additional information and notes (cont'd)

PROFIT AND LOSS ACCOUNT

2016  
PLN

	Total	Including:	Electricity	Gaseous fuels	Other business operations
<b>Net sales of products and similar, of which:</b>	<b>2,559,184,836.46</b>		<b>2,225,742,914.87</b>	<b>268,368,453.17</b>	<b>65,073,468.42</b>
Net revenue from sale of merchandise and materials	2,559,184,836.46		2,225,742,914.87	268,368,453.17	65,073,468.42
<b>Costs of operating activities</b>	<b>2,551,970,075.23</b>		<b>2,216,451,068.34</b>	<b>259,420,207.66</b>	<b>76,098,799.23</b>
Amortisation/depreciation	36,673.18		31,894.95	3,845.73	932.50
Consumption of materials and energy	19,540.70		16,994.70	2,049.13	496.87
Third-party services	2,153,229.34		1,879,993.23	218,804.12	54,431.99
Taxes and charges	3,573,170.23		2,181,312.87	539,995.70	851,861.66
Salaries	3,577,715.42		3,111,566.87	375,176.48	90,972.07
Social security and other benefits	332,083.58		288,815.67	34,823.88	8,444.03
Other expenses by nature	113,989.57		99,137.61	11,953.50	2,898.46
Value of merchandise and materials sold	2,542,163,673.21		2,208,841,352.44	258,233,559.13	75,088,761.64
<b>Profit/(Loss) on sale</b>	<b>7,214,761.23</b>		<b>9,291,846.53</b>	<b>8,948,245.51</b>	<b>(11,025,330.81)</b>
<b>Other operating income</b>	<b>486,897.02</b>		-	-	<b>486,897.02</b>
Other operating income	486,897.02		-	-	486,897.02
Other operating expenses	<b>84,834.40</b>		-	-	<b>84,834.40</b>
Other operating expenses	84,834.40		-	-	84,834.40
<b>Profit/(loss) from operating activities</b>	<b>7,616,823.85</b>		<b>9,291,846.53</b>	<b>8,948,245.51</b>	<b>(10,623,268.19)</b>



**Polenergia Obrót S.A.**  
**Financial Statements as at and for the year ended 31 December 2017**

**Additional information and notes (cont'd)**

<b>Financial income</b>	<b>451,427.12</b>	<b>392,609.67</b>	<b>47,338.83</b>	<b>11,478.62</b>
Interest	395,652.88	344,102.38	41,490.07	10,060.43
Foreign exchange differences	21,342.04	18,561.34	2,238.03	542.67
Other	34,432.20	29,945.95	3,610.73	875.52
<b>Financial expenses</b>	<b>1,256,133.47</b>	<b>1,092,469.03</b>	<b>131,724.21</b>	<b>31,940.23</b>
Interest	18,694.03	16,258.34	1,960.35	475.34
Other	1,237,439.44	1,076,210.69	129,763.86	31,464.89
<b>Profit from business activity</b>	<b>6,812,117.50</b>	<b>8,591,987.17</b>	<b>8,863,860.13</b>	<b>(10,643,729.80)</b>
<b>Gross profit/(loss)</b>	<b>6,812,117.50</b>	<b>8,591,987.17</b>	<b>8,863,860.13</b>	<b>(10,643,729.80)</b>
<b>Income tax</b>	1,319,785.37	1,632,477.56	1,684,133.43	(1,996,825.62)
<b>Net profit/(loss)</b>	<b>5,492,332.13</b>	<b>6,959,509.61</b>	<b>7,179,726.70</b>	<b>(8,646,904.18)</b>