FINANCIAL STATEMENTS OF KOPEX SA

drawn up for the period from 1 January 2016 to 31 December 2016

Katowice, April 2017

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in PLN thousands

Statement of financial position of KOPEX SA

Note	ASSETS	31 Dec 2016	31 Dec 2015 restated	1 Jan 2015 restated
	Fixed assets	**411 347**	**1 115 214**	**1 200 408**
12.1	Intangible assets	14 576	116 590	129 160
12.2	Tangible assets	167 531	422 337	486 727
12.3	Investments properties	22 127	12 795	21 752
12.4	Long-term leasing receivables	19 789	35 264	12 101
12.5	Other long-term assets	187 324	454 820	530 415
12.6	Deferred tax assets	-	73 408	20 253
	Current assets	**566 785**	**736 747**	**890 261**
12.7	Inventories	76 790	148 739	167 853
12.8	Short-term trade receivables	136 148	272 607	233 864
12.8	Short-term other receivables	185 900	58 604	72 569
12.4	Short-term leasing receivables	19 728	22 449	30 774
12.9	Short-term loans granted	15 682	71 230	146 214
	Current income tax receivables	4 955	7 575	6 804
12.10	Other financial assets	30 019	1 984	1 301
12.24	Assets under contracts for construction services	70 610	114 887	182 002
12.11	Cash and cash equivalents	26 953	38 672	48 880
12.12	**Fixed assets held for sale**	**18 146**	**16 157**	**-**
	Total assets	**996 278**	**1 868 118**	**2 090 669**

in PLN thousands

		31 Dec 2016	31 Dec 2015 restated	1 Jan 2015 restated
	LIABILITIES AND EQUITY			
	Equity	**42 656**	**937 894**	**1 304 637**
12.13	Share capital	74 333	74 333	74 333
12.13	Own shares	-2 979	-2 979	-2 979
12.14	Issue of shares over nominal value	417 330	1 054 942	1 054 942
12.15	Revaluation reserve	-	2 022	-318
12.16	Retained profits / Accumulated losses	-446 028	-190 424	178 659
	Long-term liabilities	**596 042**	**50 013**	**84 591**
12.17	Long-term credit and loans	574 438	-	13 374
12.18	Long-term other liabilities	95	41	154
12.19	Long-term leasing liabilities	11 717	33 229	52 141
12.6	Deferred income tax liability	263	657	2 698
12.20	Long-term reserve for employee benefits	8 485	14 549	13 530
12.21	Other long-term provisions for liabilities	664	-	-
12.22	Accruals	380	1 537	2 694
	Short-term liabilities	**357 580**	**880 211**	**701 441**
12.17	Short-term credit and loans	6 922	576 948	387 848
12.23	Short-term trade liabilities	50 061	143 884	126 776
12.18	Short-term other liabilities	220 200	59 939	77 142
12.19	Short-term leasing liabilities	8 420	19 538	29 514
	Liabilities on current tax	-	-	400
12.10	Other financial liabilities	1 244	1 507	2 229
12.20	Short-term reserve for employee benefits	6 420	5 967	5 444
12.21	Other short-term provisions for liabilities	52 267	13 890	12 838
12.22	Accruals	12 046	58 538	59 250
	Total liabilities and equity	**996 278**	**1 868 118**	**2 090 669**
	Book value	**42 656**	**937 894**	**1 304 637**
	Number of shares	**74 056 038**	**74 056 038**	**74 056 038**
	Book value per share (PLN)	**0,58**	**12,66**	**17,62**

in PLN thousands

Profit and loss statement of KOPEX SA

Note		1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015 restated
12.24	Net revenues from sales of products, good and materials	482 794	668 495
12.25	Cost of sold products, goods and materials	548 224	691 011
	Gross loss on sales	**-65 430**	**-22 516**
12.26	Other revenues	118 431	29 292
12.25	Costs of sales	17 022	34 702
12.25	Overheads	44 966	44 762
12.27	Pther costs	209 591	57 295
12.28	Other losses	-5 344	-13 766
12.29	Write downs (-) on non-financial assets	-447 960	-144 642
	Operating loss	**-671 882**	**-288 391**
12.30	Financial revenues	7 147	14 222
12.31	Financial costs	157 416	129 917
	Gross loss	**-822 151**	**-404 086**
12.32	Income tax	73 693	-55 159
	Net loss, total	**-895 844**	**-348 927**
	Weighted average number of ordinary shares	74 056 038	74 056 038
	Net loss per 1 ordinary share	**-12,10**	**-4,71**

in PLN thousands

Statement of total income of KOPEX SA

	1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015 restated
Net loss	**-895 844**	**-348 927**
Other comprehensive income (loss) which will not be transferred to profit or loss:	**2 752**	**-378**
Actuarial income (losses) arising from defined benefit plans	3 396	-467
Income tax on actuarial income (losses)	-644	89
Other comprehensive income (loss) which can be transferred to profit or loss:	**-2 022**	**2 340**
Cash flow hedges	-2 496	2 889
Income tax related to cash flow hedges	474	-549
Total other income after tax	**730**	**1 962**
Total losses	**-895 114**	**-346 965**

Statement of changes in equity of KOPEX SA

	Equity	Own shares	Issue of shares above their nominal value	Revaluation reserve		Retained profits / Accumulated losses	**Total equity**
				Hedging instruments	Deferred tax		
Balance as at 1 Jan 2015 restated	**74 333**	**-2 979**	**1 054 942**	**-393**	**75**	**178 659**	**1 304 637**
Total losses	-	-	-	2 889	-549	-349 305	-346 965
Dividends	-	-	-	-	-	-29 622	-29 622
Donations	-	-	-	-	-	-817	-817
Merger with subsidiary	-	-	-	-	-	10 661	10 661
Balance as at 31 Dec 2015	**74 333**	**-2 979**	**1 054 942**	**2 496**	**-474**	**-190 424**	**937 894**
Balance as at 1 Jan 2016	**74 333**	**-2 979**	**1 054 942**	**2 496**	**-474**	**-190 424**	**937 894**
Total losses	-	-	-	-2 496	474	-893 092	-895 114
Losses cover	-	-	-637 612	-	-	637 612	-
Donations	-	-	-	-	-	-124	-124
Balance as at 31 Dec 2016	**74 333**	**-2 979**	**417 330**	**-**	**-**	**-446 028**	**42 656**

Cash flow statement of KOPEX SA

in PLN thousands

	1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015 restated
CASH FLOW FROM OPERATING ACTIVITIES		
Gross loss	**-822 151**	**-404 086**
Corrections by:		
Depreciation	143 926	110 271
Losses from exchange rate differences	2 600	2 081
Interest and share in profits (dividends)	-80 289	-20 772
Loss from investing activities	11 581	13 592
Change in reserves	37 142	2 274
Change in inventories	67 590	23 127
Change in trade receivables and other receivables	88 024	-16 845
Change in short-term trade payables and other liabilities	134 548	-6 694
Change in accruals	-45 049	-1 869
Changes in assets under contracts for construction services	44 277	67 115
Income tax paid / income tax repayment	1 940	-420
Financial derivatives	-794	1 465
Revaluation write-downs of tangible fixed assets and intangible assets	232 299	56 962
Revaluation write-downs of loans granted	106 464	110 212
Revaluation write-downs of shares held	174 723	61 259
Other	953	217
Net cash flow from operating activities	**97 784**	**-2 111**
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of intangible and tangible fixed assets	17 370	14 856
Sale of shares in associates	2 308	-
Dividends received	25 120	23 833
Interest received	1 223	2 112
Repayment of loans	15 421	42 655
Purchase of intangible and tangible assets	-46 857	-104 984
Acquisition of financial assets	-81 458	-1 577
Loans granted	-18 847	-87 060
Other	-	502
Net cash flow from investing activities	**-85 720**	**-109 663**
CASH FLOWS FROM FINANCING ACTIVITIES		
Credits and loans*	20 414	233 366
Commissions received from securities	111	1 883
Repayment pf credits and loans*	-18 300	-57 816
Dividends	-	-29 622
Payment of liabilities under finance lease agreements	-10 722	-28 816
Interest paid	-14 093	-15 283
Comissions paid under loans and guarantees	-1 107	-1 712
Other	-	-39
Net cash flow from financing activities	**-23 697**	**101 961**
TOTAL NET CASH FLOWS	**-11 633**	**-9 813**
Balance sheet change in cash, including:	**-11 719**	**-10 208**
- change in cash due to exchange rate differences	-86	-395
Cash at the beginning of period	**38 672**	**48 880**
Cash at the end of period, including:	**26 953**	**38 672**
- restricted cash	300	-

*Credits and loans granted within the working limit are recognized as net values

NOTES TO THE FINANCIAL STATEMENTS – ADDITIONAL INFORMATION

1. General information

KOPEX SA based in Katowice is a joint stock company registered on 3 January 1994 in the District Court in Katowice, the Eight Ecomonic Department, registration number RHB 10375. It was entered into the Register of Enterpreneurs under KRS – 0000026782 based on the decision of the District Court in Katowice, Commercial Department of National Court Register, dated 11 July 2001. KOPEX SA duration is unlimited. The company is based in Katowice, 1 Grabowa Street.

Export, import of raw materials, products and services, including complete industrial machinery and equipment solutions, industrial, consumer and intermediary goods in domestic and foreign trade, as well as consulting services, promotional services are the principal activities of the Company (PKD code 4663Z).

KOPEX SA core business includes:

- general contracting for complete investment, especially mining projects; the company's offer covers the whole investment process in the mining industry,

- rendering specialized mining services involving shaft sinking, lateral development, as well as construction and renovation of tunnels, providing design services and know-how,

- supply of machines and technological systems for open cast and underground mines,

- export of solid fuels, in particular, thermal and coking coal,

- financial leasing.

The Company is listed on the main market, in the continuous trading system of Warsaw Stock Exchange and is classifies to the electromechanical industry sector.

The presented financial statements shows data for the year 2016 and the comparative ones for 2015. Due to the merger on 8 December 2016 between KOPEX SA (acquiring company), KOPEX MACHINERY SA, ZABRZAŃSKIE ZAKŁADY MECHANICZNE – MASZYNY GÓRNICZE sp. z o.o., FABRYKA MASZYN I URZĄDZEŃ TAGOR SA oraz KOPEX HYDRAULIKA SIŁOWA sp. z o.o. (companies being acquired) the comparative data was respectively restated. The merger was settled by the predecessor accounting method (similar to the pooling of interest method defined in the Accounting Act).

The Company consist of internal organizational units – self-balancing branches, which prepares separate financial statements included in the finacial statements of the Company.

The financial statements for the year 2016 have been prepared on the Company's going concern status.

KOPEX SA is a parent company and prepares consolidated financial statements. These financial statements should be considered in conjunction with consolidated financial statements of the KOPEX Group.

Polish zloty is the currency of these financial statements. Financial data are presented in PLN thousands, unless otherwise idicated.

As at 31 December 2016 and the date of approval and publication of the financial statements, Mr. Tomasz Domogała. Through the company TDJ SA and its subsidiaries, held the majority shareholding, thereby exercising control over the Issuer.

These financial statements were approved for publication and signed by the Management Board on 28 April 2017.

2. Significant assumptions used in drawing up financial statements

2a. Going concern status

The financial statements of KOPEX SA for the year 2016 have been drawn up on the Company's going concern status, despite the loss incurred in 2016, in the amount of PLN 895,844.

As at the date of approval of these financial statements, the Issuer's Management Board does not state facts and circumstances that would indicate any threats to the continuity of the operations of the Company in the foreseeable future, due to the positive cash low generation, as well as signing the Restructuring Agreement with the banks (as described below in detail) which deferred the debt due dates to 2021.

In 2016 the Issuer undertook a number of measures in the area of operational, capital and financial restructuring of the KOPEX Group, in particular:

- limitation of the company's presence on non-perspective markets, ie. Australian and Serbian, limitation of casting activities, limitation of production activity for construction market,
- winding-up of roadheader's production (taking into account contracts and obligations arising therefrom); their lease was unprofitable due to high production costs,
- sale of shares in subsidiaries and associates that were not related to strategic business areas,
- bankruptcy or liquidation of subsidiaries, whose difficult financial situation did not justify continuation of business,
- restructuring of non-operating fixed assets of the companies, consisting primarily of the designation of redundant assets for sale and reallocation of production, which will lead to a more efficient use of the fixed assets held,
- reduction of working capital, including sales and scrapping of non rotating and redundant inventories,
- optimisation of employment.

In addition, the purpose of restructuring operations is to optimize the company's operating costs, focus on core business and generate positive cash flow.

After the restructuring, the Group intends to continue its core business in the areas:

- production of mining machinery and equipment,
- mining services,
- coal sale.

In addition, due to a significant deterioration in the KOPEX Group's financial position and infringement of credit covenants by the company, what was caused by the reduction of the results for IV quarter of 2015, in the early 2016 the company was forced to start talks with the financing banks regarding debt restructuring.

The Restructuring Agreement has been signed on 1 December 2016 between the Company and its selected companies, financial creditors and the Investor. The basic terms of financial debt restructuring are as follows:

1. Expected debt restructuring period: until 31 December 2021;
2. Restructuring refers to the banks credit exposure, which was divided into three tranches: about 175 million zlotys (Tranche A), about 260 million zlotys (Tranche B), about 185 million zlotys (Tranche C);
3. Restructuring involves the exposure of the banks guarantees and letters of credit exposure (off-balance sheet exposure) of approximately PLN 28 million;
4. The Investor (TDJ Equity IV SA) acquires at the time of signing the Restructuring Agreement a block of shares of the Issuer, giving the control over the Issuer. As a result of the transaction, the companies associated with Mr. Krzysztof Jędrzejewski, repaid the Issuer PLN 60 million, which was allocated to the partial repayment of the Tranche C.
5. Consolidation of balance sheet and off-balance sheet debt in KOPEX SA by taking over by the Issuer the debt from its subsidiaries.
6. Taking over by the entity from the Investor's capital group a part of the debt in the amount of PLN 47,9 million;
7. Refinancing of Tranche A by way of issue by the Issuer of bonds that may be subject to redemption by the Investor or a person designated by him for the price depending on the results of the restructuring and the sale price of KOPEX-Przedsiębiorstwo Budowy Szybów SA. Bond issue for the period until on 31 March 2022.;
8. Repayment of Tranche B in accordance with a fixed schedule starting in 2018 financed through KOPEX-Przedsiębiorstwo Budowy Szybów SA operating cash flow or through the sale of KOPEX-PBSz shares, as regards the sale process within the process of divestment of restructuring plan of the KOPEX Group.
9. Ensuring by the Investor the availability of using the emergency funding in the amount of PLN 92 mill.

On 31 March 2017 KOPEX SA made an early repayment of the Tranche C receivables. Due to the repayment of liabilities under the Tranche C, the company has received from its creditors the certifiactes on release of securities established on repayment of this tranche.

2b. Significant assumptions regarding the valuation of assets

This statements contains significant assumptions regarding the valuation of assets.

a) Asset impairment test

As of 31 December 2016 the company assessed the premises for impairment of assets. As a result of restructuring activities described in point 2a, the main cash-generating units were identified: production of mining machinery and equipment, mining services and coal sale. The premises for impairment were present for production of mining machinery and equipment. As a result of the tests, the need of recognising the current assets revaluation write-offs was identified. The tests were based on 5-year cash flow forecasts approved by management, which increased revenue by 3.8% on average, operating profit margin averaging 16.8%, and a weighted average gross margin of 13.19%.

b) Trade and other receivables

As of 31 December 2016 the company had significant receivables from a foreign contractor in the amount of PLN 75,036 thousand. Term of payment of this receivables has been spread out into installments. Payment of installments for the period up to the date of approval of these financial statements were paid in the amount of PLN 10,609 thou. For the remaining, unpaid and unsecured part of receivables the Company created the impairment write-off.

c) Construction agreement assets

In the statement of the financial position the company presents the value of asset under the agreement with an Argentine counterparty in the amount of PLN 70,610 thou (representing the sum of costs incurred and expected margin on a contract, calculated in accordance with IAS11). According to the original assumptions, the equipment being subject of these contracts, was supposed to be delivered and launched by the end of 2015. Due to the political situation in Argentina, the investment processess of the Argentine government has been delayed.

Due to the intensification of talks with the recipient of the equipment with the participation of the Investor and the managenet board of KOPEX the contract is executed as at the date of publication of these financial statements. Simultaneously, the valuation adjustments were made on the basis of updated cost budgets.

d) Development works

These financial statements includes the valuation adjustments of development works in the amount of PLN 70,604 thou, including PLN 50,582 thou for a longwall system for a thin seam. Development works for which write-offs were made, have been discontinued by the company and it is not expected that the works will generate economic benefits in the future.

e) Intangible assets

These financial statements includes impairment allowances for intangible assets in the amount of PLN 8,642 thou, regarding license for the software that have been discontinued, as well as documentation related to equipment intended for the Australian market, as a result of discontinuing such operations.

f) Fixed assets

In 2016 the approach to depreciation of leased longwall shearer was changed. The period of economic lifetime was established as a contractual period resulting from the concluded lease agreements. Unleased shearers were written-off.

g) Inventories

These financial statements includes write-offs on inventories in the amount of pln 40,938 thou. The write-offs concerns the inventories that net sales price has fallen in 2016, and inventories that have been deemed obsolete or partially lost their original value in use.

h) Deferred tax

in PLN thousands

In this financial stetements the company did not recognize the entire deferred tax assets due to tax loss in the amount of PLN 40,679 thou. The company also created a revaluation write-off on deferred tax in the amount of PLN 145,874 thou, on the basis of forecasted probable tax revenues, which would allow deduction of negative temporary differences in the future.

i) Shares in related parties

In 2015 there was a significant deterioration in the financial standing of the KOPEX Group. In addition, the infringement of bank covenants and the suspension of bank financing in Q1 2016 caused that the KOPEX Group companies have ended up in a very difficult situation. The above became a premise for the revision of the carrying amount of shares in subsidiaries. As a result, write-offs updating the share value in the amount of PLN 174,723 thousand were created. The basis for the write-offs were the offers for share purchase and the impairment tests. The basis for the tests was 5-year cash flow forecasts approved by the management of the listed companies, showing an average annual increase in revenue from 1.5% to 6.4%, average annual operating profit growth from 9.5% to 17.7%, and a weighted average discount rate based on weighted average cost of capital from 9% to 16.7%

3. Composition of the Management Board and the Supervisory Board

Management Board

Composition of the Management Board of the Company as at 31 December 2016 and the day of approval for publication and signing of these statement was as follows:

Beata Zawiszowska	President of the Management Board
Bartosz Bielak	Vice President of the Management Board

Supervisory Board

Composition of the Supervisory Board of the Company as at 31 December 2016 was as follows:

Krzysztof Jędrzejewski	Chairman of the Supervisory Board
Michał Rogatko	Vice-Chairman of the Supervisory Board
Daniel Lewczuk	Member of the Supervisory Board

Composition of the Supervisory Board of the Company as at the day of approval for publication and signing of these statement was as follows:

Tomasz Domogała	Chairman of the Supervisory Board
Czesław Kisiel	Vice-Chairman of the Supervisory Board
Wojciech Gelner	Secretary of the Supervisory Board
Jacek Leonkiewicz	Member of the Supervisory Board
Magdalena Zajączkowska-Ejsymont	Member of the Supervisory Board

4. Entity auditing financial statements

PricewaterhouseCoopers sp. z o.o. with its registered seat at Al. Armii Ludowej 14, 00-638 Warsaw is the entity authorized to audit financial statements of KOPEX SA for the year 2016. The agreement with PricewaterhouseCoopers sp. z o.o. was concluded on 29 February 2012 and relates to the review and audit of separate and consolidated financial statements of KOPEX SA for the year 2012. The agreement has been automatically extended until 2016. The list of agreements concluded with the above mentioned contractor and the value of remuneration for 2016 and 2015 are presented in the table below (in PLN thou).

in PLN thousands

SUBJECT OF THE AGREEMENT	REMUNERATION FOR 2016	REMUNERATION FOR 2015
Review of semi-annual separate and consolidated financial statements as well as review of annual separate and consolidated financial statements	219	105
Tax consultancy agreements	-	10
Total	**219**	**115**

5. Basis of the statement preparation

Financial statements for 2016 was prepared based on International Financial Reporting Standards (IFRS) approved by European Union

6. Composition of the KOPEX SA Capital Group as at 31 December 2016

Name of the entity	Legal entity status
AIR RELIANT (Pty) Ltd (South Africa)	Sub-subsidiary
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Associated company
ELGÓR+HANSEN SA	Sub-subsidiary
HANSEN AND GENWEST (Pty) Ltd (South Africa)	Sub-subsidiary
HANSEN CHINA Ltd (China)	Sub-subsidiary
HANSEN SICHERHEITSTECHNIK AG (Germany)	Subsidiary
KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW SA	Sub-subsidiary
KOPEX AFRICA (Pty) Ltd (South Africa)	Sub-subsidiary
KOPEX CONSTRUCTION sp. z o.o.	Subsidiary
KOPEX-EX-COAL sp. z o.o.	Subsidiary
KOPEX FINANCE & RESTRUCTURING sp. z o.o.	Subsidiary
KOPEX FOUNDRY sp. z o.o.	Subsidiary
KOPEX MIN AD (Serbia)	Subsidiary
KOPEX MIN-FITIP AD under liquidation (Serbia)	Subsidiary
KOPEX MIN-LIV AD (Serbia)	Subsidiary
KOPEX SA	Parent company
KOPEX SIBIR sp. z o.o.	Subsidiary
PBSz INWESTYCJE sp. z o.o.	Subsidiary
PBSz1 sp. z o.o.	Subsidiary
PT KOPEX MINING CONTRACTORS (Indonesia)	Subsidiary
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	Associated company
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS sp. z o.o.	Subsidiary
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE CO. LTD (China)	Subsidiary
TIEFENBACH sp. z o.o.	Associated company

Detailed information on the entities directly associated with the Issuer are contained in Notes 12.5B and 12.5C.

7. Significant accounting principles

7.1. Accepted accounting principles

The Company applies the following principles for valuation of assets and liabilities as well as the principles for determining financial result:

- Intangible assets

An intangible asset shall be carried at its cost less any accumulated and any accumulated impairment losses. Writing-off the value of intangible fixed asset spread evenly over the most correctly estimated its useful life. Amortisation shall begin when the asset is available for use. Amortisation method used reflects the mode of consumption by the business entity of economic benefits from the asset. Intangible assets, except goodwill, are amortized on straight-line basis, according to the following rules:

- licences for use of computer software,10% - 30%

- computer programs 20%

- other intangible assets – in line with term of the contract or estimated useful life

Intangible fixed assets of low unitary purchase price (less than PLN 3.5 thou) are charged to costs as one-time payments. Other intangible assets are depreciated on a straight-line basis over their estimated useful lives.
The period and method of depreciation of intangible assets with a significant initial value are verified at least as of the end of each reporting period.
Depreciation of intangible assets is included in the following items in the profit and loss account: sold products manufacturing costs, selling costs, overheads.

- Research and development costs

Expenditures on research are recognised as an expense when they are incurred.
Expenditures incurred in development projects are recognised as an expense when they qualified for capitalization. After the initial recognition, costs of development works are reduced by accumulated depreciation charges and impairment losses. Depreciation write-offs are calculated using a straight-line method over the period of expected sales from the related project, but not exceeding five years.

- Fixed assets

The initial value of capital assets is measured at the purchase cost, or the cost of manufacture in case they were manufactured by the company. External financing costs arising from and during the investment period increases the purchase cost or the cost of manufacture. The initial value of fixed assets is increse by the expenditures incurred in its improving when it is expected to use them during more than one period and when it is probable that the economic benefits associated with the asset will flow to the company. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, the depreciation shall be discontinued until its residual value decreases to an amount below the asset's carrying amount. The value of fixed assets is subject to depreciation, taking into account planned lifetime and recovery value in case of liquidation. Fixed assets of low unitary purchase price (less than PLN 3.5 thou) are subject to depreciation one-time, at the date of commissioning.

Fixed assets are depreciated according to the linear method over their estimated economic useful life. The residual value and useful economic life are reviewed on an annual basis and updated by the amortisation rate used in subsequent periods.
For tax purpose the company uses depreciation rates resulting from the Act dated 15 February 1992 on corporate income tax determining the deductible depreciation.
Tax depreciation rates applied to fixed assets are as follows:
- buildings and structures – 2,5% - 4,5%,

- technical equipment and machinery – 10% - 38,72%,

- longwall shearers – contractual term of the lease

- means of transport – 20% - 33,06%,

- other – 14% - 40%,

- the right of perpetual usufruct of land, purchased for ownership – in the contractual period during which these rights may be exercised.

The titles to perpetual usufruct of land obtained free of charge from the State Treasury is recorded off-balance sheet.

Lands held under title are not subject to depreciation.

- Fixed assets held for sale

Fixed assets, which sale is highly probable and for which there is an active programme to locate a buyer and it is expected to complete the sale plan within one year, are classified as held for sale and their depreciation is discontinued.

- Investment property

Investment property – retained in order to achieve income form the lease or/and increase their value – are valued according to the purchase price, less depreciation. The amortization period and amortization method for investment property with significant initial value are verified at least at the end of each financial year in respect of their expected useful lives. Investment property are depreciated according to the linear method starting from the month following the month of commissioning within the term corresponding to the calculated economic life.
Tax depreciation rates applied to investment property are as follows:
- buildings and structures – 2,5% - 4,5%,

- the right of perpetual usufruct of land, purchased for ownership – in the contractual period during which these rights may be exercised.

Lands held under title are not subject to depreciation.

- Fixed assets under construction

As at the balance sheet date the fixed assets under construction are valued at the total cost directly related to their purchase or manufacture less impairment losses.

- Leasing

- Financial lease

A lease agreement is regarded as a finance lease if it transfers substantially all risks and rewards incidental to ownership of the leased asset. When an entity is a party to financial lease agreement as a lessee, as at the leasing date it recognizes the asset being subject of the lease agreement and financial leasing liabilities in the amount equal to the sum of the fair value or in the amount equal to the current value of the minimum lease fees at the inception, if it is lower to the fair value. Next, the subject of the leasing agreement is depreciated under the same terms as other tangible assets. If it is not certain that the entity will obtain title to the asset before the end of the lease term the asset is depreciated over the shorter of the lease term and the asset's useful economic life. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial leasing liabilities are shown in statement of financial position under separate liability item in breakdown to long-term and short-term. Financial costs are recognized in profit and loss account, in financial costs, item „interest". When an entity is a party to financial lease agreement as a lessor, as at the leasing date it recognizes the asset under leasing in receivables in the amount equal to the gross lease investment value, recognizing unearned finance income as „differed income". In the statement of financial position, receivables are recognised at an amount equal to the net investment lease, i.e. in the amount equal to the current value of the minimum lease fees, under separate liability item in breakdown to long-term and short-term. Financial revenues are recognized reasonably and systematically, on a pattern reflecting a constant periodic return on the investment. Financial revenues are recognized in profit and loss account, in financial revenues, item „interest".

- Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When an entity is a party to operating lease agreement as a lessee, fees under operating lesase are recognized as a costs using the straight-line method throughout the leasing term, unless another systematic basis is more representative of the time pattern of the user's benefit. When an entity is a party to operating lease agreement as a lessor, it presents the assets under leasing according to the character of the given assets and recognizes revenues on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit reduction.

In the financial statements the entity makes leasing disclosures under IFRS/IAS.

- Financial instruments

Financial instruments are classified into the following categories:

- Financial assets at fair value through profit and loss
- Investments held until maturity
- Loans and receivables
- Financial assets available for sale
- Financial liabilities at fair value through profit or loss
- Other financial liabilities
- Derivatives to which hedging accountancy is applied

Financial assets at fair value through profit and loss

includes assets bought for resale in a short period of time and other financial assets as a part of group of similar assets, which are likely to generate the assumed benefits in a short-time, as well as those financial assets that upon initial recognition were designated as at fair value through profit or loss if it results in more relevant information. On initial recognition, financial assets are recognized at fair value, without transaction costs that can be directly attributed to the acquisition or issue of those assets. Subsequent to the initial recognition assets are measured at fair value and the valuation results are recognized in the profit and loss account, item „Other profit (losses)", with the exception of currency transactions, to which hedge accounting does not apply and which were concluded in order to secure repayment of loan or credit; valuation of such transactions is recognised in profit or loss, item „Financial revenues - exchange rate differences" or „Financial costs - exchange rate differences".

Such financial assets includes in particular:

- derivatives to which hedge accounting does not apply – presented in the statement of financial position under the item current assets „Other financial assets". The valuation of such derivatives, as well as their execution, is recognized in the profit and loss account, item „Other profit (losses)", with the exception of currency transactions, to which hedge accounting does not apply and which were concluded in order to secure repayment of loan or credit; valuation of such transactions is recognised in profit or loss, item „Financial revenues - exchange rate differences" or „Financial costs - exchange rate differences".

- shares and stocks in non-affiliated and non-associated companies, with a view to their quick resale - presented in the statement of financial position under the item current assets „Other financial assets". The effects of valuation of financial assets and their sales result are recognized in the profit and loss account, item „Other profit (losses)".

Investments held until maturity

includes financial assets that are non-derivatives, but their terms of payment are defined or definable, and maturity is fixed, provided that the entity's intention is not only to hold them to maturity but is able to meet this intention other then designsted by the entity upon initial recognition at a fair value by financial result, designated as available for sale or qualified as loans and receivables.

When instrument is recognised initially, the valuation is at fair value plus transaction costs that can be directly attributed to the acquisition or issue of a financial asset.

Subsequent to the initial recognition, held to maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. The effects of valuation is recognized in the profit and loss account, item „Other profit (losses)".

These assets are presented by the company in the financial statements, classified as long-term and shirt-term, within the same items as loans granted.

Loans and receivables

includes financial assets that are non-derivatives, but their terms of payment are defined or definable, which are not quoted in an active market. When instrument is recognised initially, the valuation is at fair value, next at amortised cost using the effective interest rate method except for loans and receivables maturing within less than 12 months from the balance sheet date, that are recognized in the value of the payment due. The effect of valuation is recognized in „Other profit (losses)".

Loans and receivables includes:

- trade receivables – presented in a separate item of statement on financial position as current asset

- other financial receivables, in particular: employee-related, sale of financial assets, dividens, sale of fixed assets – recognized in the statement on financial position in item „Other long-term assets" (with residual maturity over 12 months) and in item „Other short-term receivables" (with residual maturity up to 12 months from the reporting date)

- loans granted – recognized in the statement on financial position under long-term (with residual maturity over 12 months from the reporting date) and short-term (with residual maturity less than 12 months from the reporting date), respectively in items: „Other long-term assets" and „Short-term loans granted".

Loans and financial receivables expressed in foreign currencies are reported as at the day of reporting according to the average exchange rate of the National Bank of Poland for a given currency. Exchange rate differences with respect to financial receivables expressed in foreign currencies as at the date of valuation and at the payment date are included in „Other profits (losses)". Exchange rate differences with respect to loans are included in Financial revenues or costs, item „Foreign exchange differences".

Financial assets available for sale

includes financial assets that are non-derivatives, which are classified as available for sale or which are not loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Upon initial recognition financial assets available for sale are valued at fair value, increased by costs of transaction that can be directly attributed to the acquisition or issue of an asset. After initial recognition they are valued at fair value, and effects of valuation are recognized in other comprehensive income, increasing or decreasing revaluation reserve. Write-offs due to impairment losses and foreign exchange differences are recognized in the income statement. On derecognition the cumulative gain or loss previously recognised in other comprehensive income shall be reclassified from equity to profit or loss. For financial assets available for sale, which do not have a fixed maturity date, and the fair value of which cannot be determined in a reliable manner, are carried at cost.

Financial assets avaiable for sale are recognized by the entity mainly as shares and stocks in non-affiliated and non-associated companies, purchased without an intention of quick resale – they are recognized in the statement on financial position in the item „Other long-term assets".

Financial liability at fair value through profit or loss

includes liabilities incurred for quick resale in a short-term, which are part of a portfolio of similar financial instruments for which there is a high probability of shor-term execution under unfavourable conditions and those that upon initial recognition were designasted at fair value through profit and loss, if it results in more relevant information. Upon initial recognition they are valued at fair value, excluding transaction costs, that can be directly attributed to the acquisition or issue of these instruments. After initial recognition they are valued at fair value and the valuation results are recognized in the profit and loss account, item „Other profits (losses), except currency transactions, for which the hedging accounting is not applied and which were concluded in order to secure repayment of loand or credit; valuation of such transactions is recognized in the profit and loss, item „„Financial income – exchange rate differences" or „Financial costs – exchange rate differences".

Such a financial liabilities includes in particular:

- derivatives for which the hedging accounting is not applied – presented in the statement on financial position under short-term liabilities „Other financial liabilities". Execution of derivatives is included under the same items of profit and loss as their valuation.

Other financial liabilities

The entity designates to that category financial liabilities other than liabilities valued at fair fair value through profit and loss. Upon initial recognition they are recognized at fair value, according to the amortised cost using the effective interest rate method, except short-term financial liabilities that are recognised at the amount due.

Such an other financial liabilities includes in particular:

- credits and loans received – recognised in liabilities in the statement on financial position under item „Long-term credits and loans" (with residual maturity over 12 months from the reporting date) and „Short-term credits and loans" (with residual maturity less than 12 months from the reporting date).

- trade liabilities recognised in liabilities in the statement on financial position under separate item as short-term liabilities,

- other financial liabilities, in particular: employee-related, purchase of fixed assets – recognized in the statement on financial position under item „Other long-term liabilities" – for liabilities with residual maturity over 12 months from the reporting date and „Other short-term liabilities" - for liabilities with residual maturity up to 12 months from the reporting date

Derivatives for which the hedging accounting is applied

are instruments designated, according to the hedge accounting requirements, whose fair value or cash flow serve sustainability of changes in the fair value or cash flows of hedged item

The entity may apply hedging accounting if all conditions set out in IFRS/IAF are met, ie.:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and risk management objective and strategy for undertaking the hedge,

- the hedge is expected to be highly effective,

- for cash flow hedges a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss,

- the effectiveness of the hedge can be reliably measured,

- the hedging effectiveness is evaluated on a regular basis in order to check whether it is highly effective in all reporting.

Derivatives for which the hedging accounting is applied are recognized in assets or liabilities – respectively to positive and negative valuation of derivative under the item „Other financial assets" and „Other financial liabilities".

Reestimation of the fair value of the hedging instrument is recognized in:

- profits or losses – in case of fair value hedges

- other comprehensive income – in case of future cash flow hedging, increasing or decreasing revaluation reserve (constituting the effective hedge)

- profits or losses – in case of future cash flow hedging (constituting the inefficient hedge) under the item "Other profit (losses)".

When hedging future cash-flow - if a planned hedged transaction affects the financial result then the gain or loss on the hedged that were recognized directly in equity are carried over to the profit and loss account in the same period or periods in which the hedged item is recognized. Execution of the transaction planned, that gives execution of hedging instrument, results in recognition of the outcome of executed hedging instrument in the same item of profit and loss like the hedged item.

The entity discontinues hedge accounting in any of the following cases:

- hedging instrument expires, is sold, dissolved or executed;

- hedging fails to fulfil the hedge accounting criteria set out in IFRS/IAS

- the entity revokes the designation,

in this case, the cumulative gain or loss on the hedging instrument, that were recognized in other total income from the period when the hedge was effective, shall remain in equity under the item „Revaluation reserve", until the forecast transaction occurs;

- the forecast transaction is no longer expected to occur – in that case any cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective shall be recognised under the item „Other profits (losses)".

The company does not recognize hedges of shares in net assets of foreign entities.

Impairment

As at each balance sheet date the company verifies whether there are an objective evidence that an impairment loss has been incurred on a financial asset or group of financial assets. For each significant classes of financial assets, the company shall disclose the nature and amount of any impairment loss recognised in profit or loss for a financial asset.

Financial asset or a group of assets lose value, and the Company will incur a loss due to impairment only when there is objective evidence of impairment as a result of one or more events occurring after initial recognition, having impact on the expected future cash flows of a financial asset or a group of financial assets that can be reliably measured. Expected losses resulting from future events, no matter how likely, are not recognized. Impairment includes the following events observable by the holder of assets:

- significant financial difficulty of the issuer or obligor,

- a breach of contract conditions with regard to payments of interest, principal repayment or renegotiation of the contract,

– facilities granted the borrower by the lender which under normal conditions would not be granted,

– it becomes probable that the borrower will declare bankruptcy or will be subject to debt restructuring,

– loss of an active market for that financial asset due to financial difficulties,

- observable data indicating possible to determine decrease in future cash flows with a group of financial assets, although the decline has not resulted from impairment of individual assets in the group. These include: adverse changes in the payment status of the borrowers in the group (increased number of delayed payments) or national or local economic conditions affecting the breach of contract conditions in a group of assets (increase in unemployment, falling real estate prices).

- Investment in subsidiaries and associates

In separate financial statements, the Company recognizes investments in subsidiaries and associates at cost price less any accumulated impairment losses, recognized in current assets in "Other long-term assets".

- Inventories

Inventories are valuated at purchase price, manufacture cost or at net realizable value, depending on which is lower. At the balance sheet date, write-downs of inventories are made if there are compelling reasons for their achievement. Write-downs are recognized in other operating expenses. At the balance sheet date, inventories are stated at cost less impairment charges. The Company makes disposal of inventories by the following methods:
- materials according to the weighted average method,

- materials purchased for a specific order and goods through detailed identification of the actual prices of these components, regardless of their date of purchase or manufacture,

- finished goods under the weighted average method.

- Cash and cash equivalent

Cash and cash equivalents are shown at nominal value. Cash and cash equivalents denominated in foreign currencies are valuated at the balance sheet date at average exchange rate determined for a specific currency by the NBP for that day. Exchange differences are recognized in "Other profits (losses)".

- Accruals

Deferred charges are made if the cost incurred concerns future reporting periods. Items of deferred charges, that do not apply to the company's normal operating cycle and their period of settling will occur within more than 12 months from the balance sheet date, are recognized under „Other long-term assets". Short-term deferred charges are presented under "Other short-term other receivables".

Accrued charges are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier. Although it is sometimes necessary to estimate the amount or timing, the degree of the uncertainty is smaller than in case of reserves. The entity shall classify to accrued charges the estimated cost of financial statement audit, value of performances provided to the Company that have not been invoiced (the contractor wasn't obliged to invoicing under the agreement), cost of pollution fees, costs of the current period documented by the invoice in the following period. Accrued charges are recognized in the short-term liabilities under the item "Accruals".

Deferred income includes in particular cash obtained to finance the acquisition or production of fixed assets in progress and development works if according to other standards, they do not increase equity. The amounts included in deferred income gradually raise operating income, similarly to depreciation or amortization of fixed assets or costs of development financed from these sources. Deferred income are recognized in liabilities under the item „Accruals" with the division into short-term and long-term.

- Equity

Equity capital includes share capital, supplementary and reserve capital, revaluation reserve net profit (loss) for a given period and the indivisible result for previous years.
The initial capital is expressed as set forth in the Company's articles of association and in the National Court Register. The stated outstanding share capital contributions are recognized as outstanding share capital contributions. Shareholders may increase or decrease equity in accordance with Commercial Companies Code. If the increase occurs as a result of the raise in capital, it is recorded only at the date of registration of the amendments by the court.
Valuation of share capital in the statement of financial position is based on nominal value.
Own shares are recognized in the statement on financial position at the purchase price as a deduction from equity. In the event of a sale, issuance or redemption of shares, no profits and losses are recognized within profits or losses.

- Provisions for liabilities

Provisions are liabilities of uncertain timing or amount.
A provision shall be recognised when:
a) the company has a present obligation (legal or constructive) as a result of a past event,
b) it is probable that an outflow of economic benefits will be required to settle such an obligation,
c) a reliable estimate can be made of the amount of the obligation.
If these conditions are not met, no provision shall be recognised.
The amount of provisions should be a most proper respect of indispensable editions to the filling of the duty per day balance, ie.:
a) the amount that the company would rationally pay to settle the obligation as at the balance sheet date or,
b) the amount payable to the third party in return for taking over the duty on the same date.
The provision is valuated taking into account risk and anxiety. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The estimates of outcome and financial effect are determined by the judgement of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances.
Provisions are established for the purposes as follows:

- expected contract losses,
- guarantees and sureties granted,
- effects of pending court and appeals proceedings,
- future restructuring liabilities.

- Provisions for employee benefits

The company pays benefits due to one-off retirement-disability rights, post-mortem benefits according to the Collective Labour Agreements.

In accordance with IAS 19 provisions for employee benefits are calculated actuarially by an independent actuary.
Any post-employment benefit costs shall be recognised by the company, as follows:
- in the result: current and past service cost, net interest on the defined benefit liability,
- in other comprehensive income: the actuarial gains and losses relating to provisions for post-employment benefits.

Under the item „Provisions for employee benefits" the company also recognizes provisions on unused vacation leaves and bonuses.

- Assets and provision for income tax

Pursuant to intermediate differences between assets and liabilities book value and their tax value, as well as the tax loss that may be deducted in the future, the entity has a provision in place and establishes deferred income tax assets.
Deferred income tax assets are established in the amount to be deducted off income tax in the future, based on the principle of prudence, due to:
- deductible temporary differences,
- the carryforward of unused tax losses.
Deductible temporary differences results in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled. Deferred tax assets are recognized when it is probable that taxable profit will be earned in the future, which will allow to set off temporary differences. Deferred income tax assets are appraised in the amounts recoverable from the taxation authorities using the tax rates which according to expectations will be

applied, when a deferred tax asset is realized the basis for which shall be the tax rates (and tax regulations) which legally or factually have been binding on balance sheet day.
Deferred tax liability reserve is established in the amount amount of the income tax that will have to be paid in the future due to positive temporary differences i.e., differences which will result in increasing the tax base in the future.

The provision is valuated at the tax rates that are expected to apply when the provision will be released the basis for which shall be the tax rates (and tax regulations) legally or factually in force at the balance sheet date.
The provision on income tax and activated income tax is created only in relation to the adjustments of a temporary nature.
Deferred tax is recognised outside the profit and loss statement, if the tax relates to items that are recognised, in the same or a different period, outside profit or loss.
If it relates to items that are recognised, in the same or a different period, in other comprehensive income, the deferred tax is recognised in other comprehensive income. If it relates to items that were recognized directly in equity, deferred tax is recognised in equity.

- Revenues

Revenue is the gross inflow of economic benefits during the period, arising in the course of the ordinary activities of an enterprise, when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue and expenses that relate to the same transaction are recognised simultaneously.
Revenues are recognised when it is probable that the economic benefits associated with the transaction will flow to the company and its amount can be measured reliably.
Revenues are recognised after after deducting tax on goods and services as well as any rebates and discounts.
Revenues from the sale of assets are recognised at the time of delivery and when significant risks and benefits resulting from ownership rights to the assets were transferred to the purchaser.
Revenues from the sale of services (with the exception of construction services agreements) are recognised at the time of providing services to a third party.
Revenues from dividends are recognised in Other revenues when the company's right to receive payment is established.

- Government grants

Government grants, including non-monetary grants at fair value are recognised when there is reasonable assurance that:
- the company will satisfy the conditions attached to the grant,
- the grants will be received.
Government refers to government, government agencies and similar bodies whether local, national or international. Government grants shall be recognised as income over the periods, to match them with the related costs which they are intended to compensate, on a systematic basis.
The grants are not credited directly to equity. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised as income of the period in which it becomes receivable.
The government grant that becomes repayable shall be recognised as changes in accounting estimates. It means that repayment of a grant shall be recognised first in outstanding revenues balance of future periods. The remaining portion is recognized in the cost of the current period. This standard does not deal with union grants. The company treats union grants in the same way as government grants.

- Construction contracts

Construction contracts include individual agreements for construction of an asset or a group of assets, remaining together in close relation or dependence due to a project, technology and functions or final use.

In particular, the include the supply of longwall systems, vertical nad horizontal mining works, as well as supply of machinery and equipment, such as conveyors, highly customizable longwall shearers and powered roof supports.

Most contracts are concluded at fixed prices and accounted using the contract completion stage method. The contract stage is calculated as a percentage quotient of costs actually incurred, documented by relevant accounting documents and estimated, total contract costs. Total revenues from the contract include an initial amount of revenue agreed in the contract and changes made during the term of the contract, claims and incentive payments.

Changes in contract revenue are taken into account if it is likely that they will be accepted by the recipient of services and that it is possible to determine their value reliably. Contract revenues are measured at fair value of the received or due payment. Total cost of the contract includes directly related to a specific contract, costs generally related with activities resulting from the contract which can be allocated to specific contracts and other costs, which under the terms of the contract may be charged to the recipient of services. Periodically, at least at the reporting date, there will be made review and update of total costs and revenues of the contract, and always, in case of significant changes in the estimates of revenues or costs of the contract. Results of changes in estimates of revenues and costs associated with the contract as well as results of changes in estimates as a result of the agreement are recognized as a change in accounting estimate. The changed estimates are used to determine the amount of revenue and expenses recognized in profit in the reporting period in which the change occurs and also in subsequent periods. Revenue at the end of the reporting period is determined in proportion to the stage of completion of the contract, after deduction of revenue which affected the financial result in previous reporting periods.

in PLN thousands

If the estimated total and final revenues and expenses relating to the performed construction contract indicate a loss, in this case for all the losses, a provision expense is recognized. Revenues from contracts are recorded in relation to the stage of completion of the contract and any differences from the evaluation are recognized as follows:

- surplus of cumulative revenues resulting from the valuation over the sum of recognized losses and receivables conditioned by execution of the contract (partial revenues invoiced) is recognized in short-term prepayments and presented in the balance sheet under "Assets under construction services."

- excess of recognized losses and receivables conditioned by execution of the contract (partial revenues invoiced) over the cumulative revenues agreed in valuation is presented in liabilities in the item - "Other liabilities".

7.2. Reconciliation of comparative data

Due to the merger on 8 December 2016 between KOPEX SA (the acquiring company), KOPEX Machinery SA, Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze sp. z o.o., Fabryka Maszyn i Urządzeń TAGOR SA and KOPEX Hydraulika Siłowa sp. z o.o. (the companies being acquired), the comparative data was respectively restated. The merger was recognized using predecessor accounting method (similar to pooling of interest method, defined in the Accounting Act), ie. individual assets, liabilities, costs and revenues of the merged companies have been aggregated, as at the date of the merger, excluding share capitals of the companies being acquired, mutual claims and obligations, revenues and costs as well as profits and losses of the companies being merged. The tables below present the reconciliation of restated data to data resulting from the latest annual, approved and audited financial statement of KOPEX SA.

Statement of financial position	**Latest approved data of KOPEX SA, as at 31.12.2015**	**Data of the companies being acquired, as at 31.12.2015**	**Merger-related exclusions**	**Total restated data, as at 31.12.2015**
Fixed assets	**950 649**	**882 422**	**-717 857**	**1 115 214**
Intangible assets	9 206	107 804	-420	116 590
Tangible fixed assets	19 826	417 227	-14 716	422 337
Investment property	48	12 747	-	12 795
Long-term lease receivables	11 159	32 443	-8 338	35 264
Other long-term financial assets	895 929	253 274	-694 383	454 820
Deferred tax assets	14 481	58 927	-	73 408
Current assets	**193 674**	**726 074**	**-183 001**	**736 747**
Inventories	592	148 006	141	148 739
Short-term trade receivables	59 874	329 091	-116 358	272 607
Short-term other receivables	41 864	70 528	-53 788	58 604
Short-term lease receivables	12 935	11 350	-1 836	22 449
Short-term loans granted	64 849	42 733	-36 352	71 230
Receivables on current tax	1 366	6 209	-	7 575
Other financial assets	1 984	-	-	1 984
Assets under construction contracts	2 536	87 159	25 192	114 887
Cash and cash equivalents	7 674	30 998	-	38 672
Assets held for sale	**-**	16 157	-	16 157
Total assets	**1 144 323**	**1 624 653**	**-900 858**	**1 868 118**

	Latest approved data of KOPEX SA, as at 31.12.2015	**Data of the companies being acquired, as at 31.12.2015**	**Merger-related exclusions**	**Total restated data, as at 31.12.2015**
Equity	**872 375**	**775 241**	**-709 722**	**937 894**
Share capital	74 333	109 571	-109 571	74 333
Own shares	-2 979	-	-	-2 979
Issue of shares above the nominal value	1 054 942	49 463	-49 463	1 054 942

in PLN thousands

Revaluation reserve	2 022	-	-	2 022
Retained profits / Accumulated losses	-255 943	616 207	-550 688	-190 424
Long-term liabilities	**17 293**	**41 058**	**-8 338**	**50 013**
Other long-term liabilities	41	-	-	41
Long-term lease liabilities	13 568	27 999	-8 338	33 229
Deferred tax liability	657	-	-	657
Long-term provision for employee benefits	1 490	13 059	-	14 549
Other long-term provisions for liabilities	-	-	-	-
Accrual	1 537	-	-	1 537
Short-term liabilities	**254 655**	**808 354**	**-182 798**	**880 211**
Short-term credits and loans	166 527	446 773	-36 352	576 948
Short-term trade liabilities	33 675	219 380	-109 171	143 884
Short-term other liabilities	33 173	87 741	-60 975	59 939
Short-term lease liabilities	4 359	17 015	-1 836	19 538
Financial derivatives	425	1 082	-	1 507
Short-term provision for employee benefits	1 617	4 350	-	5 967
Other short-term provisions for liabilities	471	13 419	-	13 890
Accrual	14 408	18 594	25 536	58 538
Total liabilities	**1 144 323**	**1 624 653**	**-900 858**	**1 868 118**

Profit and loss account	**Latest approved data of KOPEX SA, as at 31.12.2015**	**Data of the companies being acquired, as at 31.12.2015**	**Merger-related exclusions**	**Total restated data, as at 31.12.2015**
Net revenues from sales	276 486	577 500	-185 491	668 495
Costs of sold goods, products and materials	255 359	622 289	-186 637	691 011
Gross profit (loss) on sales	**21 127**	**-44 789**	**1 146**	**-22 516**
Other revenues	54 514	6 193	-31 415	29 292
Selling costs	9 313	26 034	-645	34 702
Overheads	23 805	30 426	-9 469	44 762
Other costs	5 500	52 184	-389	57 295
Other profit (loss)	6 109	-12 538	-7 337	-13 766
Impairment losses on non-financial assets	-597 132	-135 889	588 379	-144 642
Operating profit (loss)	**-554 000**	**-295 667**	**561 276**	**-288 391**
Financial revenues	11 812	6 834	-4 424	14 222
Financial costs	101 629	32 712	-4 424	129 917
Gross profit (loss)	**-643 817**	**-321 545**	**561 276**	**-404 086**
Income tax	-6 205	-48 954	-	-55 159
Net profit (loss)	**-637 612**	**-272 591**	**561 276**	**-348 927**

7.3. On 1 January 2016 the following new and revised standards and interpretations entered into force, that did not significantly affect the financial statement.

- Amendments to IAS 19 „Employee benefits”
- Improvements to IFRS 2010-2012
- Amendments to IAS 16 and IFRS 41 concerning plants cultivation
- Amendments to IAS 11 concerning the acquisition of a share in joint activity
- Amendments to IAS 16 and IAS 38 concerning the depreciation
- Improvements to IFRS 2012-2014
- Amendments to IAS 1
- Amendments to IAS 27 concerning the equity metod in separate financial statements
- Amendments to IFRS 10, IFRS 12 and IAS 28 concerning the exclusion of the investment entities from consolidation

7.4. The standards and interpretations which have not yet entered into force and have not been applied by the Company, but which might have impast on the financial statement of the Company

IFRS 9 „Financial instruments”

IFRS 9 replaces IAS 39. The standard is obligatory for annual periods beginning on 1 January 2018 or after that date.

The standard implements one model with only two classifications of financial assets: valuated at fair value and valuated at amortized cost. Classification is made on initial recognition and depends on the entity's financial instrument business model and the contractual cash flow characteristics of these instruments.

IFRS 9 implements a new model for the setting of write-downs – a model of expected credit losses. Most requirements of IAS 39 relating to classification and classification of financial liabilities were transferred to IFRS 9 unchanged. The key change is the requirement imposed on the entities to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other total income. In terms of hedge accounting changes were designed to a more close matching the hedge accounting to risk management.

The Company will implement IFRS 9 as of 1 January 2018.

As the financial instruments valued at fair value as of the balance sheet day are not be recognized, it is estimated that the standard would not have significant effect on the financial statements of the Entity. However, the Company cannot exclude such an effect in the subsequent accounting periods.

IFRS 15 „Revenue from contracts with customers"

IFRS 15 „Revenue from contracts with customers" is effective for annual periods beginning on or after 1 January 2018.

The principles set out In IFRS will aplly to all revenue-generating contracts. The fundamental principle of the new standard is the recognition of revenue at the time of transfer of goods or services to the customer, at transaction price. All goods or services sold in packages that can be extracted within the package should be recognized separately, and any discount and rebate on the transaction price should be allocated to the individual components of the package. Where revenue is variable, according to the new standard, variable amounts are included in revenues, unless there is a good likelihood that reversals of revenue recognition will not reverse in the future. In addition, in accordance with IFRS 15, the costs incurred to acquire and secure a customer contract must be activated and settled in time for the duration of the benefit of the contract.

The Company will implement IFRS 15 as of 1 January 2018.

Preliminary analyzes of the impact of the standard on the financial statements show that the entry into force of the standard will affect the method of accounting for the asset construction income currently accounted for in accordance with IAS 11. According to the new standard, revenue should be recognized at the time of transferring product control to the customer. The new standard will have an impact on the financial statements as long as the Company will execute contracts for the construction of the asset. As at the balance sheet date of 31 December 2016 the Company recognized revenue before the transfer of control, on the basis of the stage of completion of the contract, for the two contracts. Initial evaluation of other key contracts (lease of machinery and mining works) indicates that the standard IFRS 15 should not have a significant impact on the change in recognition of revenue from these contracts to financial statements. Analysis of the impact of the standard has not yet been completed.

Guidance to IFSR 15 „Revenue from contracts with customers"

Guidance to IFSR 15 „Revenue from contracts with customers" have been published on 12 April 2016 and shall apply to financial statements drawn up after 1 January 2018.
Guidance provides information and clarifications relating to assumptions adopted in IFRS 15, including on the identification of personal duties, determining whether an entity is an intermediary (agent) or service provider and the rules of recording the revenue of the audience.
In addition to the guidance, exemptions and simplifications have also been introduced for entities applying the new standard for the first time.

The Company will implement Guidance to IFRS 15 as of 1 January 2018, together with IFRS 15.

As at the date of preparing these financial statements, Guidance to IFRS 15 have not been approved by the European Union.

Changes to IAS 7 - Initiative on disclosure

Changes to IAS 7 are binding for annual periods beginning on 1 January 2017or after that date. Entities will be required to disclose a reconciliation of changes in liabilities arising from financing activities.

The Company will apply changes after its approval by the European Union.

The changed standrad will affect the increased disclosure in the financial statements.

Annual changes to IFRS 2014 – 2016

The International Accounting Standards Board issued on December 2016 „Annual changes to IFRS 2014-2016", which changes 3 standards: IFRS 12 „Disclosure of interests in other entities", IFRS 1 „First-time adoption of International Financial Reporting Standards" and IAS 28 „Investments in Associates".

Changes provide clarifications and changes in the scope of standard, recognition and measurement, as well as terminological and editorial changes.

The Company will apply changes to IFRS 12 after its approval by the European Union.
The Company will apply changes to IFRS 1 and IAS 28 as from 1 January 2018.

The Company now analyses the effect of changed standards on the financial statements.

As at the date of preparing these financial statements, the above mentioned changes have not been approved by the European Union.

Changes to IAS 40: reclasification of investment property

Changes to IAS 40 specify the requirements concerning reclasification to investetnment property and from investment property. The amendment applies to periods beginning on or after 1 January 2018.

The Company will apply the above mentioned changes as from 1 January 2018.

The Company now analyses the effect of changed standards on the financial statements.

As at the date of preparing these financial statements, the above mentioned changes have not been approved by the European Union.

7.5. Standards and interpretations which have been published but have not yet entered into force and have not been applied yet by the Company, and which will have no impact on financial statements of the Company

- Changes to IAS 12 concerning the recognition of deferred tax assets for unrealised losses
- IFRS 16 „Leasing"
- Changes to IAS 19 „Employee benefits"
- IFRS 14 „Regulatory Deferral Accounts"
- Changes to IFRS 10 and IAS 28 concerning sale or transfer of assets between an investor and its associates or joint ventures
- Changes to IFRS 2: Recognition and measurement of share-based transactions
- Changes to IFRS 4: Application of IFRS 9 „Financial instruments" together with IFRS 4 „Insurance contracts"
- Annual changes to IFRS 2014 – 2016
- IFRIC 22: Foreign currency transactions and advance consideration

8. Capital management

Due to the significant deterioration in the situation of the KOPEX Group and breaching the bank covenants, as a result of lower Q4 2015 outcome, the company was forced to start at the begining of 2016 talks with the funding banks on debt restructuring.

talks in early 2016.with funding banks on debt restructuring. During the negotiation period, the Company was not able to use credit lines, so there were undertaken countermeasures consisting in active management of the company's working capital and carrying out restructuring activities. In December 2016, long-running negotiations between the banks, the Company and strategic investor - TDJ SA ended, and the Restructuring Agreement was concluded.

At present, due to the ongoing restructuring process and the still difficult financial situation of the Company, the Issuer is unable to obtain multi-purpose credit lines, including guarantees, which significantly hampers the acquisition of significant contracts, particularly in foreign markets. Currently the most important goal of KOPEX SA is acting in accordance with the provisions and obligations under the Restructuring Agreement. Successful implementation of the provisions of the Restructuring Agreement is a way to enable the Company to continue operating.

Continuing strong restructuring measures, including:
- the restructuring of non-operating fixed assets of companies, which sale would be one of the source of debt repayment,
- the sale of shares and stocks in companies that are not related to strategic business areas,
- cost and operating restructuring of the Company, which will reduce the costs of operations and will improve efficiency and adapt to market conditions,

should provide the company with the opportunity of further opeartion.

9. The Policy of financial risk management and hedging

As at the date of signing these financial statements, the Company is under restructuring. The assumption of continuation of business is based on the conviction that KOPEX SA will be able to successfully implement all provisions of the Restructuring Agreement.

Financial risk management aims at limiting or eliminating unfavorable influence on the Company's financial standing, risks related to its functioning, and in particular:

- market risk – currency risk, interest rate risk, price risk;
- liquidity risk – the risk that the Group will face difficulties in meeting its obligations,
- credit risk - the contractor fails to fulfill the contractual obligations.

The Company strives to minimize the impact of various types of risk through the use of natural protection mechanisms.

Price risk

At the risk of rising prices, the Company is exposed due to materials necessary for its activity, mainly metallurgical products. The Company strives to minimize the risk by guaranteeing under the agreements with customers (metallurgical, hydraulic, screw elements) the possibility of negotiating prices and in the form of so-called "open orders" that allow to guarantee the price and quantity of delivery, and the receipt of particular batches takes place successively as required.
The Company, to the extent possible, has diversified sources of supply of materials for the production and provision of cooperative services.

Interest rate risk

The Company is exposed to the risk due to the financing its business through bank credits with variable interest rate based on WIBOR. The Company monitors on an ongoing basis the decisions of the Monetary Policy Council. As at 31 December 2016, the Company had no instruments hedging against interest rate risk.

Currency risk

The Company was exposed to currency risk, which causes uncertainty about the value of future cash flows. The Company undertook actions aimed at minimizing risk by: concluding forward transactions and appropriate contractual clauses.
The Company applied hedge accounting (detailed description in the accounting policies) and natural hedging related to cash flows and fair value.
In connection with the current report for Q4 2015 published on 25 February 2016 and due to significantly deteriorated results of the Company and the Group, the Company is currently unable to raise limits on treasury transactions and hedge against foreign exchange risk.

in PLN thousands

Financial instruments **Categories of financial instruments – balance sheet value**

Classes of financial instruments	Note	Financial assets avaiable for sale	Financial assets held for maturity	Financial assets at fair value through profit and loss	Loans and financial receivables	Financial liabilities at fair value through profit and loss	Financial liabilities AT amortized cost	Liabilities excluded from the scope of IAS 39	Receivables excluded form the scope of IAS 39	Hedging instruments	Total
As at 31 December 2016											
Shares and stakes	12.5, 12.10	7 784	-	19	-	-	-	-	-	-	**7 803**
Trade receivables (net)	12.8	-	-	-	136 148	-	-	-	-	-	**136 148**
Leasing receivables	12.4	-	-	-	-	-	-	-	39 517	-	**39 517**
Cash	12.11	-	-	-	26 953	-	-	-	-	-	**26 953**
Bonds and loans granted	12.9	-	-	-	15 690	-	-	-	-	-	**15 690**
Other financial receivables (net)	12.8	-	-	-	79 670	-	-	-	-	-	**79 670**
Other financial assets	12.5, 12.10	-	-	-	80 000	-	-	-	-	-	**80 000**
Derivatives	12.10	-	-	-	-	-1 230	-	-	-	-14	**-1 244**
Trade liabilities	12.23	-	-	-	-	-	-50 061	-	-	-	**-50 061**
Credits and borrowings	12.17	-	-	-	-	-	-581 360	-	-	-	**-581 360**
Leasing liabilities	12.19	-	-	-	-	-	-	-20 137			**-20 137**
Other financial liabilities	12.18	-	-	-	-	-	-23 577	-	-	-	**-23 577**
Total		**7 784**	**-**	**19**	**338 461**	**-1 230**	**-654 998**	**-20 137**	**39 517**	**-14**	**-290 598**
As at 31 December 2015 (restated)											
Shares and stakes	12.5, 12.10	3 630	-	20	-	-	-	-	-	-	**3 650**
Trade receivables (net)	12.8	-	-	-	272 607	-	-	-	-	-	**272 607**
Leasing receivables	12.4	-	-	-	-	-	-	-	57 713	-	**57 713**
Cash	12.11	-	-	-	38 672	-	-	-	-	-	**38 672**
Bonds and loans granted	12.9	-	-	-	188 416	-	-	-	-	-	**188 416**
Other financial receivables (net)	12.8	-	-	-	38 277	-	-	-	-	-	**38 277**
Other financial assets	12.10	-	-	3	-	-372	-	-	-	826	**457**
Derivatives	12.23	-	-	-	-	-	-143 884	-	-	-	**-143 884**
Trade liabilities	12.17	-	-	-	-	-	-576 948	-	-	-	**-576 948**
Credits and borrowings	12.19	-	-	-	-	-	-	-52 767	-	-	**-52 767**
Leasing liabilities	12.18A	-	-	-	-	-	-16 019	-	-	-	**-16 019**
Total		**3 630**	**-**	**23**	**537 972**	**-372**	**-736 851**	**-52 767**	**57 713**	**826**	**-189 826**

As at 31 December 2016 the balance value of financial instruments was close to its fair-value.

in PLN thousands

Fair value hierarchy

Classes of financial instruments	Note	As at 31 December 2016 Fair value hierarchy level 1	level 2	level 3
Shares and stakes	12.10	19	-	7 784
Derivative, including:	12.10	-	-1 244	-
Assets			-	-
Liabilities		-	-1 244	-

Classes of financial instruments	Note	As at 31 December 2015 (restated) Fair value hierarchy level 1	level 2	level 3
Shares and stakes	12.10	20	-	-
				-
Derivative, including:	12.10	-	457	-
Assets		-	1 964	-
Liabilities		-	-1 507	-

The methods and assumptions applied by the Company in determining the fair value

For financial instruments measured in the statement of financial position at fair value, the following valuation levels were adopted:

- level 1 – quoted prices of active markets for identical assets and liabilities,

- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices),
- level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments classified to the level 2 was measured by using adequate valuation techniques.

The Company is not capable of specifying in a fair way the fair value of shares and stakes held in the companies not quoted on the active markets, that are classified as available-for-sale financial assets.

The Company measure this group of assets at cost less impairment losses.

Sensitivity analysis

Assuming that the fluctuation band of foreign exchange rates as at 31 December 2016 could be at the level of +/- 10%, then the Group's gross result would be lower or higher by PLN 1 323 thousand (PLN 11,571 thousand at 31 December 2015).

Assuming that the interest rate fluctuation band at 31 December 2016 could be +/- 1% then the Group's gross result would be lower or higher by PLN 5 193 thousand (PLN 3 449 thousand at 31 December 2015).

in PLN thousands

Sensitivity analysis as at 31 December 2016

	balance sheet value	Interest rate risk		Currency risk			
		plus/minus 1%		plus 10%(weakining PLN)		minus 10% (strengthening PLN)	
		profit/loss	profit/loss	profit/loss	changes in equity	profit/loss	changes in equity
FINANCIAL ASSETS							
Cash in PLN	11 659	117	-117	-	-	-	-
Cash in USD expressed in PLN	175	2	-2	18	-	-18	-
Cash in AUD expressed in PLN	5 722	57	-57	572	-	-572	-
Cash in EUR expressed in PLN	9 175	92	-92	918	-	-918	-
Cash in other currencies	222	2	-2	22	-	-22	-
Loans granted with interests in PLN	15 655	157	-157	-	-	-	-
Loans granted with interests in EUR	35	-	-	4	-	-4	-
Trade receivables and other receivables in PLN	318 587	-	-	-	-	-	-
Trade receivables and other receivables in EUR	28 696	-	-	2 870	-	-2 870	-
Trade receivables and other receivables in USD	124	-	-	12	-	-12	-
Leasing receivables in PLN	39 517	395	-395	-	-	-	-
Influence on the financial result, other comprehensive income before tax		**822**	**-822**	**4 416**	**-**	**-4 416**	**-**
Influence on the financial result, other comprehensive income after tax		**666**	**-666**	**3 577**	**-**	**-3 577**	**-**
FINANCIAL LIABILITIES							
Credits and loans in PLN	579 366	-5 794	5 794	-	-	-	-
Credits in EUR expressed in PLN	1 994	-20	20	-199	-	199	-
Trade liabilities and other liabilities in PLN	262 792	-	-	-	-	-	-
Trade liabilities and other liabilities in EUR	2 530	-	-	-253	-	253	-
Trade liabilities and other liabilities in USD	442	-	-	-44	-	44	-
Trade liabilities and other liabilities in AUD	4 399	-	-	-440	-	440	-
Trade liabilities and other liabilities in other currencies	194	-	-	-19	-	19	-
Leasing liabilities in PLN	20 137	-201	201	-2 014	-	2 014	-
Derivatives at fair value through profit and loss	1 230	-	-	-123	-	123	-
Derivatives remaining in hedging relationship	14	-	-	-1	-	1	-
Influence on the financial result, other comprehensive income before tax		**-6 015**	**6 015**	**-3 093**	**-**	**3 093**	**-**
Influence on the financial result, other comprehensive income after tax		**-4 872**	**4 872**	**-2 505**	**-**	**2 505**	**-**

in PLN thousands

Sensitivity analysis as at 31 December 2015 - restated

	balance sheet value	Interest rate risk		Currency risk			
		plus/minus 1%		plus 10%(weakining PLN)		minus 10%(strengthening PLN)	
		profit/loss	profit/loss	profit/loss	changes in equity	profit/loss	changes in equity
FINANCIAL ASSETS							
Cash in PLN	25 668	257	-257	-	-	-	-
Cash in USD expressed in PLN	743	7	-7	74	-	-74	-
Cash in EUR expressed in PLN	11 881	119	-119	1 188	-	-1 188	-
Cash in other currencies	380	4	-4	38	-	-38	-
Loans granted with interests in PLN	158 653	1 587	-1 587	-	-	-	-
Loans granted with interests in EUR	12 968	130	-130	1 297	-	-1 297	-
Loans granted with interests in USD	10 144	101	-101	1 014	-	-1 014	-
Loans granted with interests in AUD	6 651	67	-67	665	-	-665	-
Trade receivables and other receivables in PLN	239 515	-	-	-	-	-	-
Trade receivables and other receivables in EUR	116 916	-	-	11 692	-	-11 692	-
Trade receivables and other receivables in USD	5 382	-	-	538	-	-538	-
Trade receivables and other receivables in AUD	5 957	-	-	596	-	-596	-
Trade receivables and other receivables in other currencies	1 963	-	-	196	-	-196	-
Leasing receivables in PLN	57 713	577	-577	-	-	-	-
Derivatives at fair value through profit and loss	3	-	-	-	-	-	-
Derivatives remaining in hedging relationship	1 961	-	-	3	193	-3	-193
Influence on the financial result, other comprehensive income before tax		**2 849**	**-2 849**	**17 301**	**193**	**-17 301**	**-193**
Influence on the financial result, other comprehensive income after tax		**2 308**	**-2 308**	**14 014**	**156**	**-14 014**	**-156**
FINANCIAL LIABILITIES							
Credits and loans in PLN	574 791	-5 748	5 748	-	-	-	-
Credits in AUD expressed in PLN	2 157	-22	22	-216	-	216	-
Trade liabilities and other liabilities in PLN	150 233	-	-	-	-	-	-
Trade liabilities and other liabilities in EUR	51 980	-	-	-5 198	-	5 198	-
Trade liabilities and other liabilities in USD	922	-	-	-92	-	92	-
Trade liabilities and other liabilities in AUD	425	-	-	-43	-	43	-
Trade liabilities and other liabilities in other currencies	303	-	-	-30	-	30	-
Leasing liabilities in PLN	52 767	-528	528	-	-	-	-
Derivatives at fair value through profit and loss	372	-	-	-37	-	37	-
Derivatives remaining in hedging relationship	1 135	-	-	-114	-	114	-
Influence on the financial result, other comprehensive income before tax		**-6 298**	**6 298**	**-5 730**	**-**	**5 730**	**-**
Influence on the financial result, other comprehensive income after tax		**-5 101**	**5 101**	**-4 641**	**-**	**4 641**	**-**

Liquidity risk

Due to the lack of access to external sources of finance, except cases permitted by the Restructuring Agreement, KOPEX SA is exposed to the risk of liquidity loss, ie ability to meet its payment commitments when due. The Company monitors the risk of funds shortage using the tool for periodic planning of liquidity. The Company hedges against difficulties in fulfilling obligations by arranging the cycle of receivables and liabilities. As at 31 December 2016 the Company did not use external sources of financing the activity in the form of credit lines. Currently, due to the ongoing restructuring process and still difficult financial situation of the Company, the Issuer is not capable of obtaining multi-purpose credit lines, including guarantees.

in PLN thousands

Contractual maturities of financial liabilities

	Contractual maturities from the end of the reporting periods					Total (without discount)	Balance sheet value
Financial liabilities							
As at 31 December 2016	**up to 3 months**	**3 -12 months**	**1- 3 years**	**3- 5 years**	**over 5 years**		
Trade liabilities	46 376	2 382	1 303	-	-	**50 061**	**50 061**
Credits and borrowings	6 922	-	63 966	523 732	-	**594 620**	**581 360**
Derivatives	226	659	359	-	-	**1 244**	**1 244**
Other financial liabilities	23 482	-	95	-	-	**23 577**	**23 577**
Total financial liabilities In each division of maturity	**77 006**	**3 041**	**65 723**	**523 732**	**-**	**669 502**	**656 242**

As at 31 December 2015 restated	**up to 3 months**	**3 -12 months**	**1- 3 years**	**3- 5 years**	**over 5 years**		
Trade liabilities	119 982	17 967	5 935	-	-	**143 884**	**143 884**
Credits and borrowings	518 166	58 782	-	-	-	**576 948**	**576 948**
Derivatives	396	820	291	-	-	**1 507**	**1 507**
Other financial liabilities	15 978	-	-	41	-	**16 019**	**16 019**
Total financial liabilities In each division of maturity	**654 522**	**77 569**	**6 226**	**41**	**-**	**738 358**	**738 358**

Credit risk

Credit risk is related to core business. In accordance with IFRS 7 item 34-36, entities shall analyze each asset item exposed to credit risk, ie, trade receivables, leasing receivables, loans granted, cash. Credit risk arises from contracts concluded and is related to possible occurrence of such events as insolvency of the counterparty, partial repayment of the receivable or significant delay in the payment of receivables or repayment of loans granted.
On the domestic market the company conducts transactions mainly within the mining sector and, in relation to these receivables, including leasing receivables, the highest concentration of risk occurs. In addition, the credibility of counterparties is subject to verification and the company has made efforts to obtain financial collateral from financial counterparties to minimize the risk of insolvency. For receivables subject to impairment, the Company creates revaluation write-downs, the value of which is presented in Note 12.25. In the management board's opinion, investments in other long-term and short-term financial assets are not subject to credit risk.

Maximum exposure to credit risk is represented by:

- net value of trade receivables amounting to: PLN 136 148 thousand (PLN 272 607 thousand as at 31 December 2015)
- value of loans grantem amounting to: PLN 15 690 thousand (PLN 188 416 thousand as at 31 December 2015)
- leasing receivables amounting to: PLN 39 517 thousand (PLN 57 713 thousand as at 31 December 2015)
- other receivables amounting to: PLN 80 164 thousand (PLN 49 088 thousand as at 31 December 2015)

Concentration of receivables at 31 December 2016:

Entities whose receivables from deliveries and services at 31 December 2016 were at the highest level:

Customer 1 – about 18,71 % of total trade receivables
Customer 2 – about 11,69 % of total trade receivables
Customer 3 – about 11,06 % of total trade receivables
Customer 4 – about 11 % of total trade receivables

Concentration of receivables at 31 December 2015:

Entities whose receivables from deliveries and services at 31 December 2015 were at the highest level:

Customer 1 – about 24,12 % of total trade receivables
Customer 2 – about 8,93 % of total trade receivables
Customer 3 – about 8,5 % of total trade receivables
Customer 4 – about 7,08 % of total trade receivables

10. Information on conversions of selected financial data

- Assets and liabilities were converted into the EURO at the average exchange rate as at the balance sheet date, announced by the National Bank of Poland:
  - as at 31 December 2016 - 4.4240
  - as at 31 December 2015 - 4.2615
- Items in the profit and loss statement and the cash flow statement were converted according to the exchange rate being the arithmetic mean of the exchange rates of EURO applicable at the end of each months during the reporting period:
  - in 2016 - 4.3757
  - in 2015 - 4.1848
- Maximum rates during the period:
  - in 2016 - 4.4405
  - in 2015 - 4.2652
- Minimum rates in the period
  - in 2016 - 4.2684
  - in 2015 - 4.0337

in PLN thousands

11. Estimates and subjective assessment

11.1 Estimates

Due to the fact that a lot of information contained in the financial statements cannot be precisely measured, the Company's Management Board is required to make estimates in drawing up financial statements. The Management Board review these estimates based on changes in the factors taken into account their calculation, new information or past experience. Therefore, the estimates made as at 31 December 2016 may change in the future. The main estimates, other than disclosed in Note 2, were described in significant accounting principles and are presented in the following notes:

Note	Estimates	Type of information disclosed
12.1 12.2 12.3	Useful lives of fixed assets, intangible assets and investment property	Useful lives and depreciation method - Accepted Accounting Principles – item on Intangible assets, fixed assets and investment property
9 12.5 12.8 12.9	Impairment losses on loans and receivables	Methodology used to determine the recoverable amount - Accepted Accounting Principles - item on Impairment
12.6	Income tax	Assumption adopted for recognition of deferred tax assets and provisions - Accepted Accounting Principles - item on Assets and provision for income tax
12.19	Employee benefits	Provisions estimated by the actuary - Accepted Accounting Principles - item on Provisions for liabilities.
12.10	Fair value of derivatives	Model and assumptions underlying the fair value evaluation - Accepted Accounting Principles - item on Financial instruments.
12.22	Provisions	Provisions for liabilities whose maturity or amount is not certain - Accepted Accounting Principles – item on Provisions for liabilities
12.23	Contract for construction services	Realization stage of the contract calculated as a percentage by dividing the actual costs incurred for contract costs - Accepted Accounting Principles - Construction Contracts
13	Contingent liabilities	Possible obligation that arises from past events and whose existence will be confirmed only when it occurs and present obligation that arises from past events, but it is unlikely that there has been an outflow of resources or the amount of the obligation cannot be valuated

11.2 Subjective assessment

In case if transaction is not dealt with any standard or interpretation, the Management Board basing on its subjective assessment, develops and applies accounting policy that will ensure that financial statements will include reliable information which presents the Company's financial results its operations and cash flows in a correct and faithful manner. Subjective assessment is carried out in such a way that financial statements reflect the economic substance of transactions objectively. Financial statements have to be drawn up in accordance with the principle of prudence and they have to be complete in all material respects. Subjective assessment as at 31 December 2016 relates to provisions for claims and litigation, contingent liabilities and impairment of financial assets. Analysis of impairment of financial assets is presented on in Note 2.

in PLN thousands

12 Explanatory notes to the statements on financial position and profit and loss account

Note 12.1A 31 December 2016

TABLE OF CHANGES IN INTANGIBLE ASSETS

	development costs	development costs during implementation	acquired concessions, licences, patents and similar assets	other intangible assets	intangible assets under construction	Total intangible assets
gross opening balance - restated	**139 334**	**19 269**	**27 322**	**2 111**	**640**	**188 676**
- increases	-	20	1 570	-1 570	2 283	2 303
- decreases	-9 836	-11 583	-546	-	-1 304	-23 269
- reclassification	86	-86	208	-	-208	-
gross closing value	**129 584**	**7 620**	**28 554**	**541**	**1 411**	**167 710**
accumulated depreciation at the beginning of period - restated	**38 692**	**-**	**12 002**	**1 550**	**-**	**52 244**
- depreciation	13 862	-	6 035	-	-	19 897
- sale and liquidation	-	-	-333	-	-	-333
- other	-8 009	-	907	-1 009	-	-8 111
accumulated depreciation at the end of period	**44 545**	**-**	**18 611**	**541**	**-**	**63 697**
impairment losses at the beginning of period - restated	**8 149**	**11 693**	**-**	**-**	**-**	**19 842**
- losses recognised during the period	66 966	3 638	7 231	-	1 411	79 246
- use of write-off	-1 828	-7 823	-	-	-	-9 651
impairment losses at the end of period	73 287	7 508	7 231	-	1 411	**89 437**
net opening value of intangible assets - restated	**92 493**	**7 576**	**15 320**	**561**	**640**	**116 590**
net closing value of intangible assets	**11 752**	**112**	**2 712**	**-**	-	**14 576**

Note 12.1A 31 December 2015 restated

TABLE OF CHANGES IN INTANGIBLE ASSETS

	development costs	development costs during implementation	acquired concessions, licences, patents and similar assets	other intangible assets	intangible assets under construction	Total intangible assets
gross opening balance	**108 587**	**32 360**	**24 344**	**2 111**	**2 515**	**169 917**
- increases	-	20 805	-	-	2 622	23 427
- decreases	-3 194	-	-1 475	-	-	-4 669
- reclassification	33 941	-33 896	4 453	-	-4 497	1
gross closing value	**139 334**	**19 269**	**27 322**	**2 111**	**640**	**188 676**
accumulated depreciation at the beginning of period -	**28 429**	**-**	**10 870**	**1 458**	**-**	**40 757**
- depreciation	13 427	-	2 404	92	-	15 923
- sale and liquidation	-3 164	-	-1 336	-	-	-4 500
- other	-	-	64	-	-	64
accumulated depreciation at the end of period	**38 692**	**-**	**12 002**	**1 550**	-	**52 244**
impairment losses at the beginning of period	**-**	**-**	**-**	**-**	**-**	**-**
- losses recognised during the period	8 149	11 693	-	-	-	19 842
impairment losses at the end of period	8 149	11 693	-	-	-	**19 842**
net opening value of intangible assets	**80 158**	**32 360**	**13 474**	**653**	**2 515**	**129 160**
net closing value of intangible assets	**92 493**	**7 576**	**15 320**	**561**	**640**	**116 590**

in PLN thousands

Note 12.1B

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	31 December 2016	31 December 2015 restated
own	14 576	116 590
- incuding manufactured by use of own means	11 864	100 069
used under a lease contract, rental agreement or another agrement, including leasing agrement:	-	-
Total intangible assets	**14 576**	**116 590**

Note 12.1C

Items of profit and loss account in which depreciation of intangible assets was included	31 December 2016	31 December 2015 restated
- cost of sales	16 517	15 112
- selling costs	151	1
- management costs	3 229	810
Total	19 897	15 923

During the reporting period and in comparative periods, the Company incurred expenditure on research and development recognized as a cost of the period in the profit and loss account in the amount of PLN 9,223 thousand in 2016 and PLN 253 thousand in 2015.

The useful lives of intangible assets are determined.

Detailed information on the write-offs updating the intangible assets is provided in Note 2.

Note 12.2A **31 December 2016**

TABLE OF CHANGES IN FIXED ASSETS

	own land, including right for perpetual use of land	buildings and structures	technical devices and machinery	means of transport	other fixed assets	fixed assets under construction	Total fixed assets
gross value of fixed assets at the beginning of period - restated	**2 765**	**173 031**	**782 714**	**11 204**	**24 438**	**658**	**994 810**
- increases	74	102	11 726	-	-	57 444	69 346
- decreases	-606	-69 987	-143 173	-2 531	-5 172	-689	-222 158
- reclassification	27	301	54 361	702	1 301	-56 692	-
gross value of fixed assets at the end of period	**2 260**	**103 447**	**705 628**	**9 375**	**20 567**	**721**	**841 998**
accumulated depreciation at the beginning of period - restated	**685**	**35 507**	**476 117**	**8 196**	**18 982**	**-**	**539 487**
- depreciation	113	4 048	116 326	1 015	2 171	-	123 673
- sale and liquidation	-195	-1 260	-106 588	-1 886	-2 988	-	-112 917
- other	-47	-10 114	10 016	-	-1 908	-	-2 053
accumulated depreciation at the end of period	**556**	**28 181**	**495 871**	**7 325**	**16 257**	**-**	**548 190**
impairment losses at the beginning of period - restated	**-**	**-**	**32 972**	**-**	**-**	**14**	**32 986**
- increases	470	22 639	81 421	296	950	423	106 199
- decreases	-126	-1 288	-40	-	-43	-	-1 497
- use of write-off	-	-	-11 411	-	-	-	-11 411
impairment losses at the end of period	**344**	**21 351**	**102 942**	**296**	**907**	**437**	**126 277**
net value of fixed assets at the beginning of period - restated	**2 080**	**137 524**	**273 624**	**3 008**	**5 456**	**645**	**422 337**
net value of fixed assets at the end of period	**1 360**	**53 915**	**106 815**	**1 754**	**3 403**	**284**	**167 531**

in PLN thousands

Note 12.2A 31 December 2015 restated

TABLE OF CHANGES IN FIXED ASSETS

	own land, including right for perpetual use of land	buildings and structures	technical devices and machinery	means of transport	other fixed assets	fixed assets under construction	Total fixed assets
gross value of fixed assets at the beginning of period	**2 563**	**183 672**	**739 672**	**11 315**	**24 857**	**1 720**	**963 799**
- increases	-	-	8 168	-	-	89 325	97 493
- decreases	-	-18 125	-44 967	-429	-2 330	-3	-65 854
- reclassification	202	7 484	79 841	318	1 911	-90 384	-628
gross value of fixed assets at the end of period	**2 765**	**173 031**	**782 714**	**11 204**	**24 438**	**658**	**994 810**
accumulated depreciation at the beginning of period	**586**	**32 828**	**408 531**	**7 354**	**18 996**	**-**	**468 295**
- depreciation	99	4 487	85 901	1 133	2 069	-	93 689
- sale and liquidation	-	-94	-17 703	-274	-2 082	-	-20 153
- other	-	-1 714	-612	-17	-1	-	-2 344
accumulated depreciation at the end of period	**685**	**35 507**	**476 117**	**8 196**	**18 982**	-	**539 487**
impairment losses at the beginning of period	**-**	**-**	**8 679**	**-**	**84**	**14**	**8 777**
- increases	-	-	26 060	-	-	-	26 060
- decreases	-	-	-2	-	-	-	-2
- use of write-off	-	-	-1 765	-	-84	-	-1 849
impairment losses at the end of period	-	-	**32 972**	-	-	**14**	**32 986**
net value of fixed assets at the beginning of period	**1 977**	**150 844**	**322 462**	**3 961**	**5 777**	**1 706**	**486 727**
net value of fixed assets at the end of period	**2 080**	**137 524**	**273 625**	**3 008**	**5 456**	**644**	**422 337**

In 2016 a mining equipment revaluation was made:

- on which there is no demand , in the current difficult mining industry, and in the foreseeable time;;
- for which operating lease agreements have expired and there is a risk that the machine will not be placed on the market;
- for which the balance sheet value exceeded its rental income

Note 12.2B

FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)	31 December 2016	31 December 2015 restated
a) own	167 531	394 418
b) used under a lease contract, rental agreement or another agrement, including leasing agrement:	-	27 919
- under leasing agreements – technical devices and machinery	-	14 579
- under leasing agreements – means of transport	-	501
- under leasing agreements – other fixe assets (furniture)	-	12 839
Total fixe assets in the balance sheet	**167 531**	**422 337**

Note 12.2C

FIXED ASSETS RECOGNISED OFF-BALANCE SHEET	31 December 2016	31 December 2015 restated
- used under a lease contract, rental agreement or another agrement, including leasing agrement	145	4 185
- fixe	6	44
- value of land used under perpetual usufruct	6 227	8 185
Total fixe assets recognised off-balance sheet	**6 378**	**12 414**

in PLN thousands

The amount of compensation received from third parties for tangible fixed assets that were lost or lost value amounted to PLN 94 thousand in 2016 and PLN 146 thousand in 2015 and was recognized in the profit and loss account - Note 12.27 "Other income - Claims, penalties and court costs".

In the reporting period and the comparative periods of the year, no borrowing costs were activated.

Detailed information about impairment losses established in 2016 in the amount of PLN 104,702 thousand is included in note 2.

Note 12.3A 31 December 2016

CHANGES IN INVESTMENT PROPERTIES

	lands (including right for perpetual use of land)	buildings, premises, ground or water structures	Total investment properties
gross value of investment properties at the beginning of period	**1 043**	**12 799**	**13 842**
- increases	34	64 044	64 078
- decreases	-	-17 550	-17 550
- reclassification	1 287	5 738	7 025
gross value of investment properties at the end of period	**2 364**	**65 031**	**67 395**
accumulated depreciation at the beginning of period - restated	**85**	**227**	**312**
- depreciation	13	343	356
- other	34	3 407	3 441
accumulated depreciation at the end of period	**132**	**3 977**	**4 109**
impairment losses at the beginning of period - restated	**735**	**-**	**735**
- losses incurred during the period	-	55 637	55 637
- reversal of losses recorded during the period	-	-15 213	-15 213
impairment losses at the end of period	**735**	**40 424**	**41 159**
net value of investment properties at the beginning of period	**223**	**12 572**	**12 795**
net value of investment properties at the end of period	**1 497**	**20 630**	**22 127**

Note 12.3A 31 December 2015 restated

CHANGES IN INVESTMENT PROPERTIES

	lands (including right for perpetual use of land))	buildings, premises, ground or water structures	Total investment properties
gross value of investment properties at the beginning of period	**2 919**	**20 771**	**23 690**
- decreases	-1 876	-7 972	-9 848
gross value of investment properties at the end of period	**1 043**	**12 799**	**13 842**
accumulated depreciation at the beginning of period	**273**	**528**	**801**
- depreciation	78	581	659
- sale	-266	-882	-1 148
accumulated depreciation at the end of period	**85**	**227**	**312**
impairment losses at the beginning of period	**1 137**	**-**	**1 137**
- reversal of losses recorded during the period	-402	-	-402
impairment losses at the end of period	**735**	-	**735**
net value of investment properties at the beginning of period	**1 509**	**20 243**	**21 752**
net value of investment properties at the end of period	**223**	**12 572**	**12 795**

in PLN thousands

INCOME AND COSTS RELATING TO INVESTMENT PROPERTIES	31 December 2016	31 December 2015 restated
rental income from investment properties	2 234	3 075
direct operating costs for rental income from investment properties	3 351	703
Direct operating costs for investment property not generating rental income	22	22

Fair value of investment property as at the balance sheet date 31 December 2016 is close to the book value.

Note 12.4

LEASE RECEIVABLES	31 December 2016	31 December 2015 restated
a) minimum lease payments, including::	42 266	66 466
- up to 1 year	22 085	27 637
- up to 5 years	20 181	38 829
- over 5 years		
b) unearned financial income, including:	1 572	5 922
- up to 1 year	1 180	4 485
- up to 5 years	392	1 437
- over 5 years		
c) the present value of the minimum financial lease payments:	40 694	60 544
- up to 1 year	20 905	23 152
- up to 5 years	19 789	37 392
- over 5 years		
d) reserve for irrecoverable leasing fees (revaluation allowances)	1 177	2 831
e) leasing claims in the statement of financial position, including:	**39 517**	**57 713**
- long-term	19 789	35 264
- short-term	19 728	22 449

Note 12.5A

OTHER LONG-TERM ASSETS	31 December 2016	31 December 2015 restated
Long-term financial assets avaiable for sale	7 619	3 630
Long-term other receivables	25 358	38 522
Long-terms loans granted	8	117 186
Shares in related entities	104 339	295 482
Other long-term financial asstes	50 000	-
Total	**187 324**	**454 820**

in PLN thousands

Note 12.5B 31 December 2016

SHAREHOLDING IN SUBSIDIARIES

name of the company	headquarter	% of share capital	share in the total number of votes at the general meeting	balance sheet value of shares
HANSEN SICHERHEITSTECHNIK AG	GERMANY	100,00%	100,00%	70 040
PBSz1 sp. zo.o.	KATOWICE	100,00%	100,00%	12 245
ELGÓR+HANSEN sp. z o.o.	CHORZÓW	13,20%	13,20%	7 730
PBSZ INWESTYCJE sp. z o.o.	BYTOM	100,00%	100,00%	7 474
KOPEX-EX-COAL sp. z o.o.	KATOWICE	100,00%	100,00%	5 000
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS sp. z o.o.	BYTOM	100,00%	100,00%	1 732
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE Co Ltd	CHINA	100,00%	100,00%	61
KOPEX FINANCE & RESTRUCTURING sp. z o.o.	KATOWICE	100,00%	100,00%	55
KOPEX-PRZEDSIĘBIORSTWO BUDOWY SZYBÓW SA	BYTOM	0,01%	0,01%	2
KOPEX EKO sp. z o.o.	KATOWICE	100,00%	100,00%	-
KOPEX-WAMAG sp. z o.o. in bankruptcy	WAŁBRZYCH	100,00%	100,00%	-
KOPEX AUSTRALIA Pty Ltd under liquidation	AUSTRALIA	100,00%	100,00%	-
A.C.N. 001 891 729 Pty Ltd under liquidation (formerly: KOPEX WARATAH Pty Ltd)	AUSTRALIA	100,00%	100,00%	-
KOPEX-SIBIR sp. z o.o.	RUSSIA	100,00%	100,00%	-
	Total			**104 339**

in PLN thousands

Nota 12.5B 31 December 2015 restated

SHAREHOLDING IN SUBSIDIARIES

name of the company	headquarter	% of share capital	share in the total number of votes at the general meeting	balance sheet value of shares
HANSEN SICHERHEITSTECHNIK AG	GERMANY	100,00%	100,00%	156 300
KOPEX-FOUNDRY sp. z o.o.	STALOWA WOLA	100,00%	100,00%	40 050
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS sp. z o.o.	BYTOM	100,00%	100,00%	29 851
ELGÓR+HANSEN sp. z o.o.	CHORZÓW	13,20%	13,20%	28 637
KOPEX - PRZEDSIĘBIORSTWO BUDOWY SZYBÓW SA	BYTOM	94,99%	94,99%	12 242
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD	CHINA	50,00%	50,00%	7 568
KOPEX-EX-COAL sp. z o.o.	KATOWICE	100,00%	100,00%	5 000
KOPEX CONSTRUCTION sp. z o.o.	KATOWICE	100,00%	100,00%	4 632
MIILUX POLAND sp. z o.o.	TARNOWSKIE GÓRY	33,32%	33,32%	3 863
TIEFENBACH POLSKA sp. z o.o.	RADZIONKÓW	49,00%	49,00%	3 132
KOPEX MIN-LIV	SERBIA	89,74%	89,74%	2 579
KOPEX-WAMAG sp. z o.o.	WAŁBRZYCH	100,00%	100,00%	1 300
PT. KOPEX MINING CONTRACTORS	INDONESIA	60,00%	60,00%	261
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE Co Ltd	CHINA	100,00%	100,00%	61
KOPEX-SIBIR sp. z o.o.	RUSSIA	100,00%	100,00%	5
ANHUI LONG-PO	CHINA	20,00%	20,00%	1
KOPEX MIN	SERBIA	93,48%	93,48%	0
KOPEX EKO sp. z o.o.	KATOWICE	100,00%	100,00%	0
KOPEX AUSTRALIA Pty Ltd	AUSTRALIA	100,00%	100,00%	-
KOPEX WARATAH Pty Ltd	AUSTRALIA	100,00%	100,00%	-
	Total			**295 482**

Note 12.5C

WRITE-DOWNS OF SHAREHOLDING VALUE IN SUBSIDIARIES	**31 Dec 2016**	**31 Dec 2015 restated**
Balance at beginning of the period	70 935	9 764
Increase of write-downs	174 723	61 259
Utilization of write-downs	-15 465	-88
Reclassification to fixed assets held for sale	-45 488	-
Balance at end of the period	**184 705**	**70 935**

in PLN thousands

Note 12.6A

DEFERRED INCOME TAX	31 Dec 2016	31 Dec 2015 restated
To the tax authority in Poland		
Deferred income tax assets at the beginning of the period	113 848	81 322
Deferred income tax reserves at the beginning of the period	41 097	63 767
Surplus of deferred income tax assets at the beginning of the period	**73 408**	**20 253**
Surplus of deferred income tax reserves at the beginning of the period	**657**	**2 698**
Changes during the reporting period:		
Recognized in the profit and loss account	-72 835	54 406
Recognized in other total income	-171	-460
Purchase / sale of the organised part of the enterprise	-8	1 250
Deferred income tax assets at the end of the period	10 580	113 848
Deferred income tax reserves at the end of the period	10 843	41 097
Surplus of deferred income tax assets at the end of the period	-	**73 408**
Surplus of deferred income tax reserves at the end of the period	**263**	**657**

For the tax lossess in the amount of PLN 389 935 thousand a deferred tax asset was created, and then the asset was written off. For tax lossess in the amount of PLN 40 679 thousand no asset was created.

in PLN thousands

Note 12.6B 31 December 2016

THE DEFERRED INCOME TAX ASSETS AND RESERVE

Deferred income tax asset	As at 1 Jan 2016 restated	Recognition/Charges (-) to net profit due to change in the interim differencies and tax loss	Increase/Decrease (-) in other total income due to change in the interim differencies	Increase/Decrease (-) in other retained capital – profit – purchase of OPE due to change in the interim differencies	As at 31 Dec 2016
Tax losses	11 086	57 022	-	-	**68 108**
Impairment of assets	29 352	470	-	-	**29 822**
Depreciation differences	6 142	11 047	-	-	**17 189**
Accruals and reserves	11 327	-1 153	-645	-	**9 529**
Investment tax credit	8 790	112	-	-	**8 902**
Construction services contracts	11 115	-6 154	-	-	**4 961**
Exchange rate differencies	456	68	-	-	**524**
Interest	349	-53	-	-	**296**
Revaluation of assets and liabilities	506	-328	108	-	**286**
Unpaid liabilities	13 918	-13 654	-	-	**264**
Deductible temporary differencies in foreign branches	295	-94	-	-2	**199**
Correction invoices for previous years	7 983	-7 983	-	-	**-**
Other	12 529	3 916	-	-71	**16 374**
Write-off on deffered ta asset	-	-145 874	-	-	**-145 874**
Total	**113 848**	**-102 658**	**-537**	**-73**	**10 580**

in PLN thousands

Deferred income tax reserve	As at 1 Jan 2016 restated	Recognition/Charges (-) to net profit due to change in the interim differencies and tax loss	Increase/Decrease (-) in other total income due to change in the interim differencies	Increase/Decrease (-) in other retained capital – profit – purchase of OPE due to change in the interim differencies	As at 31 Dec 2016
Surplus of the evaluated revenues over the sum of recognized losses and progress billings	17 591	-8 536	-	-	**9 055**
Exchange rate differencies	1 321	-391	-	-	**930**
Taxable temporary differencies in foreign branches	952	-487	-	-3	**462**
Interest	2 128	-1 844	-	-	**284**
Penalties not to have been received	3 267	-3 130	-	-	**137**
Depreciation differences	15 706	-15 677	-	-	**29**
Other	132	242	-366	-62	**-54**
Total	**41 097**	**-29 823**	**-366**	**-65**	**10 843**

in PLN thousands

Note 12.6B 31 Dec 2015 restated

THE DEFERRED INCOME TAX ASSETS AND RESERVE

Deferred income tax asset	As at 1 Jan 2015	Recognition/Charges (-) to net profit due to change in the interim differencies and tax loss	Increase/Decrease (-) in other total income due to change in the interim differencies	Increase/Decrease (-) in other retained capital – profit – purchase of OPE due to change in the interim differencies	As at 31 Dec 2015
Impairment of assets	9 080	20 282	-	-10	**29 352**
Unpaid liabilities	4 441	9 477	-	-	**13 918**
Accruals and reserves	8 995	2 200	89	43	**11 327**
Construction services contracts	17 899	-6 784	-	-	**11 115**
Tax losses	8 676	2 410	-	-	**11 086**
Investment tax credit	18 680	-9 890	-	-	**8 790**
Correction invoices for previous years	-	7 983	-	-	**7 983**
Depreciation differences	6 692	-1 272	-	722	**6 142**
Revaluation of assets and liabilities	533	320	-347	-	**506**
Exchange rate differencies	1 122	-666	-	-	**456**
Interest	1 129	-780	-	-	**349**
Deductible temporary differencies in foreign branches	792	-497	-	-	**295**
Other	3 283	8 807	-	439	**12 529**
Total	**81 322**	**31 590**	**-258**	**1 194**	**113 848**

in PLN thousands

Deferred income tax reserve	As at 1 Jan 2015	Recognition/Charges (-) to net profit due to change in the interim differencies and tax loss	Increase/Decrease (-) in other total income due to change in the interim differencies	Increase/Decrease (-) in other retained capital – profit – purchase of OPE due to change in the interim differencies	As at 31 Dec 2015
Surplus of the evaluated revenues over the sum of recognized losses and progress billings	29 794	-12 203	-	-	**17 591**
Depreciation differences	16 099	-376	-	-17	**15 706**
Penalties not to have been received	6 720	-3 453	-	-	**3 267**
Interest	4 108	-1 980	-	-	**2 128**
Exchange rate differencies	2 780	-1 459	-	-	**1 321**
Taxable temporary differencies in foreign branches	3 490	-2 437	-	-101	**952**
Other	776	-908	202	62	**132**
Total	**63 767**	**-22 816**	**202**	**-56**	**41 097**

in PLN thousands

Note 12.7A

INVENTORIES	31 Dec 2016	31 Dec 2015 restated
materials	38 706	59 031
semi-finished products and work in progress	30 861	75 433
finished goods	3 126	10 802
goods	4 097	3 473
Inventories, total	**76 790**	**148 739**
inventory allowances	45 662	36 727
Gross inventories, total	**122 452**	**185 466**

Note 12.7B

CHANGE IN WRITE-DOWNS OF INVENTORIES	31 Dec 2016	31 Dec 2015 restated
Balance at the beginning of the period	36 727	12 439
increases recognized during the period in the profit and loss account	55 952	28 021
decreases recognized during the period in the profit and loss account	-15 014	-1 600
Utilization of write-down	-31 926	-2 165
purchase / sale of organized part of enterprise	-77	32
Balance at the end of the period	**45 662**	**36 727**

Note 12.8A

SHORT-TERM TRADE RECEIVABLES	31 Dec 2016	31 Dec 2015 restated
from related entities	33 667	140 862
from other entities	102 481	131 745
Net short-term trade receivables, total	**136 148**	**272 607**
impairment allowances	172 227	63 798
Gross short-term trade receivables, total	**308 375**	**336 405**

Note 12.8B

AGING OF TRADE RECEIVABLES ACCORDING TO MATURITY	31 Dec 2016	31 Dec 2015 restated
overdue	40 690	47 787
current:		
up to 1 month	39 788	28 413
1 - 3 months	39 038	59 598
3 - 6 months	14 073	73 936
6 - 12 months	833	38 251
over 12 months	1 726	17 754
from 3 to 5 years	-	6 868
Net short-term trade receivables, total	**136 148**	**272 607**

in PLN thousands

Note 12.8C

OVERDUE TRADE RECEIVABLES, NOT SUBJECT TO IMPAIRMENT - DIVIDED INTO RECEIVABLES DURING THE PERIOD:	31 Dec 2016	31 Dec 2015 restated
up to 1 month	10 889	14 648
1 - 3 months	8 264	13 825
3 - 6 months	3 978	10 569
6 - 12 months	12 653	1 912
over 12 months	4 906	6 833
Overdue trade receivables, total	**40 690**	**47 787**

Note 12.8D

OTHER RECEIVABLES	31 Dec 2016	31 Dec 2015 restated
Financial receivables:		
claimed at court		
from financial activities	56 197	11 843
from investment activities	6 832	15 797
deposits,bid securities	16 132	1 216
payable accounting notes	480	9 421
other	29	
Total financial receivables, including:	**79 670**	**38 277**
from related entities	50 185	10 841
from other entities	29 485	27 436
Non-financial receivables:		
advances for the supply of foods and services	83 161	6 146
advances for the supply of intangible assets		
advances for the supply of fixed assets		
advances for the supply of investment properties		
deferred charges	22 037	3 547
on account of taxes, duties, social security and others	25 896	11 329
conversion of a subsidiary's receivables		27 016
other	494	10 811
Total non-financial receivables, including:	**131 588**	**58 849**
from related entities	80 751	27 016
from other entities	50 837	31 833
Total net other receivables	**211 258**	**97 126**
impairment allowances	49 747	24 063
Total Gross other receivables	**261 005**	**121 189**

in PLN thousands

Note 12.8E

AGING OF OTHER FINANCIAL RECEIVABLES ACCORDING TO MATURITY	31 Dec 2016	31 Dec 2015 restated
overdue	576	1 240
current:		
up to 1 month	1 393	7 533
1 - 3 months	50 994	2 681
3 - 6 months	393	8 850
6 - 12 months	955	6 467
over 12 months	3 205	5 489
from 3 to 5 years	22 154	6 017
Total net financial receivables	**79 670**	**38 277**

Note 12.8F

CHANGE IN REVALUATION WRITE-DOWNS ON SHORT-TERM TARDE RECEIVABLES AND OTHER RECEIVABLES	31 Dec 2016	31 Dec 2015 restated
Balance at the beginning of the period	87 861	46 766
increases	153 423	46 692
decreases	-15 212	-2 633
utilization	-4 224	-3 124
acquisition of the subsidiary	126	160
Balance of revaluation write-downs on receivables at the end of the period	**221 974**	**87 861**

Note 12.9A	31 Dec 2016	31 Dec 2015 restated
LOANS GRANTED		
Gross loans granted, total	**232 072**	**298 334**
impairment allowances	216 382	109 918
Net loans granted, total	**15 690**	**188 416**

Note 12.9B

AGING OF LOANS GRANTED ACCORDING TO MATURITY	31 Dec 2016	31 Dec 2015 restated
overdue	8 001	-
current:		
up to 1 month	45	1 049
1 - 3 months	1	123
3 - 6 months	7 633	10 217
6 - 12 months	2	59 841
over 12 months	8	83 421
from 3 to 5 years	-	33 765
Total loans granted	**15 690**	**188 416**

in PLN thousands

Note 12.9C

CHANGE IN REVALUATION WRITE-DOWNS ON LOANS GRANTED	31 Dec 2016	31 Dec 2015 restated
Balance at the beginning of the period	109 918	7 259
increases	106 464	110 270
decreases	-	-
sale of organized part of enterprise	-	-7 611
Balance of revaluation write-downs on loans grantem at the beginning of the period	**216 382**	**109 918**

Note 12.10A

OTHER FINANCIAL ASSETS	31 Dec 2016	31 Dec 2015 restated
Financial assets – financial derivatives	**-**	1 964
which serve as cash-flow hedges, to which hedging accountancy is applied	-	1 961
- with maturity up to 12 months	-	1 961
- with maturity of more than 12 months	-	
which serve as cash-flow hedges, to which hedging accountancy is not applied with maturity up to 12 months	-	3
Financial assets at fair value through profit or loss	19	20
Short-term investment with maturity from 3 to 12 months	30 000	-
Other financial assets, total	**30 019**	**1 984**

Note 12.10B

OTHER FINANCIAL LIABILITIES	31 Dec 2016	31 Dec 2015 restated
Financial liabilities – financial derivatives		
a) which serve as cash-flow hedges, to which hedging accountancy is applied	14	1 135
- with maturity up to 12 months	14	848
- with maturity of more than 12 months	-	287
b) which serve as cash-flow hedges, to which hedging accountancy is not applied	1 230	372
- with maturity up to 12 months	871	368
- with maturity of more than 12 months	359	4
Other financial liabilities, total	**1 244**	**1 507**

in PLN thousands

Nota 12.10C

RESULT ON DERIVATIVES HEDGING CASH-FLOW RECOGNISED DIRECTLY IN EQUITY	31 Dec 2016	31 Dec 2015 restated
a) accumulated gain or loss achieved on financial instruments hedging future cash flows at the beginning of the reporting period	**2 496**	**-393**
b) the amount recognized in equity during the reporting period due to the effective hedging transactions concluded	-3 608	3 219
c) realized hedging transactions held in equity until the planned (hedged) transactions	-	141
d) amount transferred from equity to the income statement in the reporting period	-1 112	471
- open transactions		-607
- closed transactions	-1 112	1 078
e) accumulated gain or loss achieved on financial instruments hedging future cash flows at the end of the reporting period	**-**	**2 496**

Note 12.11

STRUCTURE OF CASH	31 Dec 2016	31 Dec 2015 restated
cash at banks	26 629	38 273
cash at hands	324	399
Cash, total	**26 953**	**38 672**

Note 12.12

NON-CURRENT ASSETS HELD FOR SALE	31 Dec 2016	31 Dec 2015 restated
shares in subsidiaries	12 147	-
shares in associates	1 771	-
properties	4 228	16 157
Non-current assets held for sale, total	**18 146**	**16 157**

	31 Dec 2016	31 Dec 2015 restated
Note 12.13		
SHARE CAPITAL (STRUCTURE)		
- type of shares	bearer shares	bearer shares
- type of share priviledges	non-preference	non-preference
- issue of series "A" shares (registration date)	3 Jan 1994	3 Jan 1994
- right to dividend (as from)	3 Jan 1994	3 Jan 1994
- number of shares	**1 989 270**	**1 989 270**
- nominal value per one share	**10**	**10**
- split date	1 Aug 2006	1 Aug 2006
- number of shares	**19 892 700**	**19 892 700**
- nominal value per one share	**1**	**1**
- issue of series "B" shares (registration date)	10 Aug 2007	10 Aug 2007
- right to dividend (as from)	10 Aug 2007	10 Aug 2007
- number of shares	**47 739 838**	**47 739 838**
- nominal value per one share	**1**	**1**
- issue of series "C" shares (registration date)	1 Dec 2009	1 Dec 2009
- right to dividend (as from)	1 Dec 2009	1 Dec 2009
- number of shares	**6 700 000**	**6 700 000**
- nominal value per one share	**1**	**1**
Total number of shares	**74 332 538**	**74 332 538**
Nominal value per one share	**1**	**1**
Share capital, total	**74 333**	**74 333**

The Management Board of KOPEX SA acting pursuant to the authorization granted by Resolution No. 1 of the Extraordinary General Meeting of Shareholders of KOPEX SA dated 11 December 2008 on the approval and determination of conditions for acquisition of own shares by the Company and the authorization granted to the Management Board by Resolution No. 2 of the Extraordinary General Meeting of KOPEX SA dated 11 December 2008 to acquire own shares pursuant to Art. 362 Par. 1 Item 8) of the Commercial Companies Code, proceeded to accomplishing the Programme of acquisition (repurchase) of own shares of KOPEX SA. Between 15 December 2008 (the date of commencement the Programme) and 5 February 2009, there were acquired 276,500 own shares of KOPEX SA in total, at average price of 10.75 PLN per 1 share. Own shares in the amount of 2,979 PLN thousand acquired by the Issuer constitute 0.4008% of the authorized share capital of KOPEX SA. These shares do not have voting rights and therefore profit per 1 share authorized to vote is shown in the Financial Statements.

Subsidiaries and affiliates are not in possession of shares of KOPEX SA.

in PLN thousands

Note 12.14

ISSUE OF SHARES ABOVENOMINAL VALUE	31 Dec 2016	31 Dec 2015 restated
issue of series B shares	269 566	907 178
issue of series C shares	147 764	147 764
Total	**417 330**	**1 054 942**

Note 12.15

REVALUATION RESERVE	31 Dec 2016	31 Dec 2015 restated
cash flow hedge	-	2 496
deferred tax on cash flow hedges	-	-474
Revaluation reserve, total	**-**	**2 022**

Note 12.16

RETAINED PROFITS / ACCUMULATED LOSSES	31 Dec 2016	31 Dec 2015 restated
reserve capital created in accordance with statutes	1 005 090	1 230 271
capital from the merger	-660 258	-
from revaluation of fixe assets	26 699	42 937
reserve capital	17 021	17 021
undivided profits from the previous years	61 868	-1 127 726
profit of the current period	-895 844	-348 927
actuarial (profits) losses	-604	-4 000
Retained profits / Accumulated losses, total	**-446 028**	**-190 424**

Note 12.17A

CREDITS NAD LOANS	31 Dec 2016	31 Dec 2015 restated
bank credits – Restructuring Agreement	361 876	433 806
special-purpose credits	-	64 360
working capital credits	-	20 000
bonds – related entities	26 271	-
bonds – other entities	158 951	-
Debt acquired under the Restructuring Agreement – related entities	27 340	-
loans from related parties	6 922	58 782
Total credits and loans, including:	**581 360**	**576 948**
long-term	574 438	**-**
short-term	6 922	576 948

Note 12.17B

AGING CREDITS AND LOANS ACCORDING TO MATURITY	31 Dec 2016	31 Dec 2015 restated
up to 1 month	6 922	518 166
6 - 12 months	-	58 782
over 12 months	62 386	-

from 3 to 5 years	512 052	-
Total credit and loans	**581 360**	**576 948**

in PLN thousands

Note 12.17C 31 Dec 2016

Name (company) of the lender/creditor and its legal form	Type of debt	Amount of credit / loan according to the agreement		Amount of credit / loan to be repaid		Conditions of interests	Maturity date	Hedging*
				Long-term part	Short-term part			
		PLN thou	credit's/loan's currency	PLN thou	PLN thou			
HSBC, ING, PKO BP, Invest 8, TDJ Equity IV – Restructuring Agreement	Tranche A - bonds	185 000	PLN	185 222	-	WIBOR 3M + margin	31 Mar 2022	pledge of bank account, mortgage on properties, registered pledge on material assets,
TDJ Equity IV - Restructuring Agreement	Tranche A	10 238	PLN	10 238	-	WIBOR 3M + margin	31 Mar 2022	pledge of bank account, mortgage on properties, registered pledge on material assets,
HSBC, ING, Pekao, PKO BP, Invest 8 - Restructuring Agreement	Tranche B - credit	250 000	PLN	250 000	-	WIBOR 3M + margin	31 Dec 2021	regitered and financial pledge on the shares and bonds of subsidiaries, registered pledge over assets, mortgage on properties, financial pledges on the claims from the bank accounts, guarantee
HSBC, ING, Pekao, PKO BP, Invest 8 - Restructuring Agreement	Tranche C - credit	184 574	PLN	128 978	-	WIBOR 3M + margin	31 Dec 2021	regitered and financial pledge on the shares and bonds of subsidiary, registered pledge over assets, mortgage on properties, financial pledges on the claims from the bank accounts, registered pledge on material assets, transfer of claims under agreement
Elgór+Hansen	loan	6 000	PLN	-	4 914	WIBOR 1M + margin	31 Jan 2017	blank promissory note
Elgór+Hansen	loan	450 / 1991	EUR/PLN	-	1 994	EURIBOR 1M + margin	31 Jan 2017	blank promissory note
KOPEX-PBSz	loan	6 041	PLN	-	14	WIBOR 1M + margin	31 Mar 2017	-
TOTAL		**643 844**		**574 438**	**6 922**			

On 31 March 2017 the Issuer has repaid debt under Tranche C. Due to the repayment of liabilities under tranche C, the Company has received certificates from financial creditors to release collateral established for the repayment of this tranche.

*Due to the signing of the Restructuring Agreement KOPEX SA has been granted guarantees by the companies belonging to the TDJ Group, as a part of hedging which are provided to financing banks. Guarantee of the company FAMUR SA, of which the Issuer informed on 2 Dec 2016 (current report RB104/2016), has expired due to the repayment of tranche C.

in PLN thousands

Note 12.17C. **31 Dec 2015 restated**

Name (company) of the lender/creditor and its legal form	Headquarters	Amount of credit / loan according to the agreement		Amount of credit / loan to be repaid		Conditions of interests	Maturity date	Hedging
				Long-term part	Short-term part			
		PLN thou	credit's/loan's currency	PLN thou	PLN thou			
PKO BP SA	Warszawa	274 000	PLN	-	233 940	WIBOR 1M + margin	29 Jul 2016	cumulative mortgage on properties of subsidiaries, registered pledge on shares, registered pledge on inventories of subsidiaries, assignment of contracts, power of attorney to bank accounts
		91 000		-	91 000			
PKO BP SA	Katowice	110 235	PLN	-	11 203	WIBOR 1M + margin	09 Jun 2016	assignment of contracts, guarantee, promissory note
PKO BP SA	Warszawa	6 800 / 19 411	AUD/PLN	-	2 157	1M LIBOR AUD + margin	30 Jun 2016	guarantee, registered pledge on inventories, assignment of policy
ING BSK SA	Katowice	96 900	PLN	-	72 605	WIBOR 1M + margin	20 Aug 2016	mortgage on properties, registered pledge on machinery of subsidiaries, power of attorney to bank accounts, assignment of contracts
BNP Paribas Bank Polska SA	Katowice	48 000	PLN	-	47 029	WIBOR 1M + margin	16 Dec 2016	blank promissory note, pledge on inventories, ceiling mortgage on property
PEKAO SA	Warszawa	85 000	PLN	-	33 274	WIBOR 1M + margin	23 Feb 2018	registered pledge on shares of subsidiary, power of attorney to bank accounts
HSBC SA	Katowice	30 000	PLN	-	26 957	WIBOR 1M + margin	15 Feb 2018	registered and financial pledge on shares of subsidiary, power of attorney to bank accounts
KOPEX-PBSZ	Bytom	50 000	PLN	-	43 738	WIBOR 1M + margin	31 Dec 2016	blank promissory note
Elgór+Hansen	Chorzów	15 045	PLN	-	15 045	WIBOR 1M + margin	30 Jun 2016	blank promissory note
TOTAL		**819 591**		**-**	**576 948**			

in PLN thousands

Note 12.18A

OTHER LIABILITIES	31 Dec 2016	31 Dec 2015 restated
Other financial liabilities:		
from dividend	491	491
from salaries	3 596	5 996
From investment activity	8 784	2 926
from financial activity	8 012	2 024
other	2 694	4 582
Total other financial liabilities	**23 577**	**16 019**
Other non-financial liabilities:		
received advances for deliveries	190 164	31 947
surplus of recognized losses and receivables due to performance of the agreement on valuation cumulatively increasing revenues	-	1 592
on account of taxes, duties, social security and others	5 788	10 422
other	766	-
Total other non-financial liabilities, including:	**196 718**	**43 961**
Total other liabilities, including:	**220 295**	**59 980**
long-term	95	41
short-term	220 200	59 939

Note 12.18B

AGING OF OTHER FINANCIAL LIABILITIES ACCORDING TO MATURITY	31 Dec 2016	31 Dec 2015 restated
up to 1 month	23 482	15 955
1 - 3 months	-	23
over 12 months	95	-
from 3 to 5 years	-	41
Net other financial liabilities, total	**23 577**	**16 019**

Note 12.19

LEASE LIABILITIES	31 Dec 2016	31 Dec 2015 restated
minimum lease payments, including:	21 642	58 244
- up to 1 year	9 607	22 837
- up to 5 years	12 035	35 407
future financial burden, including:	1 505	5 477
- up to 1 year	1 187	3 299
- up to 5 years	318	2 178
current value of minimum lease payments:	20 137	52 767
- up to 1 year	8 420	19 538
- up to 5 years	11 717	33 229
lease liabilities in the statement of financial position,	**20 137**	**52 767**
- long-term	11 717	33 229
- short-term	8 420	19 538

in PLN thousands

Note 12.20A

RESERVE FOR EMPLOYEE BENEFITS	31 Dec 2016	31 Dec 2015 restated
on account of retirement severance pay, disability and post-death benefits	5 446	9 341
for jubilee bonuses	4 700	6 988
on account unused employee leaves	2 389	3 747
for other employee benefits	2 370	440
Total reserve for employee benefits, including:	**14 905**	**20 516**
long-term	8 485	14 549
short-term	6 420	5 967

Note 12.20B

RECONCILIATION OF BALANCE LIABILITIES OF DEFINED BENEFIT	31 Dec 2016	31 Dec 2015 restated
The commitment of the defined benefit at the beginning of period	16 329	14 817
Cost of current employment	568	531
Interest cost	486	392
Actuarial (profits) and losses recognised in other comprehensive income	-3 396	467
Actuarial (profits) and losses recognised in profit and loss account	-1 860	765
Past service costs	15	-
Paid-out benefits	-1 579	-1 064
Purchase/sale of organised part of enterprise	-417	421
The commitment of the defined benefit at the end of period	**10 146**	**16 329**

Note 12.20C

VALUATION OF LIABILITIES OF DEFINED BENEFIT RECOGNIZED IN PROFIT AND LOSS	2016	2015 restated
Cost of current employment	-568	-531
Interest cost	-486	-392
Actuarial (profits) and losses recognised in profit and loss account	1 860	-765
Past service costs	-15	-
Impact on the income statement	**791**	**-1 688**

Note 12.20D

VALUATION OF LIABILITIES OF DEFINED BENEFIT RECOGNIZED IN OTHER TOTAL REVENUES	31 Dec 2016	31 Dec 2015 restated
The opening balance of other total income	-4 000	-3 533
Actuarial (profits) and losses recognised in other comprehensive income in the current period	3 396	-467
Closing balance of other total revenues	**-604**	**-4 000**

Note 12.20E

DIVISION OF ACTUARIAL PROFTS AND LOSSES	31 Dec 2016	31 Dec 2015 restated
Change in financial assumptions	-1 044	-717
Change in demographic assumptions	-353	-526
Other changes (experience adjustment)	-3 859	2 475
Total actuarial (profits) and losses	**-5 256**	**1 232**

in PLN thousands

Costs for employee benefits are included in operating activities.

Note 12.20F

ACTUARIAL VALUATION ASSUMPTIONS	31 Dec 2016	31 Dec 2015 restated
Discount rate	3,5%	3,0%
Expected rate of salary increase	od 0% do 2,5%	0,25%

Note 12.20G

SENSITIVITY ANALYSIS OF CHANGES IN VALUATION OF LIABILITIES OF DEFINED BENEFIT	31 Dec 2016	31 Dec 2015 restated
for revised discount rate by -1%	8 869	17 282
for revised discount rate by +1%	7 790	14 722
for revised planned increase in bases by -1%	8 186	15 212
for revised planned increase in bases by +1%	9 008	17 443

Note 12.21

OTHER RESERVES FOR LIABILITIES

	As at 1 Jan 2016	Reserve in profit and loss statement	Change in provision after updating of estimates recognized in profit and loss statement	Utilization of reserve	Loss of control/reclassification/Exchange rate differencies	**As at 31 Dec 2016**
Reserve for warranty repairs	13 360	3 633	-6 758	-	-20	**10 215**
Reserve for claims and court cases	501	36 681	-62	-30	-	**37 090**
Reserve for expected financial liabilities	24	5 194	-	-	-	**5 218**
Other reserves	5	115	-	-4	292	**408**
Total	**13 890**	**45 623**	**-6 820**	**-34**	**272**	**52 931**

Reserve for claims and court cases mainly relates to expected penalties for delays in contracts execution.

in PLN thousands

Note 12.22

ACCRUAL	31 Dec 2016	31 Dec 2015 restated
accrued expenses	8 510	49 496
donations	3 916	10 510
other	-	69
Total accrual, including:	**12 426**	**60 075**
long-term	380	1 537
short-term	12 046	58 538

Note 12.23

AGING TRADE LIABILITIES ACCORDING TO MATURITY	31 Dec 2016	31 Dec 2015 restated
overdue	6 322	31 453
current:		
up to 1 month	15 503	38 306
1 - 3 months	24 551	50 223
3 - 6 months	1 684	12 126
6 - 12 months	698	5 841
over 12 months	1 303	5 935
from 3 to 5 years	-	-
Trade liabilities, total	**50 061**	**143 884**

Note 12.24A
NET REVENUES FROM SALE OF PRODUCTS

	for the period	
	from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
domestic	**355 766**	**342 750**
- sale of products and services	274 893	324 742
- sale of foods and materials	80 873	18 008
abroad	**127 028**	**325 745**
- sale of products and services	62 892	252 063
- sale of foods and materials	64 136	73 682
Net revenues from sale, total	**482 794**	**668 495**

in PLN thousands

Nota 12.24B

CONSTRUCTION CONTRACTS

	for the period	
	from 1 Jan 2016 to 31 Dec 2016	**from 1 Jan 2015 to 31 Dec 2015 restated**
Revenues from contracts recognized as revenue in a specific period	33 422	267 654
Total amount of costs incurred and recognized profits (less recognized losses) to balance date	117 182	308 001
Amount of advances received	187 667	25 137
Amount of retentions	-	14 031
Gross amount due from customers for works performed under contract, as assets	70 610	114 887
Gross amount due from customers for works performed under contract, as liabilities	-	1 592

To determine the contract revenue recognised in the specific period has been used method according to which contract revenue is matched with the contract costs incurred in reaching the stage of completion.

To determine the stage of completion of contracts in progress has been used method of the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Note 12.25
COSTS BY TYPE

	for the period	
	from 1 Jan 2016 to 31 Dec 2016	**from 1 Jan 2015 to 31 Dec 2015 restated**
Depreciation	143 926	110 271
consumption of materials and energy	136 120	343 204
outside services	86 391	136 321
taxes and fees, including:	5 542	7 203
salaries	109 146	134 486
social security and other	23 973	29 432
other prime costs (on account of)	6 789	18 026
Costs by type, total	**511 887**	**778 943**
Change in inventories of products and accruals	11 252	-6 486
Manufacturing cost of products for internal purposes (negative value)	44 279	98 591
Selling costs (negative value)	17 022	34 702
Overhead costs (negative value)	44 966	44 762
Manufacture cost of products sold	**416 872**	**594 402**
Value of goods and materials sold	131 352	96 609
Cost of products, goods and materials sold	**548 224**	**691 011**

Note 12.26
OTHER REVENUES

	for the period	
	from 1 Jan 2016 to 31 Dec 2016	**from 1 Jan 2015 to 31 Dec 2015 restated**
Dividends	110 887	23 833
Compensation, penalties, court costs	2 117	2 706
Redeemed liabilities	1 869	20
Donations	1 189	1 194
Inventory surpluses	1 113	13
Other	1 256	1 526
Other revenues, Total	**118 431**	**29 292**

in PLN thousands

Note 12.27
OTHER COSTS

	for the period	
	from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
Write-downs on revaluation of financial assets	138 211	44 059
Reserves created	28 837	9 707
Restructuring costs – costs of advisors, reserves and payment of compensation to employee	28 036	-
Scrapping of tangible current assets	6 853	-
Costs of discontinued development and production	3 420	253
Penalties, court costs, damages	2 078	2 478
Inventory deficits	889	47
Receivables written off	315	13
Compensatory pensions	95	23
Other	857	715
Other costs, total	**209 591**	**57 295**

Note 12.28
OTHER PROFIT (LOSS)

	for the period	
	from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
Result on foreign exchange transactions (for which hedge accounting is not applied)	-226	852
Valuation of foreign currency transactions (for which hedge accounting is not applied)	368	-692
Exchange rate differences (except for credits and loans)	1 350	164
Result on sale of fixed assets	640	6 928
Result from sale of financial assets (shares, bonds)	-4 100	-20 520
Revaluation of investments (valuation of loans, long-term settlements, shares)	724	-444
Result on sale of the organized part of the enterprise	-4 102	-
Other	2	-54
Other profit and loss, total	**-5 344**	**-13 766**

Note 12.29

	for the period	
IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS (Creating (-), Realising (+))	from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
Impairment allowances on bonds and shares	-174 723	-61 259
Impairment allowances on fixed assets	-104 702	-37 523
Impairment allowances on development work	-70 604	-19 842
Impairment allowances on investment properties	-48 351	402
Write-downs on inventories	-40 938	-26 420
Impairment allowances for other intangible assets	-8 642	-
Total write-downs	**-447 960**	**-144 642**

An analysis of impairment of assets is included in Note 2.

in PLN thousands

Nota 12.30
FINANCIAL REVENUES

	for the period from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
Interest on loans granted	3 960	8 060
Interest on lease	1 842	1 563
Other interest	898	2 696
Exchange rate differences on credits and loans	278	-
Revenues on financial sureties and guarantees	117	1 883
Other	52	20
Financial revenues, total	**7 147**	**14 222**

Note 12.31
FINANCIAL COSTS

	for the period from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
Write downs of receivables from loans granted	106 464	110 270
Costs related to sureties and financial guarantees	19 805	1 715
Interests on credit and loans	10 180	8 046
Reserves on financial costs	7 759	-
Other interest	7 627	6 086
Exchange rate differences on credits and loans	2 614	1 889
Interests on lease	1 255	1 727
Currency transactions (result and valuation) securing the repayment of credits and loans	1 249	-
Other	463	184
Financial costs, total	**157 416**	**129 917**

Note 12.32
RECONCILIATION OF THE THEORETICAL TAX CALCULATED ON GROSS PROFIT AND THE STATUTORY TAX RATE TO THE INCOME TAX LIABILITY SHOWN IN PROFIT AND LOSS

	for the period from 1 Jan 2016 to 31 Dec 2016	from 1 Jan 2015 to 31 Dec 2015 restated
Profit (loss) before taxation	-822 151	-404 086
Tax calculated at the rate of 19%	-156 209	-76 776
Effect of application of tax rates applied in other countries	-152	-862
Non-taxable income	-26 173	-11 901
Expenses not deductible for tax purposes	101 155	27 781
Utilization of previously unrecognized tax losses	-	531
Impairment allowance for deferred tax assets	145 874	-
Tax losses for which deferred tax assets were not recognized	7 729	190
Adjustments with regards to tax from previous years	1 469	5 878
Income tax expense, including:	**73 693**	**-55 159**
current tax	858	-753
deferred tax	72 835	-54 406

in PLN thousands

13. Contingent liabilities, property and disputes

	As at 31 Dec 2016	*Increases (+) decreases (-)*	As at 31 Dec 2015 restated
Total contingent liabilities, including:	**61 687**	**-97 350**	**159 037**
1. to subsidiaries	-	-5 000	5 000
2. to other realted entities	-	-400	400
3. to other entities	**61 687**	**-91 950**	**153 637**
- for other companies	8 199	-11 009	19 208
- for other entities	637	-1 627	2 264
- other contingent liabilites	52 039	-80 126	132 165
- for companies intended for sale	812	812	-

Claims and disputes

KOPEX SA based in Katowice (formerly KOPEX SA and TAGOR SA) as at 13 April 2017 remains in the court dispute with FAMUR SA (formerly: Fabryka Zmechanizowanych Obudów Ścianowych Fazos SA based in Tarnowskie Góry and after Zakład Maszyn Górniczych GLINIK sp. z o.o.) regarding the payment of PLN 51,875,600.00. The claim was reduced to PLN 33,705,361.31 in the course of the trial (without waiving the claim). On 29 June 2016, the District Court in Katowice issued a judgment under which the court dismissed the claim in its entirety. The case is currently at the Court of Appeal in Katowice. According to the position of law firm representing KOPEX SA the probability of the claim being taken into account by the court is lower than the probability of its dismissal, due to the absence of contractual grounds for their formulation and the lack of adequate cause-and-effect relationship. Consequently, KOPEX SA basing on the provisions of IAS 37, assumed that there is no current obligation resulting from past events and no reserves have been created.

On 21 July 21 2016 the company AO Ugolnaja Kompania Siewiernyj Kuzbas (Russia) filed to the court with a counterclaim against OOO KOPEX Sibir for a reduction in the price of payment up to the amount of PLN 13,814 thousand. EUR due to the delivery of a longwall shearer incompatible with the contract and payment of compensation for lost profits in the amount of RUB 157,730 thousand (EUR 2,190 thousand) together with the letter of claim as a third party KOPEX Machinery SA (now KOPEX SA). OOO KOPEX Sibir (and KOPEX SA) does not recognize the counterclaim and demand of payment of the entire claim. On 1 April 1 2017 Kopex Sibir and AO Ugolnaja Kompania Siewiernyj Kuzbas has concluded a court settlement and an annex to the agreement between KOPEX Sibir and AO Ugolnaja Kompania Siewiernyj Kuzbas under which Siewierny Kuzbas paid KOPEX Sibir a sum of EUR 2.5 million under outstanding sales price and waived all claims against KOPEX Sibir and KOPEX SA. The remaining amount of the sale price will be paid in installments and is secured by a pledged on equipment provided with a possibility of further secure, while KOPEX Sibir is committed to reduce the sale price by 8% with the possibility of increasing the discount in the event of additional secure or repayment of the liabilities due to the schedule. As a result of the annex and settlement, the court case was finalized by a decision of the Kiemierowski District Court of Arbitration on 5 April 2017 (the judgment is not final).

in PLN thousands

14. Reporting by industry and geographic segments

Taking into consideration the regulations of IFRS 8 applicable since 1 Jan 2009, the Issuer's business was divided into operational segments reflecting the main lines of business, and the main segment was the mining sector. Within the mining segment, industry segments have been merged into similar groups of customers for the products and services offered. The basic criterion for the presentation of operating segments is the division resulting from the Issuer's internal management and reporting structure, including:

- mining,
- manufacture and sale of machinery and equipment for industry,
- coal sales,
- other activity.

The Issuer conducts activities aimed at the mining industry, consisting in the sale of machinery and equipment for underground and open-pit mining, the sale of machinery and equipment for industry, mining services, the sale of raw materials, as well as consulting services and brokering in this field in domestic and foreign trade.

For other activities, the Issuer carries out workshops, service, repair, freight forwarding services.

This activity is essentially not a mass activity, but it is a specific activity that depends on the individual needs of the clients.

The selection of operating segments was based primarily on credibility and comparability of information over time for different groups of goods and services of the Issuer as well as its organizational structure.

It should be note that not all segments meet the quantitative threshold of 10% or more of total external and internal revenue. The unit, deciding on their presentation, took into account their importance.

The body responsible for decision-making at the unit, assesses the performance of the individual operating segments basing on gross sales and operating results, as reflected in their presentation. The responsible body is the Management Board.

The Issuer operates in many geographical areas, therefore the management of the entity considered it necessary to supplement the presented sales revenue in particular geographic markets due to the complexity of the Issuer's territorial activity. The following tables provide information on operating segments in industry and geographic terms.

OPERATING SEGMENTS OF KOPEX SA BY INDUSTRY

	Mining		Manufacture and sale of machinery and equipment for industry		Coal sales		Other activity		Exclusions		**Total**	
	2016	2015*	2016	2015*	2016	2015*	2016	2015*	2016	2015*	2016	2015*
Segment revenues	**316 726**	**541 739**	**69 028**	**16 085**	**60 604**	**71 264**	**53 103**	**58 348**	**-16 667**	**-18 941**	**482 794**	**668 495**
Segments revenues from external customers	316 726	541 739	69 028	16 085	60 604	71 264	36 436	39 407	-	-	482 794	668 495
Inter-segment revenues	-	-	-	-	-	-	16 667	18 941	-16 667	-18 941	-	-
Segment result – gross sales result	**-75 391**	**-36 677**	**2 346**	**3 168**	**3 718**	**2 928**	**3 897**	**8 065**	**-**	**-**	**-65 430**	**-22 516**
Segment operating result - normalized	**-133 783**	**-98 940**	**-3 625**	**968**	**674**	**300**	**107 896**	**7 689**	**-**	**-**	**-28 838**	**-89 983**
Restructuring costs	11 502	-	-	-	-	-	16 534	-	-	-	28 036	
Created (-) released (+) reserves	-9 874	-9 757	-19 000	-	-	-	37	50	-	-	-28 837	-9 707
Write-downs (-) release (+) – on non-financial assets	-208 699	-129 923	-	-49	-	-	-239 261	-14 670	-	-	-447 960	-144 642
Write-downs (-) release (+) – – on financial assets	-114 254	-38 826	-	-4	-	-	-23 957	-5 229	-	-	-138 211	-44 059
Segment operating result	**-478 112**	**-277 446**	**-22 625**	**915**	**674**	**300**	**-171 819**	**-12 160**	**-**		**-671 882**	**-288 391**
Result on financial activity											-150 269	-115 695
Gross profit (loss)											**-822 151**	**-404 086**
Income tax											73 693	-55 159
Net profit (loss)											**-895 844**	**-348 927**

*restated

in PLN thousands

INFORMATION ON REVENUES IN GEOGRAPHIC DIVISION

	Mining		Manufacture and sale of machinery and equipment for industry		Coal sales		Other activity		**Total**	
	2016	2015 restated	2016	2015 restated	2016	2015 restated	2016	2015 restated	2016	2015 restated
POLAND	256 594	300 534	66 511	13 092	-	-	32 661	29 124	355 766	342 750
RUSSIA AND CIS	18 909	106 230	9	9	-	-	1 579	7 242	20 497	113 481
EUROPEAN UNION	33 018	26 925	2 428	2 923	60 604	71 264	1 882	653	97 932	101 765
OTHER	8 205	108 050	80	61	-	-	314	2 388	8 599	110 499
TOTAL	**316 726**	**541 739**	**69 028**	**16 085**	**60 604**	**71 264**	**36 436**	**39 407**	**482 794**	**668 495**

DOMESTIC	256 594	300 534	66 511	13 092	-	-	32 661	29 124	355 766	342 750
EXPORT	60 132	241 205	2 517	2 993	60 604	71 264	3 775	10 283	127 028	325 745
TOTAL	**316 726**	**541 739**	**69 028**	**16 085**	**60 604**	**71 264**	**36 436**	**39 407**	**482 794**	**668 495**

Information on major external clients, whose revenues exceed 10% or more of the Issuer's total revenues, ie PLN 48,279 thousand or more.

In 2016, the quantitative criterion identifying the master client was achieved with three contractors. Revenue from JSW SA in the amount of PLN 127,623 thou, have been implemented in the mining segment; there is no capital link between this client and KOPEX SA. Revenue from OKD A.S. in the amount of PLN 55,874 thou, have been implemented in the mining segment; there is no capital link between this client and KOPEX SA. Revenue from PGG SA in the amount of PLN 54,633 thou, have been implemented in the mining segment; there is no capital link between this client and KOPEX SA.

Revenue from E003B7 sp. z o.o. in the amount of PLN 56,709 thou, have been implemented in the mining segment; there is no capital link between this client and KOPEX SA. In the scope of this contractor, on 14 February 2017 entered into force an annex to the contract for the performance of the task for TAURON Manufacturing SA under which the leader of the consortium has been changed from KOPEX SA to Stal-Systems SA. In addition, KOPEX SA, the former leader of the consortium, has transferred the remaining (from the date of the entry into force of the Annex) scope of the agreement under to Stal-Systems SA, which has been a member of the consortium. Previous subcontractors of KOPEX SA under separate agreements will become subcontractors of Stal-Systems SA. Under the Annex, the Parties have made changes in further realization of the object of the Agreement and the manner of regulating the current and future resulting settlements.

The largest suppliers of the Issuer in 2016 in the foloowing segements: coal mining, sale of machinery and equipment for industry and coal sales are companies operating on the domestic market.

The share of one supplier exceeded 10% of KOPEX SA revenues from sales. in 2016. This contractor was the Company operating in the mining sales segment, whose sales accounted for 21.4%; the above mentioned supplier is a company related with KOPEX SA.

Non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets and rights under insurance contracts) are 100% owned by the Issuer in Poland.

15. Transactions with realted entities

As at 31 December 2016 entities realted with KOPEX SA where companies belonging to KOPEX Group, mentioned in Note 6, the ultimate parent company TDJ SA, as well as companies belonging to TDJ Group, for which TDJ SA is a dominant entity, ie.:

- TDJ EQUITY I sp. z o.o.
- Polska Grupa Odlewnicza SA
- PIOMA – ODLEWNIA sp. z o.o.
- ODLEWNIA ŻELIWA ŚREM SA
- KUŹNIA GLINIK sp. z o.o.
- Polska Grupa Odlewnicza SA S.K.A.
- Polska Grupa Odlewnicza SA S.K.A.
- ZAMET BUDOWA MASZYN SA
- ZAMET INDUSTRY SA
- Galantine sp. z o.o.
- Narzędzia i Urządzenia Wiertnicze GLINIK sp. z o.o.
- OOE sp. z o.o.
- OOE Invest sp. z o.o.
- PEMUG SA
- TDJ EQUITY II sp. z o.o.
- TDJ EQUITY III sp. z o.o.
- Fugo Zamet sp. z o.o.
- EQUITY III TDJ Finance sp. z o.o.S.K.A.
- TDJ Estate sp. z o.o.
- TDJ Finance sp. z o.o.
- INVEST TDJ Estate sp. z o.o. S.K.A.
- KTW sp. z o.o.
- INVEST 10 TDJ Estate sp. z o.o. S.K.A.
- INVEST 11 TDJ Finance sp. z o.o. S.K.A.
- Fugo – Odlew sp. z o.o.
- Franciszkańskie TDJ Estate sp. z o.o. S.K.A.
- TLK 4 TDJ Finance sp. z o.o. S.K.A.
- Centrum Techniki Górniczej „Glinik" OOO (Nowokuźnieck – Russia)
- Fabryka Maszyn J.S. Czernych SA (Kisielewsk – Russia)
- STADMAR sp. z o.o
- FPM SA
- K77 sp. z o.o.
- RM K77 sp. z o.o. S.K.A.
- Partner SA
- TDJ EQUITY IV sp. z o.o.
- TDJ EQUITY V sp. z o.o.
- Proinwest sp. z o.o.
- Centrum TDJ ESTATE sp. z o.o.
- TDJ Venture sp. z o.o.
- INVEST 8 TDJ ESTATE sp. z o.o. S.K.A.
- TDJ Venture Investments SCSp
- Origo sp. z o.o.
- FAMUR SA
- POLSKIE MASZYNY GÓRNICZE SA
- FAMUR FINANCE sp. z o.o. (formerly FAMUR FINANCE POLSKIE MASZYNY GÓRNICZE SPÓŁKA AKCYJNA S.K.A).
- Famur Institute sp. z o.o.
- DAMS GmbH
- OOO FAMUR RUSSIA
- Famur India Mining Solutions PVT LTD
- OOO FAMUR UKRAINE
- TOO FAMUR Kazakhstan
- FAMUR FAMAK SA
- FAMUR PEMUG sp. z o.o.
- Biuro Projektów i Realizacji Inwestycji SEPARATOR sp. z o.o.
- SKW Biuro Projektowo-Techniczne sp. z o.o.
- Fugo – Projekt sp. z o.o
- FAMUR INVEST sp. z o.o.
- FUGO SA

Dominant company TDJ SA together with its subsidiaries is a related company of KOPEX SA since 21 May 2016. Until 30 Nov 2016r. entities related to KOPEX SA were companies directly or indirectly owned by Mr. Krzysztof Jędrzejewski, including those with which transactions were concluded in 2016: Mostostal Zabrze SA, Mostostal Zabrze Konstrukcje Przemysłowe SA, Famago sp. z o.o. in bankruptcy, Fabryka Obrabiarek Rafamet SA, KW sp. z o.o. - Promack Spółka K.A., Autokopex sp. z o.o., Autokopex-Cars sp. z o.o, Mostostal-Zabrze Realizacje Przemysłowe SA.

The table below presents unsettled balances with related parties as at 31 December 2016.and revenues and expenses arising from related party transactions during the period of existence of the relationship.

in PLN thousands

OUTSTANDING BALANCES	Trade and other receivables (net)	Receivables on loans granted (net)	Write-offs for doubtful receivables recognized in the period	The amount of write-offs updating doubtful receivables	Trade liabilities and other liabilities	Liabilities due to loans received, debts taken over, bond issues
As at 31 Dec 2016						
subsidiaries	53 562	7 642	136 511	213 659	17 116	6 921
associated entities	-	-	-	-	-	-
other related entities	95 715	-	-	-	2 433	53 611
ultimate parent company	-	-	-	-	122	-
As at 31 Dec 2015 - restated						
subsidiaries	174 530	70 090	-	-	41 251	58 782
associated entities	4 124	1 935	-	-	10 176	-
other related entities	8 413	99 444	38 607	39 286	638	-

TRANSACTIONS ENTERED INTO IN THE PERIOD	Revenue from sale of finished goods, services and materials	Other revenues (including dividens)	Financial revenues	Purchases of goods and services	Purchase of fixed assets and intangible assets	Financial costs
In 2016						
subsidiaries	41 166	110 821	2 199	28 077	-	1 911
associated entities	2 649	-	-	1 839	-	417
other related entities	17 462	71	3 947	12 861	450	179
ultimate parent company	-	-	-	10 851	-	10
In 2015 - restated						
subsidiaries	127 536	24 293	5 558	92 656	-	1 788
associated entities	2 368	1 904	50	22 398	-	26
other related entities	1 064	116	4 444	22 430	2 861	-

All the transactions with the related parties are concluded at an arm’s length.

in PLN thousands

16. Information about import ant event referring to previous years, presented in the financial statement for the current period

No significant events concerning previous years occurred in the Company.

17. Information on significant events that occurred after the balance-sheet date and were not included in the financial statement

Until the date of approval of the consolidated financial statements for publication, ie until 28 April 2017, there were no significant events requiring disclosure other than those described in note 2 and note 12.17.

18. Information on the total net values of remunerations and bonuses paid or payable for managing and supervising persons the issuer in the issuer's company and information on the total net values of remunerations and bonuses received for performing functions in subsidiary, jointly controlled and associated entities, for the appointment period in 2016

MANAGEMENT BOARD		
Name and Surname		PLN thou
BARTOSZ	BIELAK	15
BOGUSŁAW	BOBROWSKI	609
PIOTR	BRONCEL	274
HENRYK	JURCZYK	183
ANDRZEJ	MEDER	106
MAGDALENA	NAWŁOKA	273
DARIUSZ	PIETYSZUK	291
MICHAŁ	ROGATKO	2
MAREK	USZKO	537
JOANNA	WĘGRZYN	104
JÓZEF	WOLSKI	131
KRZYSZTOF	ZAWADZKI	412
TOTAL REMUNERATIONS		**2 937**

SUPERVIOSRY BOARD		
Name and Surname		PLN thou
BARTOSZ	BIELAK	17
BOGUSŁAW	BOBROWSKI	2
JÓZEF	DUBIŃSKI	20
KRZYSZTOF	JĘDRZEJEWSKI	237
CZESŁAW	KISIEL	17
DANIEL	LEWCZUK	52
MICHAŁ	ROGATKO	112
JANUSZ	STRZĘPKA	19
TOTAL REMUNERATIONS		**476**

With one of the current managing persons has been concluded a non-competition agreement.

The Management Board's remuneration for 2015 amounted to PLN 2 215 thousand, the remuneration of the Supervisory Board for 2015 amounted to PLN 707 thousand.

19. Statement of the Management Board of KOPEX SA

The annual financial statements and comparative data have been prepared in accordance with applicable accounting principles and give a true and fair view of the financial position and results of operations of the company KOPEX SA.

The annual report gives a true picture of development and achievements and situation of the Company, including a description of the main risks and threats.

The entity authorized to audit financial statements, auditing the annual financial statements was selected in accordance with the law.
The entity and the certified auditor performing the audit met the conditions to issue an impartial and independent audit report in accordance with the relevant provisions of national law.

VicePresident of the Management Board	President of the Management Board
Bartosz Bielak	Beata Zawiszowska

Person responsible for maintaining the accounting books:

Head of Accounting and Taxes Office

Alina Mazurczyk

Katowice, 28 April 2017