



**ABBREVIATED MID-YEAR  
CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
01 JANUARY 2013 TO 31 DECEMBER 2013**

DRAWN UP IN PURSUANCE OF THE INTERNATIONAL  
FINANCIAL REPORTING STANDARDS (IFRS)

KATOWICE, FEBRUARY 2014

TABLE OF CONTENTS

|   | PAGE |
|---|------|
| Consolidated statement of financial position of KOPEX S.A. Capital Group .....  | 3    |
| Consolidated profit and loss account of KOPEX S.A. Capital Group .....  | 4    |
| Total income statement of KOPEX S.A. Capital Group .....  | 5    |
| Consolidated changes in equity statement of KOPEX S.A. Capital Group .....  | 6    |
| Consolidated Statement of cash flow of KOPEX S.A. Capital Group .....   | 7    |
| Statement of financial position of KOPEX S.A .....  | 8    |
| Profit and loss account of KOPEX S.A. ....  | 9    |
| Total income statement of KOPEX S.A. ....   | 10   |
| Changes in equity statement of KOPEX S.A. ....  | 11   |
| Statement of cash flow of KOPEX S.A. ....   | 12   |
| <b>SUPPLEMENTARY INFORMATION TO ABBREVIATED MID-YEAR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD 01 JANUARY 2013 TO 31 DECEMBER 2013 INCLUDING:</b> .....   | 13   |
| 1. General information .....  | 13   |
| 2. Description of more important accounting principles .....  | 14   |
| 3. Changes in contingent liabilities .....  | 23   |
| 4. Information for translation of selected financial figures .....  | 24   |
| 5. Information on change in reserves .....  | 24   |
| 6. Information on change in write-downs on assets affecting financial result .....  | 25   |
| 7. Acquisitions and disposals of tangible fixed assets .....  | 25   |
| 8. Transactions with related parties at the Capital Group .....   | 26   |
| 9. Transactions with related parties at the Issuer .....  | 27   |
| 10. Fair value .....  | 28   |
| 11. General information on the Issuer – the dominant entity .....   | 29   |
| 12. The subject and scope of operation of the Capital Group .....   | 29   |
| 13. The Capital Group. Information on changes in organizational or equity relations of the Issuer and Group entities .....  | 36   |
| 14. Changes in the entity structure including mergers of economic entities, acquisition or sale of group entities, long-term investments, dividing the company, restructuring and discontinuing the operation.....  | 37   |
| 15. Indication of shareholders who own directly or indirectly by the subsidiaries at least 5% of the total votes at the annual general meeting of the Issuer at the day of transmission of the quarterly report. Indication of changes in ownership structure of significant blocks of shares of the Issuer in the period from the transmission of the previous quarterly report..... | 40   |
| 16. The list of the Issuer's shares or rights to them owned by the Managers and Supervisors of the Issuer for the day of transmission of the quarterly report with the indication of changes in the ownership in the period from the transmission of the previous quarterly report.....   | 41   |
| 17. Information which the Issuer considers significant for its and its subsidiaries assessment .....  | 42   |
| 18. Brief description of significant achievements and failures of the Issuer in the period covered by the report together with the list of most important related events .....  | 50   |
| 19. Description of factors and events, in particular of unusual character, which have significant impact on achieved financial results.....   | 51   |
| 20. Explanations concerning seasonality and cyclicity of the Issuer's operation in the reported period .....  | 53   |
| 21. Information regarding the issue, repurchase and payment of non-equity and equity securities of the Issuer .....   | 53   |
| 22. Information on paid (or declared) dividend, total and per share, divided into ordinary and preference shares .....  | 53   |
| 23. Indication of events that occurred after the date on which the quarterly condensed financial statement was drawn up, not included in this report, and could have significant impact on future financial results of the Issuer.....  | 53   |
| 24. The Management Board position regarding the feasibility of financial forecasts for the year in the view of the results presented in the quarterly report in relation to the forecasted results .....  | 53   |
| 25. Indication of the proceedings pending before the court, competent to arbitration or public administration authority .....   | 54   |
| 26. List of information on significant transactions entered into by the Issuer or its subsidiary with related parties in other than market conditions, including their amounts and information describing the nature of these transactions .....  | 54   |
| 27. Information on awarding a credit or loan guarantee by the Issuer or its subsidiary or awarding guarantee – in total to one entity or subsidiary if the total value of guarantees or warranties represents at least 10% of Issuer's equity.....  | 54   |
| 28. Indication of factors which the Issuer considers as possible to have impact in the achieved results in the perspective of at least next quarter .....   | 55   |

**Consolidated Statement of Financial Position of KOPEX S.A. Capital Group  
in thousand zlotys**

|  | 31.12.2013        | 31.12.2012<br>*transformed | 31.12.2011<br>*transformed |
|--|-------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                      |                   |                            |                            |
| <b>Fixed assets</b>                                | <b>2 334 226</b>  | <b>2 333 931</b>           | <b>2 337 559</b>           |
| Intangible assets                                  | 153 124           | 91 471                     | 99 714                     |
| Goodwill of the subordinated entities              | 1 248 064         | 1 246 888                  | 1 254 713                  |
| Tangible assets                                    | 746 746           | 764 662                    | 749 853                    |
| Investment real estate                             | 26 062            | 29 383                     | 29 177                     |
| Investment accounted for by equity method          | 54 646            | 55 132                     | 59 645                     |
| Long-term lease receivables                        | 36 014            | 91 592                     | 83 361                     |
| Other long-term financial assets                   | 12 789            | 15 317                     | 19 646                     |
| Deferred income tax                                | 56 781            | 39 486                     | 41 450                     |
| <b>Current assets</b>                              | <b>1 133 741</b>  | <b>1 389 497</b>           | <b>1 387 899</b>           |
| Inventories  | 299 018           | 409 214                    | 416 595                    |
| Short-term receivables from supplies and services  | 374 388           | 534 516                    | 476 290                    |
| Short-term other receivables                       | 78 719            | 103 710                    | 118 357                    |
| Short-term lease receivables                       | 55 492            | 73 175                     | 61 401                     |
| Short-term loans granted                           | 45 310            | 74 141                     | 58 013                     |
| Current income tax receivables                     | 3 892             | 4 822                      | 1 673                      |
| Derivative financial instruments                   | 9 812             | 12 167                     | 1 655                      |
| Financial assets at fair value through profit loss | 90                | 1 548                      | 510                        |
| Construction services agreement assets             | 176 209           | 94 621                     | 116 944                    |
| Cash and its equivalent                            | 90 811            | 81 583                     | 136 461                    |
| <b>Fixed assets available for sale</b>             | <b>1</b>          | <b>12 890</b>              | <b>1</b>                   |
| <b>Total assets</b>                                | <b>3 467 968</b>  | <b>3 736 318</b>           | <b>3 725 459</b>           |
| <b>LIABILITIES AND EQUITY CAPITAL</b>              |                   |                            |                            |
| <b>Equity</b>                                      | <b>2 528 438</b>  | <b>2 488 217</b>           | <b>2 477 473</b>           |
| Share capital                                      | 74 333            | 74 333                     | 74 333                     |
| Own shares   | -2 979            | -2 979                     | -2 979                     |
| Share issue above nominal value                    | 1 054 942         | 1 054 942                  | 1 054 942                  |
| Revaluation reserve                                | 5 019             | 5 944                      | 664                        |
| Exchange rate differences from translation         | 9 508             | 19 712                     | 36 708                     |
| Retained profit                                    | 1 381 497         | 1 330 741                  | 1 283 017                  |
| Minority shareholders capital                      | 6 118             | 5 524                      | 30 788                     |
| <b>Long-term liabilities</b>                       | <b>117 039</b>    | <b>241 636</b>             | <b>237 684</b>             |
| Long-term credits and loans                        | 43 824            | 148 063                    | 129 997                    |
| Long-term other liabilities                        | 3 545             | 6 486                      | 12 120                     |
| Long-term lease liabilities                        | 44 967            | 65 300                     | 69 397                     |
| Deferred income tax reserve                        | 6 443             | 1 054                      | 3 708                      |
| Long-term reserve for post employment benefits     | 14 108            | 14 679                     | 14 776                     |
| Other long-term reserves for liabilities           | 205               | 1 588                      | 5 104                      |
| Long-term accruals                                 | 3 947             | 4 466                      | 2 582                      |
| <b>Short-term liabilities</b>                      | <b>822 491</b>    | <b>1 006 465</b>           | <b>1 010 302</b>           |
| Short-term credits and loans                       | 364 352           | 570 763                    | 521 669                    |
| Supplies and services short-term liabilities       | 219 921           | 212 616                    | 278 545                    |
| Short-term other liabilities                       | 143 332           | 134 006                    | 123 211                    |
| Short-term lease liabilities                       | 32 931            | 31 602                     | 22 143                     |
| Current income tax liabilities                     | 9 092             | 2 050                      | 2 836                      |
| Derivative financial instruments                   | 151               | 895                        | 6 931                      |
| Short-term reserve for employee benefits           | 11 548            | 9 370                      | 8 294                      |
| Other short-term reserves for liabilities          | 14 410            | 19 229                     | 13 712                     |
| Short-term prepayments                             | 26 754            | 25 934                     | 32 961                     |
| <b>Liabilities and equity, total</b>               | <b>3 467 968</b>  | <b>3 736 318</b>           | <b>3 725 459</b>           |
| <b>Book value</b>                                  | <b>2 528 438</b>  | <b>2 488 217</b>           | <b>2 477 473</b>           |
| <b>Number of shares</b>                            | <b>74 056 038</b> | <b>74 056 038</b>          | <b>74 056 038</b>          |
| <b>Book value per share (BVPS) in [PLN]</b>        | <b>34,14</b>      | <b>33,60</b>               | <b>33,45</b>               |

\* detailed information on conversion of comparative figures are included in the Note 2.2 - Changes to IAS 19 „Employee benefits “.and in the Note 2.3 - Changes in presentation

**Consolidated profit and loss account of KOPEX S.A. Capital Group  
in thousand zlotys**

|   | 01.10.2013<br>to 31.12.2013 | 01.01.2013<br>to 31.12.2013 | 01.10.2012<br>to 31.12.2012<br>*transformed | 01.01.2012<br>to 31.12.2012<br>*transformed |
|---|-----------------------------|-----------------------------|---|---|
| <b>CONTINUED OPERATIONS</b>   |                             |                             |   |   |
| <b>Net income from sale of products, goods and materials, incl:</b>                       | <b>420 470</b>              | <b>1 395 101</b>            | <b>441 196</b>                              | <b>1 682 547</b>                            |
| Net income from sale of products  | 395 599                     | 1 305 039                   | 418 480                                     | 1 573 891                                   |
| Net income from sale of goods and materials   | 24 871                      | 90 062                      | 22 716                                      | 108 656                                     |
| <b>Costs of products, goods and materials sold, incl:</b>                                 | <b>344 467</b>              | <b>1 155 103</b>            | <b>350 477</b>                              | <b>1 322 974</b>                            |
| Manufacture costs of products sold  | 321 025                     | 1 093 464                   | 335 246                                     | 1 218 339                                   |
| Value of goods and materials sold   | 23 442                      | 61 639                      | 15 231                                      | 104 635                                     |
| <b>Gross profit on sales</b>  | <b>76 003</b>               | <b>239 998</b>              | <b>90 719</b>                               | <b>359 573</b>                              |
| <b>Other income</b>   | <b>975</b>                  | <b>16 768</b>               | <b>-6 997</b>                               | <b>11 189</b>                               |
| <b>Selling costs</b>  | <b>11 511</b>               | <b>38 814</b>               | <b>18 648</b>                               | <b>47 757</b>                               |
| <b>Overheads</b>  | <b>27 291</b>               | <b>121 646</b>              | <b>28 225</b>                               | <b>115 280</b>                              |
| <b>Other costs</b>  | <b>2 602</b>                | <b>8 509</b>                | <b>31 521</b>                               | <b>91 149</b>                               |
| <b>Other profit (loss)</b>  | <b>-4 935</b>               | <b>3 440</b>                | <b>131</b>                                  | <b>-9 702</b>                               |
| <b>Operating profit</b>   | <b>30 639</b>               | <b>91 237</b>               | <b>5 459</b>                                | <b>106 874</b>                              |
| <b>Financial revenues, incl:</b>  | <b>2 861</b>                | <b>18 027</b>               | <b>4 929</b>                                | <b>22 982</b>                               |
| Interest  | 2 524                       | 16 394                      | 6 583                                       | 22 697                                      |
| Other   | 337                         | 1 633                       | -1 654                                      | 285   |
| <b>Finance costs, incl:</b>   | <b>8 106</b>                | <b>38 460</b>               | <b>15 857</b>                               | <b>72 326</b>                               |
| Interest  | 6 612                       | 34 657                      | 32 151                                      | 69 279                                      |
| Other   | 1 494                       | 3 803                       | -16 294                                     | 3 047                                       |
| <b>Loss of control over a subsidiary</b>  |                             |                             | <b>-187</b>                                 | <b>-209</b>                                 |
| <b>Share in profit (loss) of the subordinated entities evaluated by the equity method</b> | <b>2 329</b>                | <b>9 733</b>                | <b>4 078</b>                                | <b>16 863</b>                               |
| <b>Gross profit</b>   | <b>27 723</b>               | <b>80 537</b>               | <b>-1 578</b>                               | <b>74 184</b>                               |
| <b>Income tax, including</b>  | <b>857</b>                  | <b>11 827</b>               | <b>-2 385</b>                               | <b>20 544</b>                               |
| current   | 3 809                       | 26 119                      | 2 233                                       | 26 529                                      |
| deferred  | -2 952                      | -14 292                     | -4 618                                      | -5 985                                      |
| <b>Consolidated net profit from continued operations</b>                                  | <b>26 866</b>               | <b>68 710</b>               | <b>807</b>                                  | <b>53 640</b>                               |
| <b>Consolidated net profit from discontinued operations</b>                               | <b>-247</b>                 | <b>283</b>                  | <b>132</b>                                  | <b>1 221</b>                                |
| <b>Total consolidated net profit</b>  | <b>26 619</b>               | <b>68 993</b>               | <b>939</b>                                  | <b>54 861</b>                               |
| <b>Net profit attributable to minority shareholders</b>                                   | <b>143</b>                  | <b>1 160</b>                | <b>280</b>                                  | <b>2 640</b>                                |
| <b>Net profit attributable to the controlling company shareholders, including:</b>        | <b>26 476</b>               | <b>67 833</b>               | <b>659</b>                                  | <b>52 221</b>                               |
| -from continued operations  | 26 723                      | 67 550                      | 527   | 51 000                                      |
| -from discontinued operations   | -247                        | 283                         | 132   | 1 221                                       |
| <b>Weighted average number of common shares</b>   | <b>74 056 038</b>           | <b>74 056 038</b>           | <b>74 056 038</b>                           | <b>74 056 038</b>                           |
| <b>Profit per one common share (in polish zlotys)</b>                                     | <b>0,36</b>                 | <b>0,92</b>                 | <b>0,01</b>                                 | <b>0,71</b>                                 |

\* \*detailed information on conversion of comparative figures are included in the Note 2.2 - changes to ISF 19 „Employee benefits “ and in the Note 2.3 - Changes in presentation

**Total Income Statement of KOPEX S.A. Capital Group  
in thousand zlotys**

|   | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|---|-----------------------------|-----------------------------|
| <b>Consolidated net profit</b>  | <b>68 993</b>               | <b>54 861</b>               |
| <b>Other total incomes (loss) which will not be transferred to the result</b> | <b>-105</b>                 | <b>-1 607</b>               |
| Actuarial loss from defined benefit program                                   | 141                         | -1 971                      |
| Income tax from actuarial losses  | -26                         | 369                         |
| Grants from social funds  | -158                        | -                           |
| Other income  | -62                         | -5                          |
| <b>Other total incomes (loss) which will can be transferred to the result</b> | <b>-11 356</b>              | <b>-11 686</b>              |
| Exchange rates differences  | -10 359                     | -17 035                     |
| Cash flow hedging   | -997                        | 5 519                       |
| Financial assets available for sale   | -                           | -170                        |
| <b>All other total income (loss) after taxation</b>                           | <b>-11 461</b>              | <b>-13 293</b>              |
| <b>Total income</b>   | <b><u>57 532</u></b>        | <b><u>41 568</u></b>        |
| attributable to minority shareholders   | 938                         | 4 918                       |
| attributable to KOPEX S.A. shareholders                                       | 56 594                      | 36 650                      |

**Consolidated Changes in Equity Statement of KOPEX S.A. Capital Group in thousand zlotys**

|  | Share capital | Own shares | Issue of shares above nominal value | Revaluation reserve |                                     |                     | Exchange rate differences from translation | Retained earnings | Total     | Equity attributable to minority shareholders | Total equity |
|--|---------------|------------|-------------------------------------|---------------------|-------------------------------------|---------------------|--|-------------------|-----------|--|--------------|
|  |               |            |                                     | Hedging instruments | Financial assets available for sale | Deferred income tax |  |                   |           |  |              |
| <b>Balance as at 01.01.2012 in accordance with approved financial statements</b> | 74 333        | -2 979     | 1 054 942                           | 819                 | -1                                  | -154                | 36 708                                     | 1 283 512         | 2 447 180 | 30 808                                       | 2 477 988    |
| Transformations (Note 2.2 and 2.3)   | -             | -          | -                                   | -                   | -                                   | -                   | -  | -495              | -495      | -20  | -515         |
| <b>Balance as at 01.01.2012 after transforming</b>                               | 74 333        | -2 979     | 1 054 942                           | 819                 | -1                                  | -154                | 36 708                                     | 1 283 017         | 2 446 685 | 30 788                                       | 2 477 473    |
| Total income   | -             | -          | -                                   | 6 731               | -175                                | -1 276              | -16 978                                    | 48 348            | 36 650    | 4 918  | 41 568       |
| Dividend   | -             | -          | -                                   | -                   | -                                   | -                   | -  | -                 | -         | -595   | -595         |
| Acquisition/increase or decrease of control                                      | -             | -          | -                                   | -                   | -                                   | -                   | -18  | -624              | -642      | -29 436                                      | -30 078      |
| Loss of control  | -             | -          | -                                   | -                   | -                                   | -                   | -  | -                 | -         | -151   | -151         |
| <b>Balance as at 31.12.2012</b>  | 74 333        | -2 979     | 1 054 942                           | 7 550               | -176                                | -1 430              | 19 712                                     | 1 330 741         | 2 482 693 | 5 524  | 2 488 217    |
| <b>Balance as at 01.01.2013 in accordance with approved financial statements</b> | 74 333        | -2 979     | 1 054 942                           | 7 550               | -176                                | -1 430              | 19 712                                     | 1 333 876         | 2 485 828 | 5 636  | 2 491 464    |
| Transformations (Note 2.2 and 2.3)   | -             | -          | -                                   | -                   | -                                   | -                   | -  | -3 135            | -3 135    | -112   | -3 247       |
| <b>Balance as at 01.01.2013 after transforming</b>                               | 74 333        | -2 979     | 1 054 942                           | 7 550               | -176                                | -1 430              | 19 712                                     | 1 330 741         | 2 482 693 | 5 524  | 2 488 217    |
| Total income   | -             | -          | -                                   | -1 140              | -                                   | 215                 | -10 208                                    | 67 727            | 56 594    | 938  | 57 532       |
| Dividend   | -             | -          | -                                   | -                   | -                                   | -                   | -  | -3 702            | -3 702    | -30  | -3 732       |
| Acquisition/increase or decrease of control                                      | -             | -          | -                                   | -                   | -                                   | -                   | 4  | -13 269           | -13 265   | -314   | -13 579      |
| <b>Balance as at 31.12.2013</b>  | 74 333        | -2 979     | 1 054 942                           | 6 410               | -176                                | -1 215              | 9 508                                      | 1 381 497         | 2 522 320 | 6 118  | 2 528 438    |

**Consolidated Statement of Cash Flow of KOPEX S.A. Capital Group  
in thousand zlotys**

|  | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|--|-----------------------------|-----------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITY</b>                                       |                             |                             |
| <b>Gross profit (loss)</b>   | <b>80 887</b>               | <b>75 692</b>               |
| <b>Corrections by</b>  |                             |                             |
| Depreciation   | 144 383                     | 126 916                     |
| Share in net (profit) loss of the subsidiaries evaluated by the equity method  | -9 733                      | -16 863                     |
| (Profit) loss from exchanges rates differences                                 | -3 632                      | -4 945                      |
| Interest and share in profits (dividends)                                      | 17 875                      | 37 280                      |
| (Profit) loss from investment activity   | -14 139                     | 3 094                       |
| Change in reserves   | -4 290                      | 1 008                       |
| Change in inventories  | 113 611                     | 7 381                       |
| Change in receivables from supplies, services, and other receivables           | 245 541                     | -62 702                     |
| Change in short-term liabilities from supplies, services and other receivables | 55 155                      | -60 206                     |
| Change in accruals   | -4 256                      | -9 306                      |
| Change in assets value from construction service agreements                    | -81 588                     | 22 323                      |
| Income tax paid  | -18 147                     | -26 360                     |
| Write downs on asset value and intangible assets                               | -17 487                     | 20 670                      |
| Foreign currency transactions  | 1 469                       | -9 836                      |
| Other corrections  | 46                          | 4 313                       |
| <b>Net cash flow from operating activity</b>                                   | <b>505 695</b>              | <b>108 459</b>              |
| <b>CASH FLOW FROM INVESTMENT ACTIVITY</b>                                      |                             |                             |
| Sale of intangible and tangible fixed assets                                   | 32 441                      | 14 709                      |
| Sale of financial assets   | 17 683                      | 9 733                       |
| Dividends and share in profits received  | -                           | 28 370                      |
| Repayment of loans   | 45 784                      | 130 356                     |
| Interest received  | 3 259                       | 8 476                       |
| Grants received  | 4 683                       | 4 163                       |
| Other revenues   | -                           | 1 710                       |
| Acquisition of intangible and tangible fixed assets*                           | -193 412                    | -163 109                    |
| Acquisition of financial assets  | -                           | -                           |
| Loans granted  | -16 644                     | -156 669                    |
| <b>Net cash flow from investment activity</b>                                  | <b>-106 206</b>             | <b>-122 261</b>             |
| <b>CASH FLOW FROM FINANCIAL ACTIVITY</b>                                       |                             |                             |
| Credits and loans  | 89 538                      | 300 207                     |
| Other financial receipts   | -                           | -                           |
| Dividends and other payment for owners   | -4 347                      | -594                        |
| Repayment of credits and loans   | -401 820                    | -232 561                    |
| Payment of liabilities from financial lease agreements                         | -33 480                     | -37 172                     |
| Interest paid  | -28 208                     | -45 653                     |
| Transactions with non-controlling shares                                       | -10 235                     | -25 129                     |
| Other financial expenses   | -380                        | -705                        |
| <b>Net cash flow from financial activity</b>                                   | <b>-388 932</b>             | <b>-41 607</b>              |
| <b>TOTAL NET CASH FLOW</b>   | <b>10 557</b>               | <b>-55 409</b>              |
| <b>Balance change in cash, incl:</b>   | <b>9 228</b>                | <b>-54 878</b>              |
| - change in cash from differences in exchange rate                             | -1 329                      | 531                         |
| <b>Cash at the beginning of period</b>   | <b>81 583</b>               | <b>136 461</b>              |
| <b>Cash at the end of period, incl:</b>  | <b>90 811</b>               | <b>81 583</b>               |
| - restricted cash  | 4 608                       | 2 265                       |

\* Item "Acquisition of intangible and tangible fixed assets" includes tangible assets manufactured for its own part

**Statement of Financial Position of KOPEX S.A.**  
**In thousand zlotys**

|   | 31.12.2013        | 31.12.2012<br>*transformed | 31.12.2011<br>*transformed |
|---|-------------------|----------------------------|----------------------------|
| <b>ASSETS</b>   |                   |                            |                            |
| <b>Fixed assets</b>                                   | <b>1 458 009</b>  | <b>1 471 631</b>           | <b>1 383 458</b>           |
| Intangible assets                                     | 10 581            | 9 721                      | 6 915                      |
| Tangible fixed assets                                 | 26 574            | 27 451                     | 17 277                     |
| Investment real estate                                | 6 161             | 7 599                      | 7 834                      |
| Long-term lease receivables                           | 34 829            | 57 698                     | 5 235                      |
| Other long-term financial assets                      | 1 374 001         | 1 364 356                  | 1 340 178                  |
| Deferred income tax assets                            | 5 863             | 4 806                      | 6 019                      |
| <b>Current assets</b>                                 | <b>271 308</b>    | <b>494 970</b>             | <b>422 135</b>             |
| Inventories   | 6 449             | 5 119                      | 1 462                      |
| Short-term receivables from supplies and services     | 58 280            | 194 748                    | 154 572                    |
| Short-term other receivables                          | 28 466            | 115 414                    | 126 244                    |
| Short-term lease receivables                          | 26 149            | 26 805                     | 3 704                      |
| Short-term loans granted                              | 109 662           | 125 041                    | 107 259                    |
| Current income tax receivables                        | 2 009             | 1 659                      | 1 355                      |
| Derivative financial instruments                      | 8 690             | 8 819                      | 1 531                      |
| Financial assets at fair value through profit or loss | 90                | 1 548                      | 510                        |
| Construction contract assets                          | 10 015            | 825                        | 451                        |
| Cash and its equivalents                              | 21 498            | 14 992                     | 25 047                     |
| <b>Total assets</b>                                   | <b>1 729 317</b>  | <b>1 966 601</b>           | <b>1 805 593</b>           |
| <b>LIABILITIES AND EQUITY</b>                         |                   |                            |                            |
| <b>Equity</b>   | <b>1 446 993</b>  | <b>1 384 883</b>           | <b>1 370 241</b>           |
| Share capital   | 74 333            | 74 333                     | 74 333                     |
| Own shares  | -2 979            | -2 979                     | -2 979                     |
| Issue of shares over nominal value                    | 1 054 942         | 1 054 942                  | 1 054 942                  |
| Revaluation reserve                                   | 5 186             | 4 762                      | 851                        |
| Retained profit                                       | 315 511           | 253 825                    | 243 094                    |
| <b>Long-term liabilities</b>                          | <b>40 359</b>     | <b>62 833</b>              | <b>15 007</b>              |
| Long-term credits and loans                           | 33 608            | 56 014                     | 11 184                     |
| Long-term other liabilities                           | -                 | 6                          | 12                         |
| Deferred income tax reserve                           | 2 323             | 1 814                      | 2 545                      |
| Long-term reserve for employee benefits               | 481               | 533                        | 373                        |
| Accruals  | 3 947             | 4 466                      | 893                        |
| <b>Short-term liabilities</b>                         | <b>241 965</b>    | <b>518 885</b>             | <b>420 345</b>             |
| Short-term credits and loans                          | 100 821           | 302 625                    | 242 201                    |
| Supplies and services short-term liabilities          | 58 153            | 158 000                    | 121 570                    |
| Short-term other liabilities                          | 63 480            | 40 054                     | 32 410                     |
| Derivative financial instruments                      | 30                | 895                        | 6 190                      |
| Short-term reserve for employee benefits              | 1 201             | 1 067                      | 690                        |
| Other short-term reserves for liabilities             | 868               | 869                        | 2 689                      |
| Short-term accruals                                   | 17 412            | 15 375                     | 14 595                     |
| <b>Total liabilities and equity</b>                   | <b>1 729 317</b>  | <b>1 966 601</b>           | <b>1 805 593</b>           |
| <b>Book value</b>                                     | <b>1 446 993</b>  | <b>1 384 883</b>           | <b>1 370 241</b>           |
| <b>Number of shares</b>                               | <b>74 056 038</b> | <b>74 056 038</b>          | <b>74 056 038</b>          |
| <b>Book value per share (BVSP) in [PLN]</b>           | <b>19,54</b>      | <b>18,70</b>               | <b>18,50</b>               |

\* transformed- detailed information about transforming comparative data is included in Note 2.2 - Alteration in IAS 19 "Employee benefits"



**Separate Income Statement of KOPEX S.A.**  
In thousand zlotys

|   | 01.10.2013<br>to 31.12.2013 | 01.01.2013<br>to 31.12.2013 | 01.10.2012<br>to 31.12.2012 | 01.01.2012<br>to 31.12.2012 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>CONTINUED OPERATIONS</b>   |                             |                             |                             |                             |
| <b>Net income from sale of products, goods and materials, incl:</b> | <b>63 083</b>               | <b>326 154</b>              | <b>150 290</b>              | <b>477 323</b>              |
| Net income from sale of products                                    | 43 288                      | 232 539                     | 131 096                     | 259 922                     |
| Net income from sale of goods and materials                         | 19 795                      | 93 615                      | 19 194                      | 217 401                     |
| <b>Costs of products, goods and materials sold</b>                  | <b>53 894</b>               | <b>299 445</b>              | <b>134 495</b>              | <b>434 224</b>              |
| Manufacture cost of products  | 36 845                      | 216 355                     | 117 721                     | 237 125                     |
| Value of goods and materials  | 17 049                      | 83 090                      | 16 774                      | 197 099                     |
| <b>Gross profit on sales</b>  | <b>9 189</b>                | <b>26 709</b>               | <b>15 795</b>               | <b>43 099</b>               |
| <b>Other income</b>   | <b>17 012</b>               | <b>74 164</b>               | <b>30 504</b>               | <b>70 750</b>               |
| <b>Selling costs</b>  | <b>3 173</b>                | <b>8 996</b>                | <b>3 348</b>                | <b>13 978</b>               |
| <b>Overheads</b>  | <b>7 276</b>                | <b>26 779</b>               | <b>7 117</b>                | <b>21 411</b>               |
| <b>Other costs</b>  | <b>-100</b>                 | <b>2 146</b>                | <b>-2 397</b>               | <b>42 159</b>               |
| <b>Other profit (loss)</b>  | <b>-107</b>                 | <b>2 136</b>                | <b>956</b>                  | <b>-389</b>                 |
| <b>Operating profit</b>   | <b>15 745</b>               | <b>65 088</b>               | <b>39 187</b>               | <b>35 912</b>               |
| <b>Financial revenues, incl:</b>                                    | <b>2 615</b>                | <b>17 929</b>               | <b>4 544</b>                | <b>16 173</b>               |
| Interest  | 2 423                       | 11 969                      | 4 527                       | 14 438                      |
| Exchange rate differences   | 200                         | 2 090                       | -                           | -                           |
| Other   | -8                          | 3 870                       | 17                          | 1 735                       |
| <b>Finance costs, incl:</b>   | <b>2 780</b>                | <b>17 527</b>               | <b>7 453</b>                | <b>41 713</b>               |
| Interest  | 2 040                       | 12 459                      | 20 851                      | 34 582                      |
| Exchange rate differences   | -                           | -                           | 231                         | 2 209                       |
| Other   | 740                         | 5 068                       | -13 629                     | 4 922                       |
| <b>Gross profit</b>   | <b>15 580</b>               | <b>65 490</b>               | <b>36 278</b>               | <b>10 372</b>               |
| <b>Income tax, incl:</b>  | <b>25</b>                   | <b>354</b>                  | <b>-169</b>                 | <b>800</b>                  |
| current   | 315                         | 1 105                       | 20                          | 1 541                       |
| deferred  | -290                        | -751                        | -189                        | -741                        |
| <b>Net profit from continued operations</b>                         | <b>15 555</b>               | <b>65 136</b>               | <b>36 447</b>               | <b>9 572</b>                |
| <b>Net profit from discontinued operations</b>                      | <b>-247</b>                 | <b>283</b>                  | <b>132</b>                  | <b>1 221</b>                |
| <b>Total net profit</b>   | <b>15 308</b>               | <b>65 419</b>               | <b>36 579</b>               | <b>10 793</b>               |
| <b>Weighted average number of common shares</b>                     | <b>74 056 038</b>           | <b>74 056 038</b>           | <b>74 056 038</b>           | <b>74 056 038</b>           |
| <b>Net profit (loss) per one common share [PLN]</b>                 | <b>0,21</b>                 | <b>0,88</b>                 | <b>0,49</b>                 | <b>0,15</b>                 |

**Total Income Statement of KOPEX S.A.  
in thousand zlotys**

|  | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|--|-----------------------------|-----------------------------|
| <b>Net profit (loss)</b>   | <b>65 419</b>               | <b>10 793</b>               |
| <b>Other total income (loss) not to be transferred to the result</b> | <b>-31</b>                  | <b>-60</b>                  |
| Actuarial losses from defined benefit plans                          | 157                         | -74                         |
| Actuarial losses income tax  | -30                         | 14                          |
| Grants from social funds   | -158                        | -                           |
| <b>Other total income (loss) to be transferred to the result</b>     | <b>424</b>                  | <b>3 911</b>                |
| Hedging cash flow  | 424                         | 3 911                       |
| <b>Total other income (loss) after taxation</b>                      | <b>393</b>                  | <b>3 851</b>                |
| <b>Total incomes (losses)</b>  | <b><u>65 812</u></b>        | <b><u>14 644</u></b>        |

**Changes in Equity Statement KOPEX S.A.  
in thousand zlotys**

| Share capital | Own shares | Share issue over nominal value | Revaluation reserve |                     | Retained earnings | Total equity |
|---------------|------------|--------------------------------|---------------------|---------------------|-------------------|--------------|
|               |            |                                | Hedging Instruments | Deferred Income Tax |                   |              |

Balance as at 01.01.2012 in accordance with approved financial statements

Alteration in IAS19

Balance as at 01.01.2012 after transforming

Total income (loss)

Balance as at 31.12.2012

|        |        |           |       |        |         |           |
|--------|--------|-----------|-------|--------|---------|-----------|
| 74 333 | -2 979 | 1 054 942 | 1 050 | -199   | 243 032 | 1 370 179 |
| -      | -      | -         | -     | -      | 62      | 62        |
| 74 333 | -2 979 | 1 054 942 | 1 050 | -199   | 243 094 | 1 370 241 |
| -      | -      | -         | 4 829 | -918   | 10 731  | 14 642    |
| 74 333 | -2 979 | 1 054 942 | 5 879 | -1 117 | 253 825 | 1 384 883 |

Balance as at 01.01.2013 in accordance with approved financial statements

Alteration in IAS19

Balance as at 01.01.2013 after transforming

Total income (loss)

Dividends

Balance as at 31.12.2012

|        |        |           |       |        |         |           |
|--------|--------|-----------|-------|--------|---------|-----------|
| 74 333 | -2 979 | 1 054 942 | 5 879 | -1 117 | 253 825 | 1 384 883 |
| -      | -      | -         | -     | -      | -       | -         |
| 74 333 | -2 979 | 1 054 942 | 5 879 | -1 117 | 253 825 | 1 384 883 |
| -      | -      | -         | 523   | -99    | 65 388  | 65 812    |
| -      | -      | -         | -     | -      | -3 702  | -3 702    |
| 74 333 | -2 979 | 1 054 942 | 6 402 | -1 216 | 315 511 | 1 446 993 |

**Statement of Cash Flow of KOPEX S.A.  
in thousand zlotys**

|  | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|--|-----------------------------|-----------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITY</b>                                       |                             |                             |
| <b>Gross profit (loss)</b>   | <b>65 840</b>               | <b>11 880</b>               |
| <b>Corrections by:</b>   |                             |                             |
| Depreciation   | 5 104                       | 3 008                       |
| (Profit) loss from exchange rate differences                                   | 192                         | 3 574                       |
| Interest and share in profits (dividends)                                      | -66 892                     | -60 551                     |
| (Profit) loss from investment activity   | -1 341                      | 54                          |
| Change in reserves   | 81                          | -1 360                      |
| Change in inventories  | -1 330                      | -3 657                      |
| Change in receivables from supplies, services and other receivables            | 204 616                     | -86 425                     |
| Change in short-term liabilities from supplies, services and other receivables | -68 910                     | 41 503                      |
| Change in accruals   | 778                         | 190                         |
| Change in assets from construction contracts                                   | -9 190                      | -374                        |
| Income tax paid  | -1 455                      | -1 973                      |
| Derivative financial instruments   | -212                        | -7 754                      |
| Write downs on value of shares in subordinated entities                        | 896                         | 39                          |
| Other  | -                           | -1                          |
| <b>Net cash flow from operating activity</b>                                   | <b>128 177</b>              | <b>-101 847</b>             |
| <b>CASH FLOW FROM INVESTMENT ACTIVITY</b>                                      |                             |                             |
| Sale of intangible and tangible fixed assets                                   | 337                         | 146                         |
| Sale of financial assets   | 2 682                       | 1 560                       |
| Dividends and share in profits received  | 109 583                     | 54 817                      |
| Interests received   | 4 454                       | 3 888                       |
| Repayment of loans   | 44 357                      | 148 292                     |
| Grants received  | 740                         | 4 163                       |
| Acquisition of intangible and tangible fixed assets                            | -7 356                      | -13 186                     |
| Acquisition of financial assets  | -6 901                      | -33 666                     |
| Loans granted  | -29 111                     | -162 588                    |
| <b>Net cash flow from investment activity</b>                                  | <b>118 785</b>              | <b>3 426</b>                |
| <b>CASH FLOW FROM FINANCIAL ACTIVITY</b>                                       |                             |                             |
| Credits and loans  | 42 519                      | 365 272                     |
| Dividends  | -3 702                      | -                           |
| Repayment of credits and loans   | -266 868                    | -259 879                    |
| Interest paid  | -12 193                     | -17 328                     |
| <b>Net cash flow from financial activity</b>                                   | <b>-240 244</b>             | <b>88 065</b>               |
| <b>TOTAL NET CASH FLOW</b>   | <b>6 718</b>                | <b>-10 356</b>              |
| <b>Balance change in cash, incl:</b>   | <b>6 506</b>                | <b>-10 055</b>              |
| - change in cash from differences in exchange rates                            | -212                        | 301                         |
| <b>Cash at the beginning of period</b>   | <b>14 992</b>               | <b>25 047</b>               |
| <b>Cash at the end of period, incl:</b>  | <b>21 498</b>               | <b>14 992</b>               |
| - restricted cash  | -                           | -                           |

**SUPPLEMENTARY INFORMATION TO ABBREVIATED MID-YEAR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS for the period 01 JANUARY 2013 to 31 DECEMBER 2013**

**1. GENERAL INFORMATION**

KOPEX S.A. (*The Company, the Issuer*) based in Katowice is a stock exchange company that on 3 January 1994 was registered in the District Court in Katowice, the Eight Commercial Division under the number RHB 10375. On 11 July 2001, KOPEX S.A. entered in the Register of Entrepreneurs of the National Court Register kept by the District Court Katowice-Wschód in Katowice, the Eight Commercial Division under KRS number KRS – 0000026782, based on the decision of the District Court in Katowice.

The duration of the Company is unlimited. The Company's headquarters is in Katowice at 1 Grabowa street.

KOPEX S.A. is the parent company and draw up consolidated financial statements of the KOPEX S.A. Capital Group (*Group*).

Entities included in the Consolidated Financial Statement as at 31 December 2013:

| <i>Entity</i>   | <i>Consolidation method</i> |
|---|-----------------------------|
| KOPEX S.A.  | Full consolidation method   |
| KOPEX MACHINERY S.A   | Full consolidation method   |
| TAGOR S.A.  | Full consolidation method   |
| DOZUT-TAGOR Sp. z o.o.  | Full consolidation method   |
| GRUPA ZARZĄDZAJĄCA HBS Sp. z o.o.                             | Full consolidation method   |
| KOPEX GmbH (Germany)  | Full consolidation method   |
| KOPEX-FAMAGO Sp. z o.o.                                       | Full consolidation method   |
| KOPEX CONSTRUCTION Sp. z o.o.                                 | Full consolidation method   |
| HSW ODLEWNIA Sp. z o.o.                                       | Full consolidation method   |
| KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.                   | Full consolidation method   |
| PBSz INWESTYCJE Sp. z o.o.                                    | Full consolidation method   |
| HANSEN SICHERHEITSTECHNIK AG (Germany)                        | Full consolidation method   |
| HANSEN & REINDERS CS spol. s.r.o. (Czech Republic)            | Full consolidation method   |
| KOPEX AFRICA (Pty) Ltd (RSA)                                  | Full consolidation method   |
| HANSEN CHINA Ltd (China)                                      | Full consolidation method   |
| EL-GÓR S.A.   | Full consolidation method   |
| KOPEX MIN (Serbia)  | Full consolidation method   |
| KOPEX MIN-LIV (Serbia)  | Full consolidation method   |
| KOPEX MIN-USŁUGI (Serbia)                                     | Full consolidation method   |
| ZZM – MASZYNY GÓRNICZE Sp. z o.o.                             | Full consolidation method   |
| KOPEX-EKO Sp. z o.o.  | Full consolidation method   |
| POLAND INVESTMENTS 7 Sp. z o.o.                               | Full consolidation method   |
| KOPEX AUSTRALIA Pty Ltd (Australia)                           | Full consolidation method   |
| PT KOPEX MINING CONTRACTORS (Indonesia)                       | Full consolidation method   |
| KOPEX SIBIR SP. Z O.O. (Russia)                               | Full consolidation method   |
| KOPEX WARATAH PTY LTD (Australia)                             | Full consolidation method   |
| ŚLAŃSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.             | Full consolidation method   |
| KOPEX-EX-COAL Sp. z o.o.                                      | Full consolidation method   |
| STA-ODLEWNIE Sp. z o.o.                                       | Full consolidation method   |
| HS LUBAŃ Sp. z o.o.   | Full consolidation method   |
| OOO SIB HANSEN (Russia)                                       | Equity consolidation method |
| HANSEN ELECTRIC spol.s.r.o. (Czech Republic)                  | Equity consolidation method |
| SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China) | Equity consolidation method |
| WS BAILDONIT Sp. z o.o.                                       | Equity consolidation method |
| TIEFENBACH Sp. z o.o.   | Equity consolidation method |
| ODLEWNIA STALIWA ŁABĘDY Sp. z o.o.                            | Equity consolidation method |
| ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)              | Equity consolidation method |

The core business of the Group and the Issuer covers manufacture and sale of mining and industrial machinery and equipment, rendering mining services, and the purchase and sale of coal.

These abbreviated interim consolidated and separate financial statements have been drawn up on a continuing activities basis. There are no circumstances indicating a threat to their continuation.

Polish zloty [PLN] is the currency of this document and financial figures are presented in thousand Polish zlotys, unless otherwise stated.

These abbreviated interim consolidated and separate financial statements were authorised for issue by the Board on 26 February 2014.

## **2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 PRINCIPLE OF DRAWING UP FINANCIAL STATEMENTS**

Since 01 January 2005 the KOPEX S.A. Capital Group has applied International Financial Reporting Standards (IAS/IFRS), on the basis of Article 55 Par. 6a of the Accounting Act of 20 September 1994 (Dz.U. z 2009. Nr. 152, poz. 1223, z późn.zm.)

These financial statements are abbreviated financial statements drawn up for the interim period. These abbreviated interim consolidated and separate financial statements is in compliance with IAS/IFRS and with IAS34 Interim financial reporting.

These abbreviated interim consolidated and separate financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with consolidated and separate financial statements of the Issuer and the Group drawn up in accordance with IAS/IFRS for fiscal year ended on 31 December 2012.

These abbreviated consolidated and separate financial statements have been drawn up under the original cost rule, except for derivative financial instruments and financial instruments valued at fair value.

These interim consolidated financial statement and abbreviated interim separate financial statements have not been audited by a chartered accountant.

### **2.2 ADOPTED ACCOUNTING PRINCIPLES**

The same accounting principles (policies) and methods of computation have been followed in these interim condensed consolidated and separate financial statements as in the most recent annual financial statements.

The following new and amended standards and interpretations that came into force on 1 January 2013 have been applied in these abbreviated and interim condensed consolidated and separate financial statements for the first time:

#### IFRIC 20 „Costs of removing Overburden in Open Cast Mines in the Production Phase”

In October 2011 there was issued Interpretation of IFRIC 20 by the Accounting Standards Board and it has been effective for annual periods since 1 January 2013 or after that date.

The interpretation clarifies that costs of removing overburden are recognised as expenses of current production, in accordance with IAS 2 “Inventories”, if the benefits resulting from removing overburden are in the form of production stocks. If removing overburden leads to benefits in terms of better access to mineral resources, the entity shall recognise those costs as “removing overburden assets” under fixed assets, provided that the conditions set out in the interpretation are fulfilled.

IFRIC 20 interpretation was approved by the European Union on 11 December 2012.

The interpretation had no impact on these abbreviated interim consolidated and separate financial statements.

#### Revised IFRS 7 - " Offsetting financial Assets and Financial Liabilities "

Amendments to IFRS 7 on disclosure information - offsetting financial assets and liabilities -were issued by the International Accounting Standards Board (IASB) in December 2011 and they have been effective for annual periods beginning on 1 January 2013 or after that date.

The amendments implement new disclosure obligations that enable users of financial statements to evaluate the effects or potential effects of agreements allowing net settlement , including rights to set-off .

Amendments to IFRS 7 were approved by the European Union on 13 December 2012.

Adoption of revised IFRS 7 had no impact on these abbreviated interim consolidated and separate financial statements .

#### IFRS 13 " Fair Value Measurement "

In May 2011 there was issued IFRS 13 by the International Accounting Standards Board (IASB) and it has been effective for annual periods beginning on 1 January 2013 or after that date.

The new standard is intended to improve consistency and reduce complexity by providing a precise definition of fair value and a single standard requirements for fair value measurement and disclosure of relevant information.

IFRS 13 was approved by the European Union on 11 December 2012.

Application of IFRS 13 had no impact on these abbreviated interim consolidated and separate financial statements .

#### Implementation of Assets Values- Amendments to IAS 12

Amendments to IAS 12 "Income Tax" for the implementation of the value of assets was issued by the International Accounting Standards Board in December 2010 and is in force for annual periods beginning on 1 January 2012 or after that date.

Changes affect the valuation of reserves and assets for deferred tax on investment property valued at fair value in accordance with IAS 40 "Investment Real Estates", and introduce a rebuttable presumption that the value of an investment property will be recovered entirely through sale.

This presumption can be rebutted if the investment property is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. SIC 21 "Income Taxes - implementation of revalued assets" that are not subject to depreciation relating to similar issues involving non-depreciable assets, which are valued in accordance with the revaluation model in IAS 16 "Property, Plant and Equipment" was incorporated into IAS 12 after excluding guidance on investment property valued at fair value.

The revised IAS 12 was approved by the European Union on 11 December 2012.

Amendments to IAS 12 have not had any impact on these abbreviated interim consolidated and separate financial statements.

The Group has selected the cost model for both the tangible fixed assets, as well as for investment properties.

#### Severe Hyperinflation and Removal of Fixed Dates for entities adopting IFRS for the first time - Amendments to IFRS 1

Amendments to IFRS 1 "First-time Adopters" regarding severe hyperinflation and fixed dates for the withdrawal of entities adopting IFRS for the first time issued by the International Accounting Standards Board in December 2010 and in force for annual periods beginning on 1 July 2011 or after that date.

The amendment regarding severe hyperinflation creates an additional exemption when an entity that was subject to severe hyperinflation resumes for the first time or intends to draw up its financial statements in accordance with IFRS. The exemption allows an entity to select valuation of assets and liabilities at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening balance in the first statement of financial position according to IFRS.

The IASB has also amended IFRS 1 to eliminate references to fixed dates for one exception and one exemption in respect of assets and liabilities.

The first amendment requires the entities adopting IFRS for the first time to prospective application of the requirements for derecognition in accordance with IFRS from the date of transition to IFRS, rather than the date of 1 January 2004. The second amendment relates to financial assets or liabilities at fair value upon initial recognition as fair value is determined using valuation techniques due to the lack of an active market, and allows the application of the guidance prospectively from the date of transition to IFRS, rather than from 25 October 2002 or from 1 January 2004. It means that entities applying IFRS for the first time are not required to determine the fair value of financial assets and liabilities before the date of transition to IFRS.

IFRS 9 has also been adjusted to these changes.

Amendments to IFRS 1 were approved by the European Union on 11 December 2012.

Amendments to IFRS 1 has not had any impact on these abbreviated interim consolidated and separate financial statements.

#### Presentation of Items of Other Total Incomes - amendments to IAS 1

Amendments to IAS 1 "Presentation of Financial Statements" for the presentation of items of other total incomes were published by the International Accounting Standards Board in June 2011 and is in force for annual periods beginning on 1 July 2012 or after that date.

The amendments require entities to classify items presented in other total incomes into two groups based on whether in the future they will be able to be included in the income statement. Amendments to IAS 1 were approved by the European Union on 5 June 2012.

Application of the revised IAS 1 had an impact on the presentation of the statement of total incomes in these interim abbreviated consolidated and separate financial statements.

#### Amendments to IAS 19 "Employee Benefits"

Amendments to IAS 19 "Employee Benefits" was issued by the International Accounting Standards in June 2011 and is in force for annual periods beginning on 1 January 2013 or after that date.

The amendments implement new requirements for the recognition and measurement of defined benefit plans and termination benefits of employment, as well as the disclosures for all employee benefits.

Amendments to IAS 19 were adopted by the European Union on 5 June 2012.

The Company have applied the amendments to IAS 19 in a retrospective manner.

In connection with the change of IAS 19, in force since 1 January 2013, the effects of the revised IAS 19 have been recognized retrospectively.

The following items were changed in the consolidated statement of financial position as at 31 December 2011:

Retained earnings: PLN -495 thou

Deferred income tax assets: PLN +121 thou

Long-term reserve for employee benefits: PLN +468 thou

Short-term reserve for employee benefits: PLN + 168 thou

Non-controlling share capital: PLN -20 thou

The following items were changed in the separate statement of financial position as at 31 December 2011:

Retained earnings: PLN +62 thou  
Deferred income tax assets: PLN -15 thou  
Long-term reserve for employee benefits: PLN -77 thou

The following items were changed in the consolidated statement of financial position as at 31 December 2012:

Retained earnings: PLN -2.601 thou  
Deferred income tax assets: PLN +622 thou  
Long-term reserve for employee benefits: PLN +2.852 thou  
Short-term reserve for employee benefits: PLN +446 thou  
Non-controlling share capital: PLN -75 thou

The following items were changed in the consolidated profit and loss account for the period 01 January 2012 to 31 December 2012:

Other costs: PLN +690 thou  
Operating profit: PLN -690 thou  
Gross profit: PLN -690 thou  
Income tax: PLN -131 thou  
Consolidated net profit: PLN -559 thou  
Net profit attributable to minority shareholders: PLN -28 thou  
Net profit attributable to KOPEX S.A. shareholders: PLN -531 thou

#### Government loans - Amendments to IFRS 1

Z Amendments to IFRS 1 "IFRS First time implementation" on government loans were issued by the International Accounting Standards Board (IASB) in March 2012 and are effective for annual periods beginning on 1 July 2013 or after that date.

Changes relating to loans received by the government on favorable terms (interest rate below the market price), allow to draw up the report under IFRS, for the first time exemption from full retrospective accounting treatment of these transactions. Therefore the amendments implement the same exemptions for the entity drawing up a report under IFRS as for other entities.

Amendments to IFRS 1 were approved by the European Union on 4 March 2013.

Amendments to IFRS 1 - government loans had no effect on these abbreviated interim consolidated and separate financial statements.

#### Improvements to IFRSs 2009-2011

In May 2012 International Accounting Standards Board (IASB) published, "Improvements to IFRSs 2009-2011", which change five standards.

The amendments include presentation, recognition and measurement as well as terminology and editorial changes. The amendments are effective for annual periods beginning on or after 1 January 2013.

The amendments were approved by the European Union on 27 March 2013.

These amendments had no impact on these condensed interim consolidated and separate financial statements.

In 2013, after the issue of the annual financial statements, i.e. after 30 April 2013 there were published the following new standards and interpretations. The Company did not decide to use them prior to the date of entering into force:

#### IFRIC 21 Taxes and Fees

In May 2013 there was issued IFRIC Interpretation 21 by the International Accounting Standards Board and it is effective for annual periods beginning on or after 1 January 2014.

The interpretation clarifies the accounting recognition of obligations to pay fees and taxes that are not income taxes .

An event defined in the legislation giving effect to pay taxes or fees is an obligating event. The fact itself that the entity will continue to operate in the next period, and will draw up a report in accordance with principle of continuing operation, does not create the need to understand the commitment.

The same principles apply to liability recognition of annual and interim reports . Application of the interpretation of the obligations arising from emission rights is optional.

The Group will apply IFRIC 21 from 1 January 2014

The Company is not currently able to estimate the impact of IFRIC 21 on the consolidated and separate financial statements .

At the date of drawing up these interim abbreviated consolidated and separate financial statements , IFRIC 21 was not approved by the European Union .

#### Disclosure of the recoverable value of non-financial assets - Amendments to IAS 36



Amendments to IAS 36 "Impairment of non-financial assets" on recoverable value disclosures were published by the International Accounting Standards Board (IASB) in May 2013 and effective for annual periods beginning on or after 1 January 2014.

The amendments remove the requirement to disclose the recoverable value if cash-generating entity includes goodwill or intangible assets with indefinite useful lives and there was no impairment.

The Group will apply the revised IAS 36 from 1 January 2014

The Company is not currently able to estimate the impact of changes to IAS 36 on Consolidated and Separate Financial Statements .

At the date of drawing up these interim abbreviated interim consolidated and separate financial statements, amendments to IAS 36 were not approved by the European Union.

#### IFRS 9 "Financial Instruments: Classification and Measurement and Hedge Accounting"

IFRS 9 was issued by the International Accounting Standards Board on 12 November 2009. replaces those parts of IAS 39 that relate to the classification and measurement of financial assets. In October 2010. IFRS 9 was supplemented by the classification and measurement of financial liabilities. In November 2013. further amended and issued a section on hedge accounting. In accordance with the recent amendments also removed the mandatory date of adoption, therefore its use is voluntary.

The standard introduces a model with only two classification categories for financial assets: fair value and subsequently measured at amortized cost. The classification is made at initial recognition and depends on the entity's business model for managing financial instruments and the contractual cash flow characteristics of these instruments.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were transferred to IFRS 9 unchanged. The key change is applied to the unit say the presentation of other comprehensive income effects of changes in own credit risk of financial liabilities designated as measured at fair value through profit or loss.

In terms of hedge accounting changes were designed to more closely match hedge accounting to risk management. Standard allows the use of IFRS 9 or continue hedge accounting in accordance with IAS 39, due to the fact that it does not include macro security. The Group will apply IFRS 9 after its approval by the European Union. The Company is not currently able to estimate the impact of the application of IFRS 9 on its consolidated and separate financial statements.

At the date of preparation of these interim condensed consolidated and separate financial statements, IFRS 9 has not yet been approved by the European Union.

#### IFRS 10 "Consolidated Financial Statements"

IFRS 10 was issued by the International Accounting Standards Board in May 2011. and is valid in the European Union for annual periods beginning on or after 1 January 2014. or after that date.

The new standard replaces the guidance on control and consolidation in IAS 27 and SIC-12. IFRS 10 changes the definition of control in such a manner, to all entities subject to the same criteria for determining control. The amended definition is accompanied by extensive guidance on the application.

The Group will apply IFRS 10 as of January 1, 2014.

Currently it is not possible to reliably estimate the impact of the application of this standard on its consolidated financial statements.

#### IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 was issued by the International Accounting Standards Board in May 2011 and in force in the European Union for annual periods beginning on or after 1 January 2014 or after that date.

The new standard applies to entities that have an interest in a subsidiary, joint venture or associate in unconsolidated structured entity . The standard replaces the disclosure requirements currently contained in IAS 27 "Consolidated and Separate Financial Statements" , IAS 28 "Investments in Associates " and IAS 31 "Interests in Joint Ventures" . IFRS 12 requires entities to disclose information that helps users of financial statements to evaluate the nature , risks and financial impact of investments in subsidiaries, associates, joint ventures and unconsolidated structured entities . To this end, the new standard requires disclosure of information concerning a number of areas, including significant judgments and assumptions made in determining whether an entity controls , jointly controls or has significant influence over another entity; detailed information concerning the non-controlling interest in the operations and cash flows of the group; summary financial information of subsidiaries with significant non-controlling interests , as well as detailed information concerning interests in unconsolidated structured entities .

The Group will apply IFRS 12 as of January 1 , 2014.

The Company is not currently able to estimate the impact of the application of IFRS 12 on its consolidated and separate financial statements .

#### Amended IAS 27 "Separate Financial Statements"

Amended IAS 27 "Separate Financial Statements" was issued by the International Accounting Standards Board in May 2011 and is valid in the European Union for annual periods beginning on or after 1 January 2014 or after that date.

IAS 27 was amended in connection with the publication of IFRS 10 "Consolidated Financial Statements". The amended IAS 27 is to define the requirements for recognition and presentation of investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Guidance on control and consolidated financial statements have been replaced by IFRS 10  
The Group will apply IAS 27 from 1 January 2014.

The Company is not currently able to estimate the impact of application of IAS 27 to the Consolidated and Separate Financial Statements.

#### Amended IAS 28 "Investments in Associates and Joint Ventures"

Amended IAS 28 "Investments in Associates and Joint Ventures" was published by the International Accounting Standards Board in May 2011 and is valid in the European Union for annual periods beginning on

1 January 2014 or after that date.

Amendments to IAS 28 resulted from the IASB's project on joint ventures. The Board decided to include the principles for recognizing joint ventures using the equity method IAS 28, because this method is applicable to both joint ventures and associates. Aside from this exception, other guidelines have not changed.

The Group will apply IAS 28 from 1 January 2014.

The Company estimates that the application of IAS 28 will have no impact on the consolidated and separate financial statements.

#### Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

Amendments to IAS 32 "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities have been published by the International Accounting Standards Board in December 2011. and effective for annual periods beginning on or after 1 January 2014. or after that date.

The amendments introduce additional explanation of the application of IAS 32 to clarify inconsistencies encountered in the application of certain criteria for netting.

The Group will apply the revised IAS 32 to January 1, 2014.

The Company is not currently able to estimate the impact of adopting the amendments to IAS 32 on its consolidated and separate financial statements.

#### Investment Entities - amendments to IFRS 10, IFRS 12 and IAS 27

Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" effective for annual periods beginning on or after 1 January 2014 or after that date.

The amendments clarify the definition of IFRS 10, an investment entity. Such entities will be required to demonstrate its subsidiaries at fair value through profit or loss and consolidate only those subsidiaries that provide services on its behalf from investment activities of the company. IFRS 12 also changed, introducing new disclosures on investment entities.

The Group will apply these changes from 1 January 2014.

The Company is not currently able to estimate the impact of applying these amendments on the consolidated and separate financial statements.

#### Amendments to IAS 19 - Defined Benefit Plans: Contributions of employees

Amendments to IAS 19 "Employee Benefits" were published by the International Accounting Standards Board in November 2013. and effective for annual periods beginning on or after 1 July 2014. or after that date.

The amendments allow for the recognition of premiums paid by employees as a reduction of labor costs in the period in which the work is performed by the employee, rather than assign contributions to the work periods, if the amount of employee contributions is independent of the length of service.

The Group will apply the revised IAS 19 from 1 January 2015.

The Company is not currently able to estimate the impact of applying these amendments on the consolidated and separate financial statements.

At the date of preparation of these interim condensed consolidated and separate financial statements, amendments to IAS 19 have not yet been approved by the European Union.

#### Improvements to IFRSs 2010-2012

International Accounting Standards Board published in December 2013. "Improvements to IFRSs 2010-2012", which change 7 standards. Poprawki include changes in presentation, recognition and measurement, as well as terminology and editorial changes. The amendments are effective in the majority for annual periods beginning on 1 July 2014.

The Group will apply these amendments from 1 January 2015.

The Company is not currently able to estimate the impact of applying these amendments on the consolidated and separate financial statements.

At the date of preparation of these interim condensed consolidated and separate financial statements, amendments to IFRSs 2010-2012 have not yet been approved by the European Union.

#### Improvements to IFRSs 2011-2013

International Accounting Standards Board published in December 2013. "Improvements to IFRSs 2011-2013", which change the 4 standards. The amendments include changes in presentation, recognition and valued and contain terminology and editorial changes. The amendments are effective for annual periods beginning on or after 1 July 2014.

The Group will apply these amendments from 1 January 2015.

The Company is not currently able to estimate the impact of applying these amendments on the consolidated and separate financial statements.

At the date of preparation of these interim condensed consolidated and separate financial statements, amendments to IFRSs 2011-2013 have not yet been approved by the European Union.

Renewal of derivatives and hedge accounting continued - Amendments to IAS 39

Amendments to IAS 39 "Financial Instruments" hedge accounting were published by the International Accounting Standards Board in June 2013, and are effective for annual periods beginning on or after 1 January 2014.

The amendments allow for continued hedge accounting when the derivative that has been designated as a hedging instrument, is restored (i.e., the parties agreed to replace the original counterparty by a new one) as a result of the settlement instrument with a central clearing house as a consequence of the law are fulfilled strict conditions.

The Group will apply the revised IAS 39 from 1 January 2014.

The Company is not currently able to estimate the impact of adopting the amendments to IAS 39 on its consolidated and separate financial statements.

At the date of drawing up these interim abbreviated interim consolidated and separate financial statements, amendments to IAS 39 were not approved by the European Union.

## 2.3 PRESENTATION CHANGES

In the report of foreign subsidiary of the Issuer errors has been detected in the financial statements for the comparative period: it does not include reserves for warranty claims reported by the client. This error is entered retrospectively by transforming the consolidated statement of financial position for the comparative period, i.e. as at 31 December 2012. and transforming the consolidated profit and loss account for the comparative period, i.e. from 01 January 2012. to 31 December 2012. As a result of adjustments the following items have been changed:

In the consolidated statement of financial position:

Retained profits: PLN -534 thou

Minority shares: PLN -37 thou

Long term other reserves: PLN +571 thou

In the consolidated profit and loss account:

Other costs: PLN +571 thou

Net profit attributable to non-controlling interests: PLN -37 thou

Net profit attributable to equity holders of the parent company: PLN -534 thou

These condensed interim consolidated financial statements changed the way the eligibility of certain costs to the manufacturing cost and cost of sales, rather than general and administrative expenses.

The following is a presentation of the impact of changes in the comparative figures in profit and loss account.

|   | 01.01.2012<br>to 31.12.2012<br>after transformation | presentation changes | 01.01.2012<br>to 31.12.2012<br>*transformed |
|---|---|----------------------|---|
| <b>CONTINUED OPERATIONS</b>   |   |                      |   |
| <b>Net income from sale of products, goods and materials, incl:</b>                           | <b>1 682 547</b>                                    | -                    | <b>1 682 547</b>                            |
| Net income from sale of products  | 1 573 891   | -                    | 1 573 891                                   |
| Net income from sale of goods and materials   | 108 656   |                      | 108 656                                     |
| <b>Costs of products, goods and materials sold, incl:</b>                                     | <b>1 322 974</b>                                    | <b>39 875</b>        | <b>1 283 099</b>                            |
| Manufacture cost of products sold   | 1 218 339   | 39 875               | 1 178 464                                   |
| Value of goods and materials sold   | 104 635   | -                    | 104 635                                     |
| <b>Gross profit on sales</b>  | <b>359 573</b>                                      | <b>-39 875</b>       | <b>399 448</b>                              |
| <b>Other income</b>   | <b>11 189</b>                                       | -                    | <b>11 189</b>                               |
| <b>Selling costs</b>  | <b>47 757</b>                                       | <b>8 778</b>         | <b>38 979</b>                               |
| <b>Overheads</b>  | <b>115 280</b>                                      | <b>-48 653</b>       | <b>163 933</b>                              |
| <b>Other costs</b>  | <b>91 149</b>                                       | -                    | <b>91 149</b>                               |
| <b>Other profits (loss)</b>   | <b>-9 702</b>                                       | -                    | <b>-9 702</b>                               |
| <b>Operating profit</b>   | <b>106 874</b>                                      | -                    | <b>106 874</b>                              |
| <b>Financial revenues, incl:</b>  | <b>22 982</b>                                       | -                    | <b>22 982</b>                               |
| Interest  | 22 697  | -                    | 22 697                                      |
| Other   | 285   | -                    | 285   |
| <b>Financial costs, incl:</b>   | <b>72 326</b>                                       | -                    | <b>72 326</b>                               |
| Interest  | 69 279  | -                    | 69 279                                      |
| Other   | 3 047   | -                    | 3 047                                       |
| <b>Loss of control over subordinated entity</b>   | <b>-209</b>   | -                    | <b>-209</b>                                 |
| <b>Share in net profit (loss) of the subordinated entities evaluated by the equity method</b> | <b>16 863</b>                                       | -                    | <b>16 863</b>                               |
| <b>Gross profit</b>   | <b>74 184</b>                                       | -                    | <b>74 184</b>                               |
| <b>Income tax, incl:</b>  | <b>20 544</b>                                       | -                    | <b>20 544</b>                               |
| current   | 26 529  | -                    | 26 529                                      |
| deferred  | -5 985  | -                    | -5 985                                      |
| <b>Net consolidated profit from continued operations</b>                                      | <b>53 640</b>                                       | -                    | <b>53 640</b>                               |
| <b>Net consolidated profit from discontinued operations</b>                                   | <b>1 221</b>  | -                    | <b>1 221</b>                                |
| <b>Total net consolidated profit</b>  | <b>54 861</b>                                       | -                    | <b>54 861</b>                               |
| <b>Net profit attributable to minority shareholders</b>                                       | <b>2 640</b>  | -                    | <b>2 640</b>                                |
| <b>Net profit attributable to parent company shareholders:</b>                                | <b>52 221</b>                                       | -                    | <b>52 221</b>                               |
| - from continued operations   | 51 000  | -                    | 51 000                                      |
| - from discontinued operations  | 1 221   | -                    | 1 221                                       |
| <b>Weighted number of common shares</b>   | <b>74 056 038</b>                                   |                      | <b>74 056 038</b>                           |
| <b>Net profit per common share [PLN]</b>  | <b>0,70</b>   |                      | <b>0,70</b>                                 |

## 2.4 Discontinued operations

In connection with the decision of the Board of Kopex SA to cease operations of electricity trading below there are presented revenue, expenses and the result from discontinued operations in the reporting period and the comparative period.

### REVENUES, COSTS AND RESULT OF DISCONTINUED OPERATIONS WITHIN THE GROUP

|   | 01.10.2013<br>to 31.12.2013 | 01.01.2013<br>to 31.12.2013 | 01.10.2012<br>to 31.12.2012 | 01.01.2012<br>to 31.12.2012 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>DISCONTINUED OPERATIONS</b>  |                             |                             |                             |                             |
| <b>Net income from sale of products, goods and materials, incl:</b>                           | <b>424</b>                  | <b>126 275</b>              | <b>100 529</b>              | <b>351 198</b>              |
| Net income from sale of products  |                             |                             |                             |                             |
| Net income from sale of goods and materials   | 424                         | 126 275                     | 100 529                     | 351 198                     |
| <b>Costs of products, goods and materials sold, incl:</b>                                     | <b>198</b>                  | <b>123 571</b>              | <b>98 835</b>               | <b>341 331</b>              |
| Manufacture cost of products sold   |                             |                             |                             |                             |
| Value of goods and materials sold   | 198                         | 123 571                     | 98 835                      | 341 331                     |
| <b>Gross profit on sales</b>  | <b>226</b>                  | <b>2 704</b>                | <b>1 694</b>                | <b>9 867</b>                |
| <b>Other income</b>   | <b>61</b>                   | <b>80</b>                   | <b>-</b>                    | <b>-</b>                    |
| <b>Selling costs</b>  | <b>129</b>                  | <b>1 262</b>                | <b>237</b>                  | <b>4 291</b>                |
| <b>Overheads</b>  | <b>134</b>                  | <b>1 276</b>                | <b>1 158</b>                | <b>3 201</b>                |
| <b>Other costs</b>  | <b>0</b>                    | <b>28</b>                   | <b>297</b>                  | <b>315</b>                  |
| <b>Other profits (loss)</b>   | <b>-329</b>                 | <b>-256</b>                 | <b>-72</b>                  | <b>-878</b>                 |
| <b>Operating profit</b>   | <b>-305</b>                 | <b>-38</b>                  | <b>-70</b>                  | <b>1 182</b>                |
| <b>Financial revenues, incl:</b>  | <b>1</b>                    | <b>388</b>                  | <b>234</b>                  | <b>329</b>                  |
| Interest  | 1                           | 388                         | 234                         | 329                         |
| Other   | -                           | -                           | -                           | -                           |
| <b>Financial costs, incl:</b>   | <b>-</b>                    | <b>-</b>                    | <b>-</b>                    | <b>3</b>                    |
| Interest  | -                           | -                           | -                           | 3                           |
| Other   | -                           | -                           | -                           | -                           |
| <b>Loss of control over subordinated entity</b>   |                             |                             |                             |                             |
| <b>Share in net profit (loss) of the subordinated entities evaluated by the equity method</b> |                             |                             |                             |                             |
| <b>Gross profit</b>   | <b>-304</b>                 | <b>350</b>                  | <b>164</b>                  | <b>1 508</b>                |
| <b>Income tax, incl:</b>  | <b>-57</b>                  | <b>67</b>                   | <b>32</b>                   | <b>287</b>                  |
| current   | -                           | -                           | -                           | -                           |
| deferred  | -57                         | 67                          | 32                          | 287                         |
| <b>Net consolidated profit from discontinued operations:</b>                                  | <b>-247</b>                 | <b>283</b>                  | <b>132</b>                  | <b>1 221</b>                |
| attributable to parent company shareholders   | -247                        | 283                         | 132                         | 1 221                       |

REVENUES, COSTS AND RESULT OF DISCONTINUED OPERATIONS AT THE ISSUER

|   | od 01.10.2013<br>do 31.12.2013 | od 01.01.2013<br>do 31.12.2013 | od 01.10.2012<br>do 31.12.2012 | od 01.01.2012<br>do 31.12.2012 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>DISCONTINUED OPERATIONS</b>  |                                |                                |                                |                                |
| <b>Net income from sale of products, goods and materials, incl:</b>                           | <b>424</b>                     | <b>126 275</b>                 | <b>101 693</b>                 | <b>355 940</b>                 |
| Net income from sale of products  | -                              | -                              | -                              | -                              |
| Net income from sale of goods and materials   | 424                            | 126 275                        | 101 693                        | 355 940                        |
| <b>Costs of products, goods and materials sold, incl:</b>                                     | <b>198</b>                     | <b>123 571</b>                 | <b>99 999</b>                  | <b>346 073</b>                 |
| Manufacture cost of products sold   | -                              | -                              | -                              | -                              |
| Value of goods and materials sold   | 198                            | 123 571                        | 99 999                         | 346 073                        |
| <b>Gross profit on sales</b>  | <b>226</b>                     | <b>2 704</b>                   | <b>1 694</b>                   | <b>9 867</b>                   |
| <b>Other income</b>   | <b>61</b>                      | <b>80</b>                      | <b>-</b>                       | <b>-</b>                       |
| <b>Selling costs</b>  | <b>129</b>                     | <b>1 262</b>                   | <b>237</b>                     | <b>4 291</b>                   |
| <b>Overheads</b>  | <b>134</b>                     | <b>1 276</b>                   | <b>1 158</b>                   | <b>3 201</b>                   |
| <b>Other costs</b>  | <b>-</b>                       | <b>28</b>                      | <b>297</b>                     | <b>315</b>                     |
| <b>Other profits (loss)</b>   | <b>-329</b>                    | <b>-256</b>                    | <b>-72</b>                     | <b>-878</b>                    |
| <b>Operating profit</b>   | <b>-305</b>                    | <b>-38</b>                     | <b>-70</b>                     | <b>1 182</b>                   |
| <b>Financial revenues, incl:</b>  | <b>1</b>                       | <b>388</b>                     | <b>234</b>                     | <b>329</b>                     |
| Interest  | 1                              | 388                            | 234                            | 329                            |
| Other   | -                              | -                              | -                              | -                              |
| <b>Financial costs, incl:</b>   | <b>-</b>                       | <b>-</b>                       | <b>-</b>                       | <b>3</b>                       |
| Interest  | -                              | -                              | -                              | 3                              |
| Other   | -                              | -                              | -                              | -                              |
| <b>Loss of control over subordinated entity</b>   |                                |                                |                                |                                |
| <b>Share in net profit (loss) of the subordinated entities evaluated by the equity method</b> |                                |                                |                                |                                |
| <b>Gross profit</b>   | <b>-304</b>                    | <b>350</b>                     | <b>164</b>                     | <b>1 508</b>                   |
| <b>Income tax, incl:</b>  | <b>-57</b>                     | <b>67</b>                      | <b>32</b>                      | <b>287</b>                     |
| current   | -                              | -                              | -                              | -                              |
| deferred  | -57                            | 67                             | 32                             | 287                            |
| <b>Net consolidated profit from discontinued operations</b>                                   | <b>-247</b>                    | <b>283</b>                     | <b>132</b>                     | <b>1 221</b>                   |

2.5 CHANGES IN ESTIMATES

Drawing up abbreviated interim financial statements in accordance with MSR34 requires the use of significant accounting estimates and judgments as to the accounting policies applied by the Company and the Group. During the nine months ended on 3 September 2013, there were no significant changes in estimates and estimation methodology in relation to the financial figures presented in the annual financial statement for 2012 that would have an impact on the current period.

**3. CHANGE IN CONTINGENT LIABILITIES**

at the Capital Group

|  | <b>As at 31 December<br/>2013</b> | <b>increases (+)<br/>decreases (-)</b> | <b>As at 31 December<br/>2012</b> |
|--|-----------------------------------|--|-----------------------------------|
| <b>Total contingent liabilities, incl:</b> | <b>98 781</b>                     | <b>12 753</b>                          | <b>86 028</b>                     |
| 1. From related parties                    |                                   |  | -                                 |
| 2. From other entities                     | 98 781                            | 12 753                                 | 86 028                            |
| - warranties and suretyships granted       | 86 773                            | 7 867                                  | 78 906                            |
| - notes drawn                              | 12 008                            | 4 886                                  | 7 122                             |

at the Issuer

|  | <b>As at 31 December<br/>2013</b> | <b>increases (+)<br/>decreases (-)</b> | <b>As at 31 December<br/>2012</b> |
|--|-----------------------------------|--|-----------------------------------|
| <b>Total contingent liabilities, incl:</b> | <b>651 503</b>                    | <b>73 203</b>                          | <b>578 300</b>                    |
| 1. From related parties                    |                                   |  | -                                 |
| 2. From other entities *                   | 651 503                           | 73 203                                 | 578 300                           |
| - warranties and suretyships granted       | 645 118                           | 73 203                                 | 571 915                           |
| - notes drawn                              | 6 385                             |  | 6 385                             |

\* Contingent liabilities of KOPEX S.A. from other entities amount to PLN 569 876 thou, including sureties, guarantees obtained from related parties, in exchange for standing surety for those entities by KOPEX S.A.

Financial liabilities of the Capital Group compared to the balance as at 31 December 2012. increased by PLN 67 519 thou.

Claims and disputes

On 8 and 11 January 2010 there were delivered the following copies of lawsuits by the Regional Court in Katowice to KOPEX S.A.:

- a) a lawsuit filed by FAZOS S.A. on the payment against the companies KOPEX S.A. and TAGOR S.A. (sub- subsidiary). The value of the claim in the lawsuit was estimated at PLN 51 876 thou.
- b) a lawsuit filed by FAZOS S.A. on the payment against the companies KOPEX S.A. and TAGOR S.A. (sub- subsidiary). The value of the claim in the lawsuit was estimated at PLN 22 207 thou. On 29 March 2013 Katowice Regional Court delivered a judgement dismissing the claim entirety. The judgment is not final. Plaintiff company made an appeal against the judgement to the Court of Appeal in Katowice. On February 18, 2014 the appeal hearing was held. The court adjourned sentencing on March 3, 2014.
- c) a lawsuit filed by FAMUR S.A. against KOPEX S.A. on the payment of EUR 41 532 thou. On 26 April 2012 the District Court in Katowice considered the case brought by the company FAMUR S.A. in Katowice against the Issuer for payment of liquidated damages and ordered KOPEX S.A. to pay the amount of PLN 40,262 thou, together with statutory interest and costs of the process. The rest of the suit was dismissed. KOPEX S.A. Board exercised its right to appeal against the judgment, but the Court of Appeal in Katowice on 8 November 2012 dismissed the appeal of the Issuer and upheld the judgment of 26 April 2012 delivered by the District Court in Katowice..

On 09 November 2012 the Issuer executed the final judgment of the Court of Appeal and settled for FAMUR S.A. the amount of PLN 56 048 thou, including the principal, interest and reimbursement of costs. On 01 March 2013, the Court of Appeal in Katowice KOPEX S.A. filed a cassation complaint against the judgment of the Court of 8 November 2012. By order of the Supreme Court dated December 19, 2013 this complaint was not accepted for consideration.

According to the position of the law firm representing KOPEX S.A. and TAGOR S.A., the likelihood that the court accepts FAZOS S.A.'s claims and payment of the amounts described in item a) is less than the probability of dismissal due to lack of contractual basis for their formulation and the lack of adequate causation. Therefore, KOPEX S.A. under the provisions of IAS 37, recognized that there has not a present obligation arising from past events and has not created reserves.

#### 4. INFORMATION FOR TRANSLATION OF SELECTED FINANCIAL FIGURES

- Items of assets and liabilities were translated into EUR at the average NBP bank exchange rate, as at the balance sheet date
  - as at 31.12.2013 - 4,1472
  - as at 31.12.2012 - 4,0882
- Items of income statement and cash flow were calculated by the arithmetic average EUR exchange rates applicable at the end of each month in the reporting period
  - in 2013 - 4,2110
  - in 2012 - 4,1736
- Maximum exchange rates in the following periods
  - in 2013 - 4,3292
  - in 2012 - 4,3889
- Minimum exchange rates in the following periods:
  - in 2013 - 4,1429
  - in 2012 - 4,0882

#### 5. INFORMATION ON CHANGE IN RESERVES

##### at the Capital Group

|   | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|---|-----------------------------|-----------------------------|
| <b>Change in reserves for liabilities</b> | <b>-4 595</b>               | <b>2 980</b>                |
| a) increases, incl:                       | 5 725                       | 19 400                      |
| - employee benefits                       | 4 601                       | 2 556                       |
| - reserve for liabilities                 | 1 124                       | 16 844                      |
| b) decreases, incl:                       | 10 055                      | 16 290                      |
| - employee benefits                       | 2 977                       | 1 446                       |
| - reserve for liabilities                 | 7 078                       | 14 844                      |
| c) exchange rate differences              | -265                        | -130                        |

Changes in reserves for liabilities relate primarily to provisions for warranty repairs.

Increase in reserves for employee benefits mainly due to establishing reserves for employee bonuses.

##### at the Issuer

|   | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|---|-----------------------------|-----------------------------|
| <b>Change in reserves for liabilities</b> | <b>81</b>                   | <b>-1 283</b>               |
| a) increases, incl:                       | 314                         | 1 380                       |
| - employee benefits                       | 308                         | 537                         |
| - reserve for liabilities                 | 6                           | 843                         |
| b) decreases, incl:                       | 233                         | 2 663                       |
| - employee benefits                       | 226                         | -                           |
| - reserve for liabilities                 | 7                           | 2 663                       |



## 6. INFORMATION ON CHANGE IN WRITE DOWNS ON ASSETS AFFECTING FINANCIAL RESULT

### at the Capital Group

|                                     | 01.01.2013 to 31.12.2013 | 01.01.2012 to 31.12.2012 |
|-------------------------------------|--------------------------|--------------------------|
| <b>1) increases, incl::</b>         | <b>13 394</b>            | <b>37 054</b>            |
| - Receivables                       | 7 929                    | 13 727                   |
| - Tangible and intangible assets    | 503                      | 13 563                   |
| - Inventories                       | 3 798                    | 9 763                    |
| - Other long-term assets            | 1 164                    | 1                        |
| <b>2) decreases, incl::</b>         | <b>24 848</b>            | <b>9 307</b>             |
| - Receivables                       | 6 784                    | 8 599                    |
| - Tangible and intangible assets    | 13 329                   | -                        |
| - Inventories                       | 354                      | 658                      |
| - Other long-term assets            | 4 401                    | 50                       |
| <b>3) exchange rate differences</b> | <b>-400</b>              | <b>-1 206</b>            |

Increases in write-downs of fixed assets relate to individual assets elements that have been deemed unnecessary.

### at the Issuer

|                                     | Od 01.01.2013 do 31.12.2013 | Od 01.01.2012 do 31.12.2012 |
|-------------------------------------|-----------------------------|-----------------------------|
| <b>1) increases, incl::</b>         | <b>1 709</b>                | <b>3 326</b>                |
| - Receivables                       | 572                         | 3 326                       |
| - Other long-term assets            | 1 137                       | -                           |
| - Real Estate Investment            | -                           | -                           |
| <b>2) decreases, incl::</b>         | <b>575</b>                  | <b>4 173</b>                |
| - Receivables                       | 351                         | 4 124                       |
| - Other long term assets            | 224                         | 49                          |
| <b>3) exchange rate differences</b> | <b>26</b>                   | <b>-30</b>                  |

## 7. ACQUISITIONS AND DISPOSALS OF TANGIBLE FIXED ASSETTS

### at the Capital Group

|                            | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|----------------------------|-----------------------------|-----------------------------|
| Acquisitions <sup>1)</sup> | 135 040                     | 131 193                     |
| Disposals (net sale value) | 27 326                      | 3 439                       |

<sup>1)</sup>This item also includes the tangible assets manufactured in the Group, mainly mining shearers.

### at the Issuer

|                            | 01.01.2013<br>to 31.12.2013 | 01.01.2012<br>to 31.12.2012 |
|----------------------------|-----------------------------|-----------------------------|
| Acquisitions               | 2 808                       | 9 569                       |
| Disposals (net sale value) | 343                         | 98                          |

**8. TRANSACTIONS WITH RELATED PARTIES AT THE CAPITAL GROUP**

|                                 | Revenues from sale of products, goods and materials | Other sale | Finance revenues |
|---------------------------------|---|------------|------------------|
| <b>01.01.2013 to 31.12.2013</b> |   |            |                  |
| from affiliates                 | 2 392   | 52         | -                |
| from other related parties      | 598   | 147        | 3843             |
| <b>01.01.2012 to 31.12.2012</b> |   |            |                  |
| from affiliates                 | 3 903   | 194        | 342              |
| from other related parties      | 534   | 77         | 1 111            |

|                                 | Purchase of goods and services | Purchase of tangible and intangible assets | Finance costs |
|---------------------------------|--------------------------------|--|---------------|
| <b>01.01.2013 to 31.12.2013</b> |                                |  |               |
| from affiliates                 | 11 000                         | -  | -             |
| from other related parties      | 6 883                          | 1 346                                      | 26            |
| <b>01.01.2012 to 31.12.2012</b> |                                |  |               |
| from affiliates                 | 8 626                          | -  | 516           |
| from other related parties      | 10 259                         | 608  | 13            |

| Receivables and liabilities from related parties | 31.12.2013 | 31.12.2012 |
|--|------------|------------|
| Gross receivables from affiliates                | 4 160      | 12 316     |
| Gross receivables from other related parties     | 19 669     | 53 853     |
| Liabilities to affiliates                        | 8 489      | 4 199      |
| Liabilities to other related parties             | 509        | 945        |

| Write downs from subsidiaries and affiliates | 31.12.2013 | 31.12.2012 |
|--|------------|------------|
| At the beginning of period                   | 4 970      | 4 970      |
| Establishing write down                      | -          | -          |
| At the end of period                         | 4 970      | 4 970      |

| Write downs from other related parties | 31.12.2013 | 31.12.2012 |
|--|------------|------------|
| At the beginning of period             | 3 899      | 6 647      |
| Establishing write down                | 282        | 532        |
| Dissolution of write down              | 46         | 3 280      |
| At the end of period                   | 4 135      | 3 899      |

| Receivables and liabilities for loans      | 31.12.2013 | 31.12.2012 |
|--|------------|------------|
| Receivables for loans from related parties | 38 638     | 23 312     |
| Receivables for loans from affiliates      | 1 270      | -          |
| Liabilities for loans to related parties   | -          | -          |
| Liabilities for loans to affiliates        | -          | -          |

9. TRANSACTIONS WITH RELATED PARTIES AT THE ISSUER

|                                 | Revenues from sale of products, goods and materials | Other revenues (including dividends) | Finance revenues |
|---------------------------------|---|--------------------------------------|------------------|
| <b>01.01.2013 to 31.12.2013</b> |   |                                      |                  |
| from subsidiaries               | 13 560  | 72 372                               | 6 726            |
| from affiliates                 | 2 835   | -                                    | -                |
| from other related parties      | 55  | 111                                  | 3 450            |
|                                 |   |                                      |                  |
| <b>01.01.2012 to 31.12.2012</b> |   |                                      |                  |
| from subsidiaries               | 26 335  | 69 794                               | 5 632            |
| from affiliates                 | 2 835   | 214                                  | 29               |
| from other related parties      | 480   | 66                                   | 622              |

|                                    | Purchase of goods and services | Purchase of tangible and intangible assets | Finance costs |
|------------------------------------|--------------------------------|--|---------------|
| <b>01.01.2013 to 31.12.2013</b>    |                                |  |               |
| From subsidiaries                  | 185 763                        | 794  | 6 200         |
| From other related parties         | 2 565                          | 1 311                                      | -             |
|                                    |                                |  |               |
| <b>Od 01.01.2012 do 31.12.2012</b> |                                |  |               |
| From subsidiaries                  | 312 759                        | 6 949                                      | 6 092         |
| From other related parties         | 5 202                          | 437  | 24            |

| Receivables and liabilities from related parties | 31.12.2013 | 31.12.2012 |
|--|------------|------------|
| Gross receivables from subsidiaries              | 29 396     | 77 756     |
| Gross receivables from other related parties     | 7 057      | 24 939     |
| Liabilities to affiliates                        | 48 808     | 112 618    |
| Liabilities to other related parties             | 85         | 304        |

| Write downs on receivables from subsidiaries and affiliates | 31.12.2013 | 31.12.2012 |
|---|------------|------------|
| At the beginning of period                                  | 2 390      | 337        |
| Establishing write down                                     | -          | 2 102      |
| Dissolution of write downs                                  | -          | 20         |
| Exchange rate differences                                   | -25        | -29        |
| At the end of period  | 2 365      | 2 390      |

| Write downs on receivables from related parties | 31.12.2013 | 31.12.2012 |
|---|------------|------------|
| At the beginning of period                      | 3 447      | 6 647      |
| Establishing write down                         | -          | -          |
| Dissolution of write downs                      | 46         | 3 200      |
| At the end of period                            | 3 401      | 3 447      |

| Loans receivables and liabilities      | 31.12.2013 | 31.12.2012 |
|--|------------|------------|
| Receivables from subsidiaries loans    | 67 839     | 55 853     |
| Receivables from affiliates loans      | -          | -          |
| Receivables from other related parties | 34 398     | 23 312     |
| Liabilities from loans to subsidiaries | 97         | 78 918     |

## 10. FAIR VALUE

Financial assets and liabilities measured at fair value as at 31 December 2013

At the Capital Group :

| Classes of financial instruments | The fair value hierarchy |         |         |
|----------------------------------|--------------------------|---------|---------|
|                                  | level 1                  | level 2 | level 3 |
| Stocks and shares                | 90                       |         |         |
| Derivatives, including:          |                          | 9 661   |         |
| Assets                           |                          | 9 812   |         |
| Liabilities                      |                          | -151    |         |

At the Issuer

| Klasy instrumentów finansowych | The fair value hierarchy |         |         |
|--------------------------------|--------------------------|---------|---------|
|                                | level 1                  | level 2 | level 3 |
| Stocks and shares              | 90                       |         |         |
| Derivatives, including:        |                          | 8 660   |         |
| Assets                         |                          | 8 690   |         |
| Liabilities                    |                          | -30     |         |

### Methods and assumptions used by the Group in determining fair values

The following valuation levels were adopted for financial instruments at fair value included the statement of financial position:

- level 1 - prices quoted from active markets for identical assets or liabilities
- level 2 – input data-in different than quoted prices classified to the level 1, that are observable for assets or liabilities, either directly ( i.e. as prices ) or indirectly ( i.e. based on prices )
- level 3 – input data for valuation of assets and liabilities not based on observable market data.

The fair value of financial instruments classified as level 2 was determined by using appropriate valuation techniques ( made by the banks ) .

The Group is not able to determine reliably the fair value of shares held in companies not listed on active markets , classified as financial assets available for sale . The KOPEX Group values this group of assets at cost less accumulated impairment losses .

The fair value of other financial assets and liabilities approximates their value recognised in the statement of financial position.

## 11. GENERAL INFORMATION ABOUT THE ISSUER- THE PARENT ENTITY

- Company name and address of the Issuer: **KOPEX Spółka Akcyjna, ul. Grabowa 1, 40-172 Katowice**
- Tel. No: **+48 32 604 70 00;**
- Fax No: **+48 32 604 71 00;**
- E-mail: **[kopex@kopex.com.pl](mailto:kopex@kopex.com.pl)**
- Corporate website address : **[www.kopex.com.pl](http://www.kopex.com.pl)**
- Statistical TAX number (REGON): **271981166;**
- Tax identification number (NIP): **634-012-68-49;**
- National Court Register: **The company is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court Katowice-East in Katowice, VIII Commercial Division of the National Court Register under the number KRS 000026782;**
- The share capital of the Issuer: **PLN 74.332.538,00 and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 . each. All shares are fully paid.**

### 11.1. HISTORIA I ROZWÓJ EMITENTA

On 4 November 1961 KOPEX enterprise was established under the name Przedsiębiorstwo Budowy Zakładów Górniczych za Granicą –KOPEX, as a state- owned enterprise , basing on the Regulation No. 128 of the Minister of Mining and Power Industry. On 01 January 1962, after entering the register of state enterprises, it commenced business as a general supplier of mining facilities and equipment for export. In May 1971 the enterprise obtained permission to operate independently in foreign trade, including to export and import of mining and drilling machinery and equipment and of complete mining facilities, on the exclusivity basis. From 01 January 1989, after reorganization of the entities operating in the mining sector, KOPEX was a state-owned enterprise was Przedsiębiorstwo Eksportu i Importu KOPEX w Katowicach. /KOPEX Export and Import Enterprise based in Katowice.

On 19 November 1993 there was signed a transformation act of the state- owned enterprise, into one-person joint-stock company of the State Treasury Joint-Stock Company ,under the name Przedsiębiorstwo Eksportu i Importu KOPEX Spółka Akcyjna .On 3 January 1994 KOPEX S.A. entered the commercial register under number RHB 10 375.

The first ever listing of KOPEX S.A. shares on the Warsaw Stock Exchange based in Warsaw was on 4 June 1998.

On 23 October 2003 the company registered its altered name KOPEX Spółka Akcyjna, and abbreviation: KOPEX S.A. in the National Court Register and since then, this name has been used by the company.

On 16 December 2004, 64.64% shares of KOPEX S.A. were made by the State Treasury as a contribution in kind to Krajowa Spółka Cukrowa S.A., in exchange for shares in that company subscribed by the State Treasury in connection with the increase of its share capital.

The sale of all the shares of KOPEX S.A. held by Krajowa Spółka Cukrowa S.A. on 9 February 2006, was the turning point in the history of privatisation of KOPEX S.A. The transaction was effected after announcement the outcome of a public tender offer for the sale of shares which were acquired by an industry investor- Zabrzeńskie Zakłady Mechaniczne S.A., based in Zabrze, hereinafter referred to as ZSM S.A.. It resulted in the establishment of the ZSM - KOPEX Group, Poland's largest industrial group in the sector of manufacturers and suppliers of mining machinery, equipment and services, whose integrated potential made it possible to offer comprehensively mining equipment and services and to become the ZSM- KOPEX Group one of the leading partners of the global mining industry.

The next significant stage of transformation was issue of 47,739,838 KOPEX S.A. B-series bearer shares addressed to the shareholders of ZSM S.A. in the second half of 2007, and the reverse takeover transaction of ZSM S.A. by "KOPEX S.A.

Following this transaction, KOPEX S.A. became a holding company and a leader in the KOPEX S.A. Group, comprising companies established in Poland and abroad.

At the end of 2009 there was a successful issue of 6,700,000 KOPEX S.A. C- series bearer shares.

On 01 December 2009 there was registered increase of the share capital, that currently amounts to PLN 74,332,538. and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 . each. All shares are fully paid.

In 2009 the Group name was changed from previously used "ZSM-Kopex Group" to the new name "Kopex GROUP" with the simultaneous adoption of the new graphic symbols.



## 12. THE SUBJECT AND SCOPE OF ACTIVITIES OF THE CAPITAL GROUP

The core business of the Group "Kopex" SA ("Kopex Group", "Group") which employs more than 5,000 employees is focused on manufacture of machinery and equipment used in the mining industry. However, the Group is not only a manufacturer and supplier of machines and equipment for mining coal, lignite and non-ferrous ores, but above all the KOPEX Group is a general contractor in investment enterprises ensuring comprehensive investment service.

The Kopex-Group offers complex solutions for underground and open-pit mining. It is a respected and acknowledged manufacturer and supplier of high class machineries and equipment as well as modern mining technologies.

Flexibility of the Kopex-Group offer proves its ability of accomplishing orders according to individual requirements of the customer.

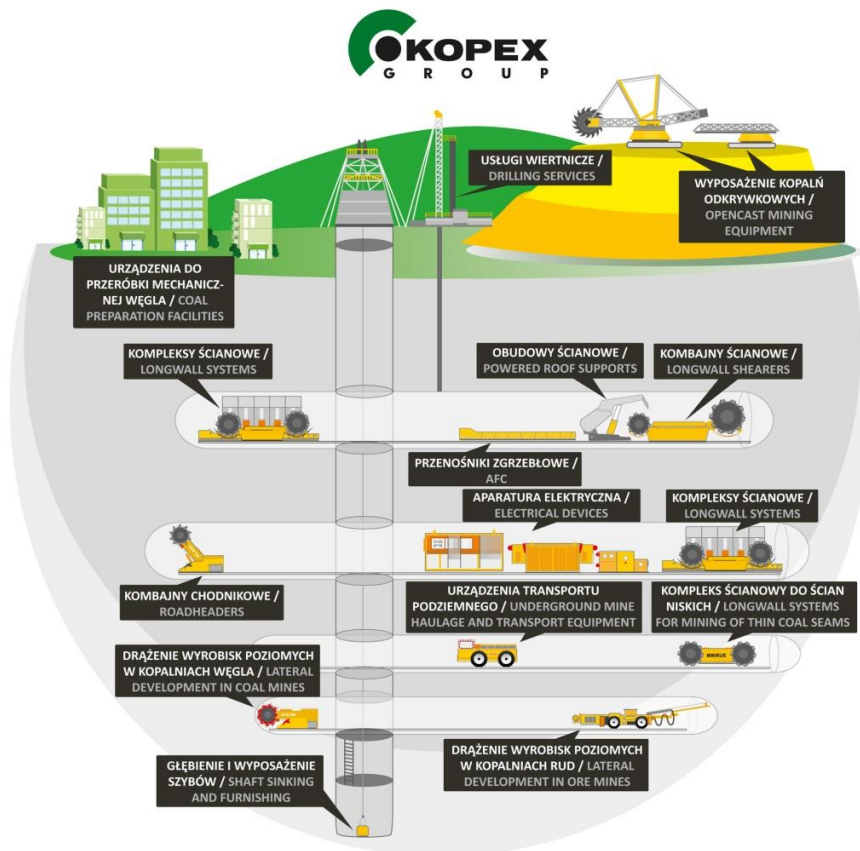
The Kopex Group brings together the leading manufacturers of high quality machinery, equipment and modern technologies for mining.\

**The Group's capabilities cover the whole investment process in the mining industry:**

- ⇒ easibility study of the project,
- ⇒ supervising works regarding geological surveys of the mining area and assessment of reserves,
- ⇒ elaborating deposit mining technology,
- ⇒ designing mining plants,
- ⇒ manufacture, supply and assembly of machines, equipment and technological systems,
- ⇒ construction, development, modernization , mining execution and liquidation of mines
- ⇒ staff training and engineering support during project execution.

**Oferowane przez Grupę KOPEX maszyny i urządzenia dla górnictwa to między innymi:**

- longwall systems,
- powered roof supports of many types,
- longwall shearers,
- roadheaders,
- scraper and belt conveyors for mining,
- power and control hydraulics for roof supports,
- units of electrical power and control,
- mining electronics,
- automation systems,
- methane-measuring devices and means of communication,
- control and measuring apparatus,
- excavators, spreaders, stackerreclaimers, belt conveyors for open-cast mining,
- shuttle cars (Waracar).



## 12.1. MARKET POSITION OF THE KOPEX GROUP

### KOPEX Group is characterised by:

- complete range of products and technology for coal mining (underground mining, open-cast mining):
- individual treatment of every Client needs
- *diversified portfolio of customers:*
  - leading mining corporations in the world,
  - largest coal mines and power producers in Poland.
- own R & D base and office design, making it possible to work on the modern and high-tech products, adapted to different geological conditions and satisfying the most demanding business partners
- credibility and adherence to ethical and legal conduct of business rules, as a basis for conducting business activities and achieving sustained success,
- implemented and continually improved quality management systems certified with quality certificates according to ISO standards,
- a team of highly qualified and experienced specialists,
- multicultural working environment because of our presence in major mining markets in the world and accumulated 51 years of experience with the implementation in more than 50 countries around the world,
- implementation of the strategy of corporate social responsibility CSR.

### Characteristics of basic scopes of activities of the main companies included in the KOPEX S.A. Capital Group

- ⇒ **„KOPEX” S.A.** - Scope of activities of the Company, in accordance with the Polish Classification of Activities (PKD), is determined in details in Par. 6 of the Articles of Association - “Wholesale of machineries used for mining, construction and civil and water engineering sectors- PKD No. 4663Z is the predominant activity of KOPEX S.A. , in accordance with the Polish Classification of Activities (PKD 2007).
- ⇒ For 51 years of its existence KOPEX S.A. has been specialised in international trade and has transformed over time into a general contractor and supplier of machinery, equipment and specialised services for underground and open-cast mining. With a wealth of experience and a team of highly qualified specialists "Kopex" SA intends to become a world-class expert in the mining of coal and other minerals, as well as a global company, providing the highest quality service for the mining and other industries.



- ⇒ **KOPEX MACHINERY S.A. (On 1st October 2012, there was an official registration of KOPEX Machinery, which was formed by an alliance of three companies comprising the Kopex Group: Zabrzeńskie Zakłady Mechaniczne S.A., RYFAMA S.A. i WAMAG S.A.)** - manufacturer of mining longwall shearers, roadheaders, cutting drums for shearers and cutting heads for roadheaders, scraper conveyors (armoured face conveyors, beam stage loaders, gallery conveyors and special conveyors), toothed transmission gears, crushers for crushing the winning, turning stations of belt conveyors cooperating with BSL unit, independent conveyor facilities anchoring and advancing AFC units and BSL units, combustion floor toothed railroads, systems and equipment for mechanical coal preparation, belt conveyors and other material handling equipment. Company is also a supplier of filters for dust suppression systems.



Automated Longwall Systems



- ⇒ **Fabryka Maszyn i Urządzeń „TAGOR” S.A.** – designer and manufacturer of powered roof supports, gate-end supports, belt conveyors, AFCs, individual roof support units.



ROOF SUPPORTS

- ⇒ **Zabrzeńskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o.** – renting and leasing of shearers, equipment and tangible goods, manufacture of metal structures and parts, manufacturing of general-purpose machinery.



SHEARERS AND ROADHEADERS

- ⇒ **„DOZUT-TAGOR” Sp. z o.o.** – manufacturer of sealing elements for power and control hydraulics, pneumatic systems as well as manufacturer of DURACHROM ecological protective coatings for power hydraulics.



Hydraulic props (legs) covered with DURACHROM unique protective ecological coatings

- ⇒ **WARATAH Engineering (KOPEX WARATAH) Pty Ltd /Australia/** - is a specialized supplier of equipment applicable in underground mining and tunneling projects in Australia and New Zealand

**Products offered by Kopex Waratah: shuttle cars**

- shuttle cars – in the last 5 years Kopex Warath developed its own shuttle car brand - "WARACAR". Over 60 shuttle cars are currently operating in Australian coal mines. In 2011, the company introduced a new version of the shuttle car 2011 SS type.
- Lump crusher FB 2012.



- Roadheader KTW 200

**Auxiliary Services offered:**

- thorough reconstruction and restoration of following mining machinery and equipment: continuous miners, roadheaders, shuttlecars and crushers,
- partial repairs,
- replacement of spare parts,
- machinery rental,
- training and installation / maintenance / service.



Waracar Shuttle Car (2011 SS Shuttle Car)

⇒ **KOPEX-SIBIR Sp. z o.o. /Russia/** – Activity of the Kopek-Sibir company covers: 24/7 service, conducting repairs, supplying customers with parts to machines and equipment, helping with supplying of new machines, equipment and technological systems.



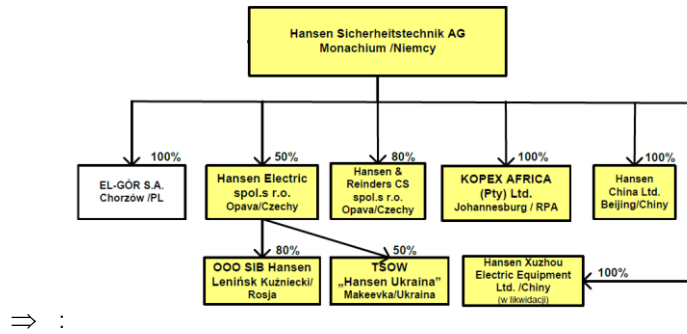
S

⇒ **KOPEX ELECTRIC SYSTEMS S.A.** – designer and manufacturer of the electricity distribution systems in explosion-proof housing and supplier of electrical appliances for mining equipment as well as the execution of documentation of integrated power systems and control for mining excavation systems.



ELECTRICAL EQUIPMENT

⇒ **HANSEN Sicherheitstechnik AG /Germany/** – The Company’s scope of activities comprises the acquisition and management of its own and / or other assets as well as design, management of shares in other companies operated in manufacture and repair of explosion-proof electrical and electronic systems, and, in particular in design, manufacture and repair of power energy distribution systems in explosion-proof housing ,supply of electrical fittings for mining equipment, development of technical documentation of electrical systems used in mining, in particular in the explosive atmospheres, manufacture of electronics for mining industry. The Companies included in the Hansen Group are presented in the following diagram:



⇒ **KOPEX AFRICA Pty Ltd /RPA/** – is a Hansen Group, SABS approved company for the manufacture, repair and modification of flameproof and non-flameproof electrical switchgear and transformers for the mining industry. Company supplies equipment and services for motor starters, distribution and control boxes, mobile sub-stations, gate and boxes and specialized custom built equipment and projects for the mining industry.



ELECTRICAL EQUIPMENT

⇒ **KOPEX-Przedsiębiorstwo Budowy Szybów S.A.** – contractor of specialized mining services: sinking vertical workings (shafts, staple shafts), lateral development, tunneling Construction services for the mining, underground, industrial construction sectors and civil engineering. Machinery, overhaul and construction fleet.



SPECIALISED MINING SERVICES

- ⇒ **Śląskie Towarzystwo Wiertnicze „DALBIS” Sp. z o.o.** – For many years ŚTW Dalbis has been specializing in drilling holes for various purposes and in practical implementation of drilling technologies in engineering and geotechnical work done both on surface and in underground mining plants.



DRILLING SERVICES

- ⇒ **PT. KOPEX MINING CONTRACTORS /Indonesia/** – KMC has the capability to design, plan, construct, develop and operate underground coal mines as well as offering professional geological consultancy services to the coal mining industry in the Asia Pacific region.



MINING SERVICES

- ⇒ **„KOPEX-EX-COAL” Sp. z o.o.** – The Company's main scope of activities comprises mining of coal, services related to forestry, peat extraction and mining.



COAL EXCAVATION

⇒ **„KOPEX-FAMAGO” Sp. z o.o.** – manufacturer of open-pit mining equipment: autonomous ECS systems (excavator, conveyor, spreader), excavators, spreaders, stackerreclaimers, belt conveyors and big dimension valves and bleeders for hydropower industry.



OPEN –CAST MINING MACHINERY

⇒ **HSW Odlewnia Sp. z o.o.** – manufacturer of steel and iron castings for construction machinery, cranes and material handling equipment for mining, metallurgy, cement and marine industries as well as for agriculture machinery.



STEEL AND CAST IRON CASTINGS

### 13. THE CAPITAL GROUP. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL CONNECTIONS OF THE ISSUER AND OF THE ISSUER'S SUBSIDIARIES

#### 13.1. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP

The KOPEX S.A. Capital Group („KOPEX Group”, „Group”, „Issuer's Capital Group”) is composed of the parent company - KOPEX S.A. based in Katowice, the company listed on the Warsaw Stock Exchange and of several subsidiaries with associated entities. These subsidiaries are characterised by varying degrees of importance for business and significance of the composition of the KOPEX Group.

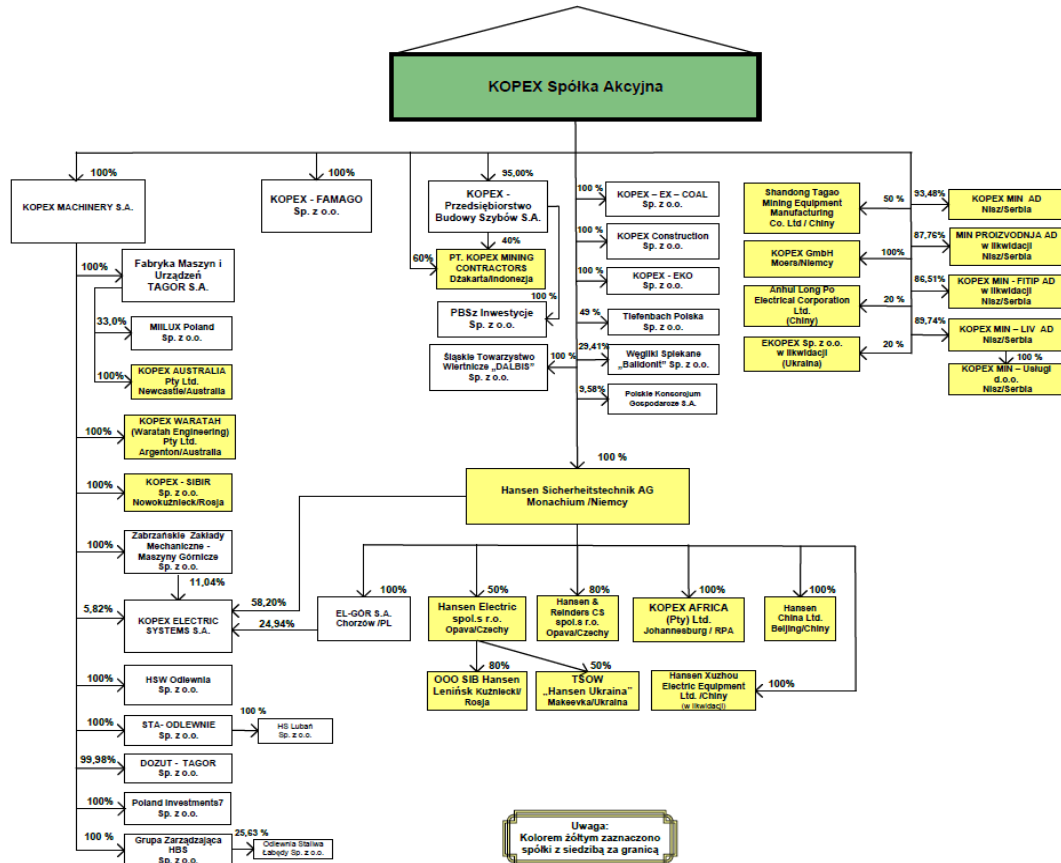


KOPEX S.A. as the leader of the Group plays a special role in the structure , by focusing the Group's central functions –it is the management of the holding, it provides for the development strategy of the whole Capital Group, it shows lines of the activities in the sphere of manufacture and services to the Group's subsidiaries, it runs the central accounting through the Accounting Centre for the



Group's companies, it runs the central finance policy through the Finance Centre for the Group's companies, it coordinates central procurement as well as implementation and development of the Group's IT systems, besides, KOPEX S.A. accomplishes shareholder supervision tasks over subsidiaries of KOPEX S.A. Capital Group.

Current Organisational chart of KOPEX S.A.



Notice: companies established abroad are indicted in yellow  
Source: Company

#### 14. RESULTS OF THE CHANGES IN COMPOSITION OF THE ENTITY, ALSO RESULTING FROM THE MERGERS OF ECONOMIC ENTITIES, TAKEOVERS OR SALE OF SUBSIDIARIES OF THE ISSUER'S CAPITAL GROUP, LONG-TERM INVESTMENTS, DIVISIONS, RESTRUCTURING AND CEASING ACTIVITIES

The Management Board of "Kopex" SA with a view to to ensure effective implementation of the objectives of the new strategy of the Kopex Group aiming to build highly effective organization implementing a business model, supporting the use of synergy, adapting to changing external and internal conditions and also aiming to reduce operating and financial costs and thus to increase profitability and increase the overall effectiveness and efficiency of the entire organization - on 26 November 2013 has taken resolution on the adoption of "Organizational Restructuring Program of the " Kopex "S.A. Group for the years 2013-2016 " and "Assets Optimisation Programme of the key companies of the "Kopex" S.A. Group for years 2013-2015".

The result of organizational restructuring should be to simplify the "Kopex" S.A. Group structure by reducing the number of companies in the Group, thus making it more transparent and remodeling of its composition in terms of the core business of the Group. The expected result of these actions will also reduce the operating costs and streamline management processes within the Group.

The planned organizational restructuring processes in the "Kopex" S.A. Group will consist of:

- ⇒ incorporation / merger / consolidation of selected companies with the Kopex Group, serving the intention of building strong, specialized and product distinguished entities;
- ⇒ elimination entities from the Kopex Group through the sale of their shares / stocks, for which the rate of return on investment and business risks do not justify further continuation taken in the past capital investment in these entities;

- ⇒ elimination from entities the Group through the sale of their shares / stocks, in which entities the Issuer holds minority stakes and whose activity is not related to the "core business" of the Group;
- ⇒ elimination of selected companies from the Group through liquidation processes, e.g. companies that have not started the actual business or companies that do not promise a lasting improvement;
- ⇒ acquisition / acquiring stocks / shares in the new selected entities to strengthen the product offering of the Kopex Group and improve its competitiveness.

The implementation of these restructuring activities was entrusted to a new organizational unit in the "Kopex" SA organizational structure, formed in the October 2013: Office of Assets Restructuring and Optimisation of Group.

Progress in the implementation of these restructuring activities in the "Kopex" S.A. Group will be presented by The Issuer successively in periodic reports under the following paragraphs of this chapter.

*To the date of publication of this report for the IV quarter of 2013 in the reporting period the following significant changes described below occurred in the organizational structure of the Kopex Group companies:*

**1) Acquisitions of shares by KOPEX S.A. or by subsidiaries of the KOPEX S.A. Capital Group.:**

**a) transfer of ownership of 100% of the shares in the company „STA-Odlewnie” Sp. z o.o. with its registered office in Tarnowskie Góry on KOPEX MACHINERY S.A. in Zabrze:**

Following the conclusion on 16 October 2013 of the Agreement of transfer of shares of the company with limited liability under Article 453 KC all shares of „STA-Odlewnie” Sp. z o.o. were transferred to subsidiary Kopex Machinery S.A. with its seat in Zabrze which entitle to 100% of the votes at the shareholders' meeting of the „STA-Odlewnie”. The main asset of the company „STA-Odlewnie” Sp. z o.o. is 92,73% stake in company HS LUBAŃ Sp. z o.o. with its seat in Lubań (up to 2010. under the name PONAR Luban), whose core business is the manufacture of hydraulic cylinders and cylinder repair or regeneration. **Company HS Luban has extensive experience in the hydraulics industry mainly due to highly specialized staff with many years of experience in the production of hydraulic cylinders.**

The target investment objective of this transaction is to create a strong Center of Power Hydraulics around the company being a part of Kopex Machinery S.A. - „DOZUT – TAGOR” Sp. z o.o. based on aforementioned company HS Lubań Sp. z o.o. in Lubań.

On 29 January 2014 share purchase agreement were concluded with three individuals, the result of which has been acquisition by „STA-Odlewnie” sp. z o.o. a total of 120 shares of "HS Lubań" Sp. z o.o. After these transactions, the company „STA-Odlewnie” sp. z o.o. became the holder of 100% of shares of "HS Luban" Sp. z.o.o. The described actions are one of the elements of organizational restructuring program adopted by the "Kopex" S.A. Group.

**b) increase up to 100% of the capital commitment of „KOPEX” S.A. in its German subsidiary- Hansen Sicherheitstechnik AG z based in Munich/Germany:**

As part of the consistent implementation of one of the objectives within the strategy of building a strong electro-electronic division of the KOPEX Group and the desire to simplify the Group's structure and capital ties of a German subsidiary Hansen Sicherheitstechnik AG in Munich, on August 6, 2013 at the Extraordinary General Meeting of Shareholders of Hansen Sicherheitstechnik AG a resolution was adopted on the consent to the compulsory redemption by Kopex S.A. shares held by minority shareholders.

On 07 October 2013, the District Court in Munich entered into the commercial register the above resolution of the General Meeting of Shareholders and in accordance with § 327e paragraph. 3 AktG (German law of share), upon registration of the said resolutions to the German commercial register and the related redemption of the remaining shares performed, Kopex SA became the owner of 100% shares of Hansen Sicherheitstechnik AG. Achieving this goal is the starting point for further planned restructuring activities of the Kopex Group companies with which the company Hansen Sicherheitstechnik AG is linked by capital.

**c) decision to form a company Miilux Poland Sp. z o.o. and the acquisition by the company TAGOR S.A. 33% of the share capital:**

On 11 October 2013 there was a trilateral cooperation agreement signed between: KOPEX S.A., Fabryka Maszyn i Urządzeń TAGOR S.A. (Issuer's subsidiary, hereinafter referred to as TAGOR S.A.) and Miilux Ltd (company belonging to Miilukangas Oy Group based in Raahе, Finland). The common intention of the parties is to take cooperation in the area of production of abrasion resistant steel, and the main purpose of signing the aforementioned cooperation agreement is to create a center of logistics and production, and prefabrication of metal sheets with abrasion resistant properties intended for customers from central and eastern Europe.

To achieve these objectives, the parties agreed, in the period up to January 2014, to conclude an agreement of a limited liability company under the name of "Miilux Poland", headquartered in Tarnowskie Góry. Carrying out the above liability on 15 January 2014 the Parties entered into a new cooperation agreement, and established an agreement of a limited liability company „Miilux Poland” Sp. z o.o., z siedzibą w Tarnowskich Górach.

The company „Miilux Poland” Sp. z o.o. shareholders are: "Miilux" Ltd (as majority shareholder), who took 5,360 shares, representing 67% of the share capital and the company "TAGOR" S.A., which acquired 2,640 shares, which represents 33% of the share capital of the new company.

Expected benefits for the Kopex Group companies in respect to collaborating with Miilux Ltd are:

- restructuring of TAGOR SA by becoming independent from the downturn in the coal market in complementary product area
- more efficient use of a held resource technology and facilities in TAGOR SA, including the use of vacant space and the signing of contracts for services in the pre-production with "Miilux Poland"
- creating a process line of prefabrication of abrasion resistant metal sheet and components integrated with the production-core rationalizing and improving the production processes,
- achieving a better quality of products Kopex Group of companies by having access to cutting-edge technology of heat treatment, improving technical parameters and the life-span of the products, including mining machinery, mainly conveyors
- extending the remit of co-operation in the domestic and foreign markets for sheet metal and components with abrasion resistant properties

- reduction of procurement costs for abrasion resistant steel by the companies from Kopex Group.

The Management Board of Kopex SA believes that the first results due to signing of a cooperation agreement with Miilux Ltd will appear in the following years, beginning in 2014.

**d) zwiększenie do 95% zaangażowania kapitałowego „KOPEX” S.A. w spółce „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A. z siedzibą w Bytomiu;**

W wyniku prowadzonego procesu skupu akcji będących w posiadaniu byłych pracowników spółki „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A. zgodnie z potwierdzeniem Domu Maklerskiego na dzień 20 stycznia 2014 roku „KOPEX” S.A. stał się posiadaczem 4.430.476 akcji spółki „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A., co stanowi 95,0093% udziału w kapitale zakładowym. Działanie to jest zgodne z przyjętym planem restrukturyzacji organizacyjnej Grupy Kapitałowej „KOPEX” S.A.

**2) The processes of joining selected companies of "Kopex" S.A. Group:**

**a) merging of KOPEX MACHINERY S.A. (acquiring company) and subsidiary Grupa Zarządzająca HBS Sp. z o.o. based in Katowice (the acquiree);**

As part of its program of organizational restructuring of the "Kopex" SA Group companies, in order to simplify the corporate structure of the Kopex Group, the Extraordinary General Meeting of KOPEX MACHINERY S.A. based in Zabrze, on 20 January 2014 consented to the merger of: KOPEX MACHINERY S.A. based in Zabrze (acquiring company) and Grupa Zarządzająca HBS Sp. z o.o. based in Katowice (the acquiree) in accordance with the merger plan dated 29 November 2013 published in the Court and Economic Monitor dated 4 December 2013, number 238/2013 (4355), pos. 1730. These connection is made pursuant to art. 492 § 1 point 1) of the Commercial Companies Code, ie by transferring all assets of the acquired company to the acquiring company (merger by acquisition) subject to the provisions of art. 516, § 6 of the Code of Commercial Companies, without increasing the share capital of the acquiring company, in accordance with the provisions of Art. 515 § 1 of the Commercial Companies Code, without making changes in the statute of the acquiring company. Currently there are ongoing formal procedures related to registration this merger in the National Court Register.

**3) ) Sale of shares by KOPEX S.A. or by other subsidiaries of the KOPEX Group, suspension of activities, or liquidation processes of the subsidiaries of the KOPEX Group that were undertaken within the framework of the restructuring and organising processes of the subsidiaries of the KOPEX Group:**

**a) sale of 25% of shares in Nepean Longwall Pty Ltd, based in Maitland / Australia by TAGOR S.A. based in Tarnowskie Góry,(a sub-subsidiary of KOPEX S.A.);**

Pursuant to the agreement concluded on 13 February 2013 between „TAGOR” S.A. in Tarnowskie Góry (an indirect subsidiary of Kopex SA) and an Australian company Standens Equipment Pty Ltd and statement of 26 June 2013 all the remaining shares in the company Nepean Longwall Pty Ltd (formerly under the name INBYE Mining Services PTY Ltd.) held by “TAGOR” S.A. in the total number of 25% were sold, thus the process of exit from this company operating on the Australian market has been completed.

**b) liquidation of the company „EKOPEX” sp. z o.o. based in Bienduga/Ukraine;**

The company „EKOPEX” Sp. z o.o. was established in 2006 company with limited liability company uder Ukrainian law involving two other accomplices - Ukrainian companies, in connection with the then plans for reclamation of coal heaps. KOPEX S.A. owns 20,00% of shares in this company which share capital amounts to 37.500 hryvnias (ca.14.000 PLN). The Company has not commenced business. The Company has not commenced and is not established. At the request of the local Tax Office (State Tax Inspectorate) Regional Administrative Court in Lviv on 16.05.2013 issued the decision on the liquidation of the legal entity and the appointment of a liquidator of the company. The Company has no debt due to taxes and fees, as well as a flat-rate premiums for social security and insurance premiums to the Pension Fund of Ukraine. Currently formal legal procedure is pending for liquidating the company in accordance with local law. Liquidation of the company is part of organizing the composition of the Kopex Group companies.

**4) Other events within the Group that occurred during the period from the date of the last periodic report to the publication date of this quarterly report:**

**a) decision to discontinue electricity trading activities by the "Kopex" S.A.;**

The Management Board of "Kopex" S.A. on 01 October 2013r. took Resolution No. 152/2013 on the termination of the licensed activity - electricity trading done on the basis of the ERO of 25 February 2009. No OEE/538/9238/W/2/2008/PJ. The immediate reasons for this decision were the two factors, namely: obtaining relatively low rates of gross margin realized in the sale of within this business and the need of large involvement of financial resources necessary for the conduct of that business, which was not without effect on the level of indicators of the Kopex Group. Currently formal and legal procedures are taking place relating to the implementation of the decision to terminate above mentioned licensed activities.

**b) project of underground coal mine in the concession area of Oświęcim-Polanka;**

The project, whivh goal is the construction of an underground coal mine in the concession area Oświęcim-Polanka is implemented by subsidiary "Kopex-EX-COAL" Sp. z o.o. based in Katowice under the conducted business.

In view of the importance and significance of this project for the entire Kopex Group it was decided to request for an opinion on the project to build the mine to the Supervisory Board of "Kopex" S.A., which on 14 November 2013, after hearing the report prepared and presented by the external experts and having regard to the reasoning - resolved to a positive opinion of the project and is committed to the constant monitoring and reporting

its further progress. The above opinion of the Supervisory Board was announced by the Issuer publicly in current reports No. 74 and No. 76 of 19 November 2013.

According to the timetable and clasped milestones further work on this project are continued.

**c) change of the company „KOPEX Electric Systems” S.A. to „Elgór+Hansen” S.A.:**

On 29 January 2014 the Extraordinary General Meeting of „KOPEX Electric Systems” S.A. passed a resolution to change the company name „KOPEX Electric Systems” S.A. to „Elgór+Hansen” S.A. Currently, formal and legal procedures are taking place relating to the registration of the change of the National Court Register.

Major investments in financial and tangible fixed assets in the Issuer’s Capital Group in the period of Q1 – Q4 2013 are presented in the table below:

| in PLN thou                   |                |
|-------------------------------|----------------|
| INVESTMENTS                   | VALUE          |
| 1. Machinery and equipment    | 116.914        |
| 3. Intangible assets          | 81.764         |
| 4. Buildings and real estate  | 10.982         |
| 5. Acquisitions and takeovers | 6.902          |
| 6. Other                      | 7.144          |
| <b>Total</b>                  | <b>223.706</b> |

In the period of Q1 – Q4 2013, the Capital Group suffered a depreciation costs of its inventory in the amount of PLN 144.383 thou. The investments were financed from their own Companies and with external sources of financing (bank credits).

**15. IDENTIFICATION OF THE SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THORUGH SUBSIDIARIES AT LEAST 5 PER CENT OF TOTAL VOTES AT THE GENERLA MEETING OF THE ISSUER ON THE DTAE OF PUBLICATION OF THE QUARTERLY (Q3 2013) REPORT AND INDICAITON OF THE CHANGES IN THE SHAREHOLDING STRUCTURE OF SUBSTANTIAL BLOCKS OF SHARES OF THE ISSUER SINCE THE PREVIOUS QUARTERLY REPORT**

**15.1. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THORUGH SUBSIDIARIES AT LEAST 5 PER CENT OF TOTAL VOTES AT THE GENERLA MEETING OF THE ISSUER ON THE DTAE OF PUBLICATION OF THE QUARTERLY REPORT**

The share capital of „KOPEX” S.A. amounts to PLN 74.332.538,00 and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 each, including:

- a) 19.892.700 ordinary bearer shares series A,
- b) 47.739.838 ordinary bearer shares series B, and
- c) 6.700.000 ordinary bearer shares series C.

There are no privileged shares to voting.

Brak jest akcji uprzywilejowanych co do głosu. From 4 June 1998, the shares of "Kopex" SA are listed on the Stock Exchange - Giełda Papierów Wartościowych w Warszawie S.A. (KPX PLKOPEX00018, Industrial Machinery, Segment: 50 PLUS, Index: mWIG80)



According to the information held by the Issuer on the date of publication of the quarterly (Q4 2014) report, the following shareholders held directly or indirectly, at least 5 per cent of the total number of votes at the General Meeting of KOPEX S.A.:

| SHAREHOLDER                                       | Number of shares held    | Percentage shareholding in the share capital of KOPEX S.A. | Total number of votes at the General Meeting | Per cent of votes at the General Meeting |
|---|--------------------------|--|--|--|
| <b>Krzysztof Jędrzejewski</b>                     | 43 892 956 <sup>1)</sup> | 59,05%   | 43 892 956                                   | 59,05%                                   |
| <b>TDJ S.A. (indirectly through subsidiaries)</b> | 7 433 000 <sup>2)</sup>  | 9,99%  | 7 433 000                                    | 9,99%                                    |
| <b>Other shareholders – Free Float</b>            | 23 006 582               | 30,96%   | 23 006 582                                   | 30,96%                                   |

Source: Company.

**Uwagi:**

<sup>1)</sup> Total shareholding of „KOPEX” S.A. shares held by the majority Shareholder Mr. Krzysztof Jędrzejewski together with its subsidiaries (directly and indirectly), incl. directly owns 43.310.175 of shares representing 58,27% in the share capital of the Company and entitling to 43.310.175 votes at the General Meeting and representing 58,27% of total votes. Indirectly by the company KOPEX S.A. owns 276.500 shares of „KOPEX” S.A. (these are own Kopex shares concentrated in the period), which represents 0,37% of the share capital of KOPEX S.A.



<sup>2)</sup> The Company TDJ S.A. based in Katowicach jointly held indirectly through its subsidiaries 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 votes at the General Meeting and representing 9,99% of total votes incl.:

- Company ZEH Sp. z o.o. based in Wieszow held indirectly 4.720.000 shares of „KOPEX” S.A., representing 6,35% in the share capital of the Company and entitling to 4.720.000 votes at the General Meeting and representing 6,35% of total votes;
- Company GALANTINE Sp. z o.o. based in Warszawa held indirectly 2.713.000 shares of „KOPEX” S.A., representing 3,64% in the share capital of the Company and entitling to 2.713.000 votes at the General Meeting and representing 3,64% of total votes.

The majority shareholder of the Company TDJ S.A. is Mr Tomasz Domogała, who indirectly through the above mentioned subsidiaries of TDJ S.A. owns 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 000 votes at the General Meeting and representing 9,99% of total votes.

The Issuer informed about the above mentioned changes in shareholding in the current reports No. 1/2014, 2/2014 and 3/2014 of 3 January 2014 and in the current report No. 5/2014 dated 8 January 2014, about changes in Kopex S.A. shareholding by ING OFE.

## 15.2. INDICATION OF CHANGES IN OWNERSHIP STRUCTURE OF SIGNIFICANT HOLDINGS IN THE PERIOD FROM THE PREVIOUS QUARTERLY REPORT

In the period since the previous quarterly report i.e. report QSR-3/2013 on 14 November 2013. to the date of this interim report, changes occurred in the ownership of shareholdings which the Issuer announced publicly in the current reports No. 1/2014, 2/2014 and 3/2014 of 3 January 2014 and in the current report No. 5/2014 of 8 January 2014 on change of Kopex SA shares ownership by ING OFE, namely:

- ING Otworthy Fundusz Emerytalny informed the Issuer in the notice of 07 January 2014, that as a result of the sale of the "Kopex" S.A. shares in the transactions made on the Gieldzia Papierów Wartościowych in Warsaw S.A. (Warsaw Stock Exchange), settled on 30.12.2013 became a shareholder of the Company "Kopex" SA, representing less than 5% of the total number of votes. Before the sale of shares of the Issuer, ING Otworthy Fundusz Emerytalny held 6.288.625 of common shares of Company „KOPEX” S.A. representing 8,46% of the share capital, entitling to 6.288.625 votes at the general meeting of shareholders of „KOPEX” S.A. and representing 8,46% of the total votes. According to the notice, on 7 January 2014, on the securities account of ING Otwartego Fundusz Emerytalny there were 1.568.625 of common shares of „KOPEX” S.A. representing 2,11% of the share capital, entitling to 1.568.625 votes at the general meeting of shareholders of „KOPEX” S.A. and representing 2,11% of the total votes.
- ZEH Spółka z o. o. Spółka komandytowo-akcyjna based in Wieszowa informed the Issuer in the notice of 03 January 2014, that it owns directly 4.720.000 ordinary bearer shares of the Issuer representing 6,3498% of the share capital of the Issuer entitling to 4.720.000 votes at the general meeting of the Issuer and representing 6,3498% of the total votes at the general meeting of the Issuer (acquisition of shares was a result of the transaction concluded on 18 December 2013, settled on 30 December 2013)
- TDJ S.A. based in Katowice informed the Issuer in the notice of 03 January 2014, that it owns indirectly by its subsidiaries 7.433.000 ordinary bearer shares of the Issuer, which shares constitute 9,9996% of the share capital of the Issuer entitling to 7.433.000 votes at the general meeting of the Issuer and representing 9,9996% of the total votes. Among the subsidiaries of TDJ S.A. the Issuer's shares are owned by ZEH Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna based in Wieszowa in the number of 4.720.000 ordinary bearer shares of the Issuer representing 6,3498% of the share capital of the Issuer entitling to 4.720.000 votes at the general meeting of the Issuer and representing 6,3498% of the total votes at the general meeting of the Issuer (acquisition of shares was a result of the transaction concluded on 18 December 2013, settled on 30 December 2013). In addition, the notice of TDJ S.A. shows that the Company GALANTINE Sp. z o.o. based in Warsaw owns directly 2.713.000 ordinary bearer shares of the Issuer representing 3,6498% of the share capital of the Issuer entitling to 2.713.000 votes at the general meeting of the Issuer and representing 3,6498% of the total votes.
- Mr Tomasz Domogała informed the Issuer in the notice of 03 January 2014, that he owns indirectly by his subsidiaries 7.433.000 ordinary bearer shares of the Issuer representing 9,9996% of the share capital of the Issuer entitling to 7.433.000 votes at the general meeting of the Issuer and representing 9,9996% of the total votes. Among the subsidiaries of Tomasz Domogała the Issuer's shares are owned by ZEH Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna based in Wieszowa in the number of 4.720.000 ordinary bearer shares of the Issuer representing 6,3498% of the share capital of the Issuer entitling to 4.720.000 votes at the general meeting of the Issuer and representing 6,3498% votes at the general meeting of the Issuer and Company GALANTINE Sp. z o.o. z siedzibą w Warszawie that owns 2.713.000 ordinary bearer shares of the Issuer representing 3,6498% of the share capital of the Issuer entitling to 2.713.000 votes at the general meeting of the Issuer and representing 3,6498% of the total votes. ZEH Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna based in Wieszowa is a subsidiary of TDJ S.A. based in Katowice, in which Tomasz Domogała is the majority shareholder.

## 16. SPECIFICATION OF SHAREHOLDING OF THE ISSUER'S SHARES OR THE RIGHTS TO THE SHARES BY MEMBERS OF THE MANAGEMENT BOARD AND OF MEMBERS THE SUPERVISORY BOARD AS AT THE DAY OF ISSUE OF THE QUARTERLY REPORT, INCLUDING THE INDICATION OF CHANGES IN THE SHAREHOLDING SINCE THE ISSUE OF THE PREVIOUS QUARTERLY REPORT

### 16.1. SHAREHOLDING OF THE ISSUER'S SHARES OR THE RIGHTS TO THE SHARES BY MEMBERS OF THE MANAGEMENT BOARD AS AT THE DAY OF ISSUE OF THE QUARTERLY REPORT

| Name              | Position in the Management Board of KOPEX S.A. | Total number of KOPEX S.A. shares held | Changes in the shareholding of KOPEX S.A. shares since the latest quarterly report issue |
|-------------------|--|--|--|
| Józef Wolski      | President of the Board                         | No shares held                         | no change <sup>1)</sup>  |
| Piotr Broncel     | Member of the Board from 01.02.2014            | No shares held                         | -  |
| Andrzej Meder     | Member of the Board                            | No shares held                         | no change <sup>1)</sup>  |
| Arkadiusz Śnieżko | Member of the Board                            | No shares held                         | no change <sup>1)</sup>  |
| Joanna Węgrzyn    | Member of the Board                            | No shares held                         | no change <sup>1)</sup>  |

Source: Company

Note:

☞ <sup>1)</sup> no changes in the shareholding of the Issuer's shares since the publication of the latest quarterly report QSr-3/2013 on 14 November 2013.

## 16.2. SHAREHOLDING OF THE ISSUER'S SHARES OR THE RIGHTS TO THE SHARES BY MEMBERS OF THE SUPERVISORY BOARD AS AT THE DAY OF ISSUE OF THE QUARTERLY REPORT

| Name                   | Position in the Supervisory Board of KOPEX S.A. | Total number of KOPEX S.A. shares held | Changes in the shareholding of KOPEX S.A. shares since the latest quarterly report issue |
|------------------------|---|--|--|
| Krzysztof Jędrzejewski | Chairman of the Supervisory Board               | 43.892.956 <sup>1)</sup> <sup>2)</sup> | 980 shares less <sup>2)</sup>  |
| Michał Rogatko         | Vice-Chairman of the Supervisory Board          | No shares held                         | no change <sup>3)</sup>  |
| Bogusław Bobrowski     | Secretary of the Supervisory Board              | No shares held                         | no change <sup>3)</sup>  |
| Józef Dubiński         | Member of the Supervisory Board from 20.02.2014 | No shares held                         | -  |
| Andrzej Sikora         | Członek Rady Nadzorczej                         | No shares held                         | no change <sup>3)</sup>  |

Source: Company

Uwaga:

☞ <sup>1)</sup> Total direct and indirect shareholding of KOPEX S.A. shares together with subsidiaries (directly and indirectly) by Mr Krzysztof Jędrzejewski, incl. directly owned 43.310.175 shares representing 58,27% of the share capital of KOPEX S.A. and entitling to 43.310.175 votes at the general meeting of KOPEX S.A. which represents 58,27% of the total votes;

☞ <sup>2)</sup> the change in shareholding of „KOPEX” S.A. is due to the disposal of number of shares indicated in the table by a person closely related to the Chairman of the Supervisory Board

☞ <sup>3)</sup> the Issuer's shareholding did not change in the period since the previous quarterly report QSr-3/2013 on 14 November 2013.

## 17. INFORMATION THAT ACCORDING TO THE ISSUER'S OPINION IS RELEVANT TO HIS AND TO THE SUBSIDIARIES' ASSESSMENTS, INCLUDING: PERSONNEL, PROPERTY, FINANCIAL RESULT AND THEIR CHANGES AS WELL AS INFORMATION THAT IS RELEVANT FOR ASSESSING FEASIBILITY OF THE OBLIGATIONS BY THE ISSUER AND ITS SUBSIDIARIES

### SEPARATE RESULTS

#### SEPARATE RESULTS

##### Employment situation

Employment policy of KOPEX S.A. policy is closely related to the staffing policy of the Capital Group. Company's organisational structure has been adapted to its current needs, resulting from internal and external conditions.

Employment structure in the Company was as follows:

#### EMPLOYEES

|                      | 31.12.2013 | 30.09.2013 | 30.06.2013 | 31.03.2013 | 31.12.2012 |
|----------------------|------------|------------|------------|------------|------------|
| WHITE COLLAR WORKERS | 221        | 218        | 190        | 238        | 243        |
| BLUE COLLAR WORKERS  | 22         | 23         | 24         | 21         | 17         |
| <b>TOTAL</b>         | <b>243</b> | <b>241</b> | <b>214</b> | <b>259</b> | <b>260</b> |

### COMMENTARY ON THE FINANCIAL SITUATION

Value of the balance sheet sum at the end of Q4 2013 amounted to PLN 1.729.317 thou and compared to the end of 2012 it decreased by PLN 237.284 thou, i.e. 12,1%. The main factors causing the decrease of the balance sheet value were the decrease of the value of current assets in the Group by PLN 223.662 thou, i.e. 45,2% (reduction in short-term receivables from deliveries and services by 70,1%; reduction of other short-term receivables by 75,3%; decrease of short-term loans granted by 12,3%) and decrease of fixed assets by PLN 13.622 thou, i.e. 0,9% (reducing long-term lease receivables by 39,6%; reduction in investment properties by 18,9%).

In the liabilities and shareholders' equity an increase in group equity has been noted by PLN 62.110 thou, i.e. 4,5% and a decrease of long-term liabilities by PLN 22.474 thou, i.e. 35,8% (reduction in the value of long term credits and loans by 40%) and short-term liabilities by PLN 276.920

thou, i.e. 53,4% (reduction in the value of short term credits and loans by 66,7%; reduction in short-term liabilities from deliveries and services by 63,2%).

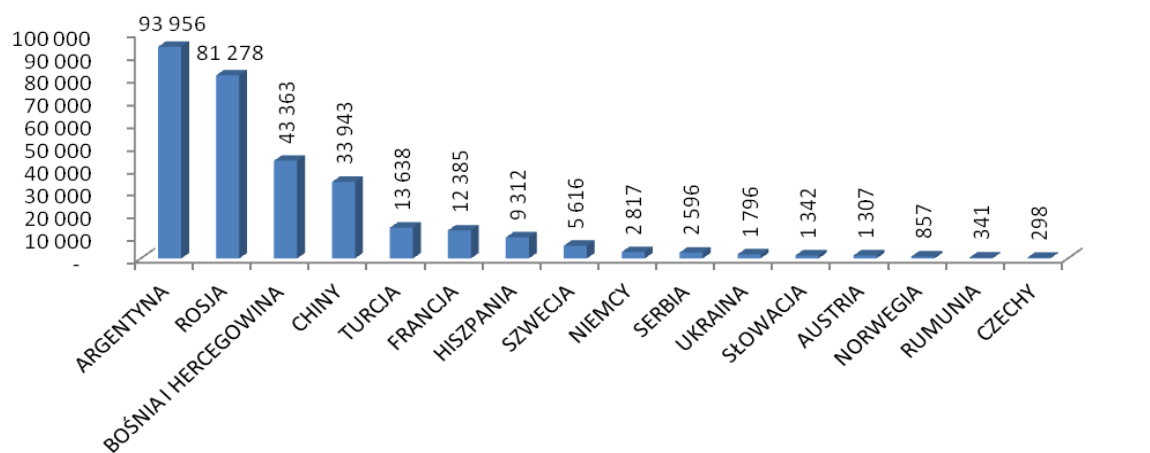
#### SEPARATE INCOME STATEMENT

In Q4 2013 the Issuer's sales revenues amounted to PLN 63.083 thou and were lower, in comparison to the same period of 2012 by PLN 87.207 thou, i.e. 58,0%. Overall for the year 2013 the Issuer's revenues amounted to PLN 326.154 thou, and were lower in comparison to the same period of previous year by PLN 151.169 thou, i.e. 31,7%.

In the period January to December 2013 the Issuer's revenues from export sale amounted to PLN 304.845 thou. The main items are:

- Delivery and installation of complete longwall and roadway systems to Argentina, Bosnia and Hercegovina, Russia and Serbia amounting to PLN 186.445 thou;
- Delivery of longwall shearers and spare parts to China, Romania, Russia amounting to PLN 34.003 thou;
- Delivery of transporting equipment and spare parts to Russia, Ukraine and Romania amounting to PLN 36.410 thou;
- Mining services in amount of PLN 26.022 thou, implemented in France and Turkey;
- Sale of bulk raw materials (coal) in the amount of 21.211 thou to Austria, Spain, Germany, Norway, Slovakia and Sweden;
- Sale of other mining machinery and equipment to Argentina, Romania and Czech Republic amounting to 713 thou;
- Other services in Germany in amount of PLN 41 thou.

Geographical structure of KOPEX S.A. export for the period January – December 2013



In the period January – December 2013, the Issuer earned revenues from sales in Poland amounting to PLN 21.309 thou, including:

- delivery and sales of complete longwall systems (lease services) amounting to PLN 2.677 thou.;
- delivery of parts for transporting machinery amounting to PLN 1.076 thou;
- other sales in amount of PLN 17.556 thou (IT, accounting, financial, lease services etc.).

Gross profit on sales in Q4 2013 amounted to PLN 9.189 thou, compared to the result obtained in the same period of 2012 it decreased by PLN 6.606 thou. Cumulatively for the period Q1 – Q4 2013 gross profit on sales amounted to PLN 26.709 thou, compared to the result obtained in the same period of 2012 it decreased by PLN 16.390 thou, i.e. by 38,0%.

In Q4 2013 cost of sales amounted to PLN 3.173 tys. zł. - its level is by PLN 175 thou lower in comparison with the same period of 2012. IN Q1-Q4 2013 the total cost of sales amounted to PLN 8.996 thou and it was lower than cost incurred in the same period of 2012 by PLN 4.982 thou, i.e. by 35,6%.

In Q4 2013 overhead expenses amounted to PLN 7.276 thou – and they were by 159 thou higher in comparison with the same period of 2012. In Q1 – Q4 the total overhead expenses amounted to PLN 26.779 thou and were higher than those ones incurred in the same period of 2012 by PLN 5.368 thou, i.e. 25,1%.

Other income and expenses and profits (losses) in the reporting period are as follows (PLN thou)::

- other income:

|                              | I-IV Q 2013 | I-IV Q 2012 |
|------------------------------|-------------|-------------|
| Dividends                    | 72.646      | 69.769      |
| Grants                       | 689         | -           |
| Forfeited barred liabilities | 397         | -           |

|  |               |               |
|--|---------------|---------------|
| Damages, penalties, reimbursement of legal costs | 317           | 144           |
| Decrease in asset write-downs                    | -             | 779           |
| Other  | 115           | 58            |
| <b>TOTAL</b>                                     | <b>74.164</b> | <b>70.750</b> |

• other expenses

|   | I-IV Q 2013  | I-IV Q 2012   |
|---|--------------|---------------|
| Write downs on assets                                 | 1.322        | -             |
| Court costs, substitution process, penalties, damages | 582          | 40.727        |
| Receivables written off and barred                    | 27           | 685           |
| Reserves for liabilities                              | -            | 463           |
| Other   | 215          | 284           |
| <b>TOTAL</b>  | <b>2.146</b> | <b>42.159</b> |

• other profit (loss)

|  | I-IV Q 2013  | I-IV Q 2012 |
|--|--------------|-------------|
| The result on foreign exchange transactions (for which no hedge accounting is carried out) | 1.127        | 730         |
| Valuation of foreign currency transactions (for which no hedge accounting is carried out)  | 321          | 4.798       |
| Foreign exchange differences (except credit and loan)                                      | -853         | -6.238      |
| Result from the sale and disposal of fixed assets  | 221          | 98          |
| Revaluation of investments (valuation of loans, long-term accounts, shares)                | 1.121        | -153        |
| Other  | 199          | 376         |
| <b>TOTAL</b>   | <b>2.136</b> | <b>-389</b> |

The Issuer put in the reports for four quarters of 2013 the dividend for 2012 amounting to PLN 72.646 thou, incl.: from Kopex Machinery S.A. amounting to PLN 55.961 thou, from Hansen Sicherheitstechnik AG amounting to PLN 16.547 thou and from Kopex GMBH amounting to PLN 138 thou.

Financial income and expenses in the reporting period are as follows (PLN thou):

• financial income:

|   | I-IV Q 2013   | I-IV Q 2012   |
|---|---------------|---------------|
| Interest  | 11.969        | 14.438        |
| Positive balance of exchange rates                | 2.090         | -             |
| Other including:                                  | 3.870         | 1.735         |
| • fees for providing limits, suretys granted      | 3.862         | 1.650         |
| • release of write downs on financial receivables | 7             | 32            |
| • release of provisions for liabilities           | 1             | 51            |
| • other   | -             | 2             |
| <b>TOTAL</b>                                      | <b>17.929</b> | <b>16.173</b> |

• financial expenses:

|  | I-IV Q 2013   | I-IV Q 2012   |
|--|---------------|---------------|
| Interest   | 12.459        | 34.582        |
| Negative balance of exchange rates                   | -             | 2.209         |
| Other including:                                     | 5.068         | 4.922         |
| • cost of fees for providing limits, suretys granted | 4.473         | 4.031         |
| • commissions on loans                               | 588           | 731           |
| • established reserves for financial expenses        | -             | 146           |
| • allowance for uncollectible accounts               | -             | 14            |
| • other  | 7             | -             |
| <b>TOTAL</b>   | <b>17.527</b> | <b>41.713</b> |

In the period January to December 2013 there was a positive balance on financial activities of PLN 402 thou.

For the period of the four quarters of 2013 the Issuer generated a net profit amounting to PLN 65.419 thou.

### **Possibility of paying liabilities**

Economic and financial situation of the Company is reflected in financial liquidity indices, as below:

|                           | 31.12.2013 | 30.09.2013 | 30.06.2013 | 31.03.2013 | 31.12.2012 |
|---------------------------|------------|------------|------------|------------|------------|
| • current liquidity ratio | 1,22       | 1,08       | 1,12       | 0,99       | 0,99       |
| • quick liquidity ratio   | 1,19       | 1,06       | 1,08       | 0,95       | 0,98       |
| • cash liquidity ratio    | 0,10       | 0,09       | 0,10       | 0,12       | 0,03       |

The current level of liquidity ratios does not indicate a risk of losing the capability of paying the current liabilities

## CONSOLIDATED RESULTS

### EMPLOYMENT SITUATION

Employment situation in the KOPEX S.A. Capital Group is as follows:

#### EMPLOYEES

|                      | 31.12.2013   | 30.09.2013   | 30.06.2013   | 31.03.2013   | 31.12.2012   |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| WHITE COLLAR WORKERS | 1.696        | 1.779        | 1.778        | 1.781        | 1.819        |
| BLUE COLLAR WORKERS  | 3.381        | 3.603        | 3.625        | 3.845        | 3.911        |
| <b>TOTAL</b>         | <b>5.077</b> | <b>5.382</b> | <b>5.403</b> | <b>5.626</b> | <b>5.730</b> |

### OPERATING SEGMENTS

Considering regulations of IFRS 8, in force since 1 January 2009, activities of the Capital Group have been divided into segments reflecting main activities and mining has been selected as a major segment. The basic criterion for the presentation of operating segments is the result of a breakdown of the management structure and internal reporting structure of the Group.

- The mining segment include:
  - mining services,
  - manufacture and sale of underground mining machinery and equipment,
  - manufacture and sale of open cast mining machinery and equipment,
  - manufacture and sale of electrical and electronic machinery and equipment
  - castings.

Other operating segments:

- manufacture and sale of industrial machinery and equipment,
- sale of coal,
- other activities

Due to the discontinued operations related to the sale of electricity on 1 October 2013, the Issuer excluded from the presentation of operating segments: sales revenue, gross profit on sales and operating result under the above activities.

Companies included in the Capital Group offer underground and surface mining as well as industrial machinery and equipment, complete industrial solutions, mining services, raw materials and electricity, as well as consulting and agency services in domestic and foreign trade. Besides, they offer construction, workshop, lease, agency, forwarding, transport services, leasing, maintenance and repair services tailor-made, dependent on individual clients' needs.

Reliability and comparability of information over time for various groups of products and services of the Capital Group as well as its organisational structure were taken into account when selecting an operating segment.

It should be noted that not all of these segments meet the quantitative threshold of 10% or more of total external and internal revenue but they were presented considering their significance.

The body responsible for making decisions in the entity evaluates performance of individual operating segments based on the result of gross sales and operating profit, what has been reflected in their presentation. Consolidation adjustments, exemptions are included in revenue and segment result, which objectifies the segment result.

The Group operates in a number of geographical areas and therefore the Company's management found it necessary to supplement revenues presented in different countries, due to the fact that the complexity of territorial activities of the Group. The following tables provide information about operating segments in the consolidated division of industry and geographical location.

CONSOLIDATED OPERATING SEGMENTS INFORMATION BY INDUSTRIAL SECTORS

PLN THOU

|   | Mining      |             | Manufacture and sale of industrial machinery and equipment |             | Sale of coal |             | Other activities |             | Eliminations from consolidation |             | Consolidated value |             |
|---|-------------|-------------|--|-------------|--------------|-------------|------------------|-------------|---------------------------------|-------------|--------------------|-------------|
|   | I-IV Q 2013 | I-IV Q 2012 | I-IV Q 2013  | I-IV Q 2012 | I-IV Q 2013  | I-IV Q 2012 | I-IV Q 2013      | I-IV Q 2012 | I-IV Q 2013                     | I-IV Q 2012 | I-IV Q 2013        | I-IV Q 2012 |
| <b>CONTINUED OPERATIONS</b>   |             |             |  |             |              |             |                  |             |                                 |             |                    |             |
| Total revenues of the segment   | 1 694 450   | 2 109 001   | 17 834   | 16 886      | 21 211       | 29 608      | 107 400          | 119 422     | -445 794                        | -592 370    | 1 395 101          | 1 682 547   |
| Segment revenues from external clients  | 1 297 822   | 1 557 998   | 15 591   | 16 850      | 21 211       | 29 608      | 60 477           | 78 091      | -                               | -           | 1 395 101          | 1 682 547   |
| Revenue between segments  | -           | -           | -  | -           | -            | -           | 46 923           | 41 331      | -                               | -           | 46 923             | 41 331      |
| <b>Result of the segment- gross result from sale</b>                              | 227 193     | 347 405     | 1 014  | -2 323      | 873          | 1 667       | 10 918           | 12 824      | -                               | -           | 239 998            | 359 573     |
| Operating result of the segment   | 110 125     | 167 083     | -3 980   | -5 502      | 123          | 505         | -15 031          | -14 737     | -                               | -           | 91 237             | 147 349     |
| Operating result not assigned to the segment                                      |             |             |  |             |              |             |                  |             |                                 |             | -                  | 40 475      |
| <b>Total operating result</b>   |             |             |  |             |              |             |                  |             |                                 |             | 91 237             | 106 874     |
| Result on financial activities of the whole group                                 |             |             |  |             |              |             |                  |             |                                 |             | -20 433            | -49 344     |
| Goodwill write-off for subordinated entities                                      |             |             |  |             |              |             |                  |             |                                 |             | -                  | -           |
| Loss of control over subsidiary   |             |             |  |             |              |             |                  |             |                                 |             | -                  | -209        |
| Share in profit (loss) of the subordinated entities valued with the equity method |             |             |  |             |              |             |                  |             |                                 |             | 9 733              | 16 863      |
| <b>Gross profit (loss)</b>  |             |             |  |             |              |             |                  |             |                                 |             | 80 537             | 74 184      |
| Income tax  |             |             |  |             |              |             |                  |             |                                 |             | 11 827             | 20 544      |
| Net consolidated profit (loss) from continued operations                          |             |             |  |             |              |             |                  |             |                                 |             | 68 710             | 53 640      |
| Net consolidated profit (loss) from discontinued operations                       |             |             |  |             |              |             |                  |             |                                 |             | 283                | 1 221       |
| <b>Total net consolidated profit (loss)</b>                                       |             |             |  |             |              |             |                  |             |                                 |             | 68 993             | 54 861      |
| Net profit (loss) contributable to non-controlling shareholders                   |             |             |  |             |              |             |                  |             |                                 |             | 1 160              | 2 640       |
| <b>Net profit (loss) contributable to the parent company's shareholders</b>       |             |             |  |             |              |             |                  |             |                                 |             | 67 833             | 52 221      |
| incl:   |             |             |  |             |              |             |                  |             |                                 |             |                    |             |
| - from continued operations   |             |             |  |             |              |             |                  |             |                                 |             | 67 550             | 51 000      |
| - from discontinued operations  |             |             |  |             |              |             |                  |             |                                 |             | 283                | 1 221       |

INFORMATION ON CONSOLIDATED REVENUES BY GEOGRAPHICAL DESTINATIONS

PLN THOU

|                   | Mining           |                  | Manufacture and sale of industrial machinery and equipment |               | Sale of coal  |               | Other activities |               | Consolidated value |                  |
|-------------------|------------------|------------------|--|---------------|---------------|---------------|------------------|---------------|--------------------|------------------|
|                   | I-IV Q 2013      | I-IV Q 2012      | I-IV Q 2013  | I-IV Q 2012   | I-IV Q 2013   | I-IV Q 2012   | I-IV Q 2013      | I-IV Q 2012   | I-IV Q 2013        | I-IV Q 2012      |
| SOUTH AFRICA      | 52 869           | 40 709           |  |               |               |               |                  |               | 52 869             | 40 709           |
| ARGENTINA         | 161 995          | 81 328           |  |               |               |               |                  |               | 161 995            | 81 328           |
| AUSTRALIA         | 38 656           | 98 291           |  |               |               |               | 1 002            | 1 103         | 39 658             | 99 394           |
| AUSTRIA           |                  | 2 228            |  |               | 1 307         | 8 303         |                  |               | 1 307              | 10 531           |
| BOSNIA            | 63 292           | 1 005            |  | 3             |               |               |                  |               | 63 292             | 1 008            |
| CHINA             | 48 021           | 16 893           |  |               |               |               | 254              |               | 48 275             | 16 893           |
| CZECH REPUBLIC    | 34 989           | 61 779           | 226  |               |               |               | 741              | 1 187         | 35 956             | 62 966           |
| FRANCE            | 13 258           | 14 767           | 926  | 1 261         |               |               |                  |               | 14 184             | 16 028           |
| SPAIN             | 38               | 135              |  |               | 9 312         | 13 613        |                  | 8             | 9 350              | 13 756           |
| GERMANY           | 29 005           | 42 369           | 5 991  | 11 925        | 2 777         |               | 293              | 726           | 38 066             | 55 020           |
| NORWAY            | 6 499            | 4 293            |  |               | 857           | 3 034         |                  |               | 7 356              | 7 327            |
| POLAND            | 683 599          | 921 923          | 6 688  |               |               |               | 57 069           | 72 681        | 747 356            | 994 604          |
| RUSSIA            | 134 409          | 246 232          |  |               |               |               | 225              | 290           | 134 634            | 246 522          |
| SERBIA            | 11 796           | 6 432            | 1 561  | 3 652         |               |               | 854              | 2 052         | 14 211             | 12 136           |
| SLOVAKIA          | 17               | 29               |  |               | 1 342         | 4 658         |                  |               | 1 359              | 4 687            |
| SWEDEN            | 339              | 1 913            | 29   |               | 5 616         |               |                  |               | 5 984              | 1 913            |
| TURKEY            | 13 638           | 8 156            |  |               |               |               |                  |               | 13 638             | 8 156            |
| UKRAINE           | 1 796            |                  |  |               |               |               |                  |               | 1 796              | -                |
| OTHER             | 3 606            | 9 516            | 170  | 9             |               |               | 39               | 44            | 3 815              | 9 569            |
| <b>Total sale</b> | <b>1 297 822</b> | <b>1 557 998</b> | <b>15 591</b>  | <b>16 850</b> | <b>21 211</b> | <b>29 608</b> | <b>60 477</b>    | <b>78 091</b> | <b>1 395 101</b>   | <b>1 682 547</b> |

Information on the Group's major external clients, from whose income exceeds 10% or more of total revenue of the Group, i.e. amounts to PLN 139.510 thousand or more

For the period January to December 2013 quantitative criterium defining the major client, was fulfilled with two counterparties. Revenues from that major client amounted to PLN 174.178 thousand and were realised in the mining segment. There are no formal connections between KOPEX S.A. and that major client. Revenues from the second major client amounted to PLN 140.421 thou and were realised in the mining segment. There are no formal connections between KOPEX S.A. and that client.

Fixed assets (other than financial instruments, deferred tax assets, Post-employment assets and rights arising under insurance contracts) of the Capital Group are in 91,3% located in the country of origin of the Parent Company.

**COMMENTARY ON THE FINANCIAL SITUATION**

In Q1- Q4 2013 the consolidated net revenues from sales of products, goods and materials of the Capital Group amounted to PLN 1.395.101 thou. The results are worse than the results of the Capital Group generated in the same period of 2012. There was a decrease in net revenue of PLN 287.446 thou, i.e. 17,1%.

MINING Industry structure of net sales of the products, goods and materials:

PLN THOU

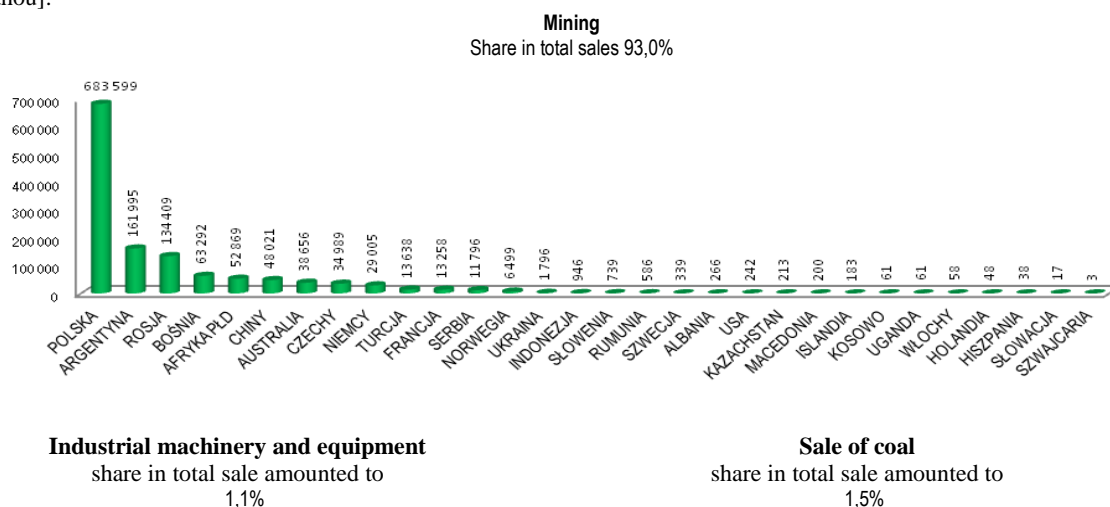
|  | Mining services |                | Underground mining machinery and equipment manufacture and sales |                | Open cast mining machinery and equipment manufacture and sales |               | Electrical and electronic machinery and equipment manufacture and sales |                | Castings      |               |
|--|-----------------|----------------|--|----------------|--|---------------|---|----------------|---------------|---------------|
|  | I-IV Q 2013     | I-IV Q 2012    | I-IV Q 2013  | I-IV Q 2012    | I-IV Q 2013  | I-IV Q 2012   | I-IV Q 2013   | I-IV Q 2012    | I-IV Q 2013   | I-IV Q 2012   |
| Total segment revenue                          | 311 228         | 302 682        | 1 110 644  | 1 435 220      | 57 685   | 99 318        | 174 584   | 224 607        | 40 309        | 47 174        |
| <b>Segment revenue from external customers</b> | <b>298 080</b>  | <b>294 738</b> | <b>776 804</b>   | <b>955 800</b> | <b>57 213</b>  | <b>99 309</b> | <b>145 221</b>  | <b>188 540</b> | <b>20 504</b> | <b>19 611</b> |
| Segment results - gross profit on sales        | 49 502          | 57 339         | 131 746  | 215 886        | -5 601   | 11 130        | 46 038  | 54 420         | 5 508         | 8 630         |
| Operating income of the segment                | 29 877          | 38 959         | 70 653   | 94 246         | -10 964  | 5 710         | 19 327  | 23 837         | 1 232         | 4 331         |

Geographical breakdown of revenues from sales in MINING segment:

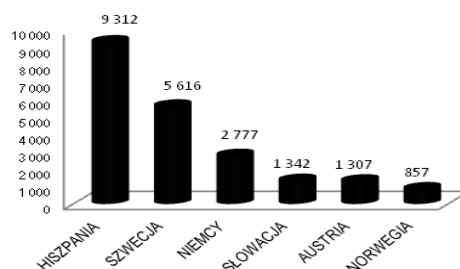
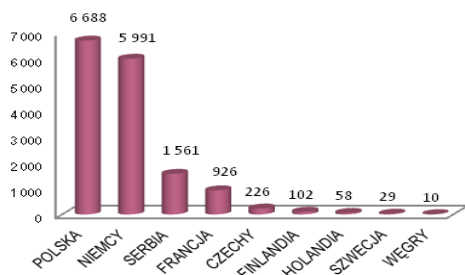
PLN THOU

|                   | Mining services |                | Underground mining machinery and equipment manufacture and sales |                | Open cast mining machinery and equipment manufacture and sales |               | Electrical and electronic machinery and equipment manufacture and sales |                | Castings      |               |
|-------------------|-----------------|----------------|--|----------------|--|---------------|---|----------------|---------------|---------------|
|                   | I-IV Q 2013     | I-IV Q 2012    | I-IV Q 2013  | I-IV Q 2012    | I-IV Q 2013  | I-IV Q 2012   | I-IV Q 2013   | I-IV Q 2012    | I-IV Q 2013   | I-IV Q 2012   |
| SOUTH AFRICA      |                 |                |  |                |  |               | 52 869  | 40 709         |               |               |
| ARGENTINA         |                 |                | 161 995  | 81 328         |  |               |   |                |               |               |
| AUSTRALIA         |                 |                | 38 656   | 92 305         |  |               |   | 5 986          |               |               |
| AUSTRIA           |                 |                |  |                |  |               |   | 2 228          |               |               |
| BOSNIA            |                 |                | 62 270   | 858            |  |               |   |                | 1 022         | 147           |
| CHINA             |                 |                | 48 021   | 16 893         |  |               |   |                |               |               |
| CZECH REPUBLIC    | 16 118          | 25 639         | 12 727   | 22 359         |  |               | 6 144   | 13 781         |               |               |
| FRANCE            | 12 384          | 14 767         |  |                | 874  |               |   |                |               |               |
| SPAIN             |                 |                |  | 31             |  |               | 38  | 104            |               |               |
| GERMANY           | 4 304           | 2 943          | 6  | 1 276          | 17 366   | 27 320        | 7 329   | 10 830         |               |               |
| NORWAY            |                 |                |  |                | 6 499  | 4 293         |   |                |               |               |
| POLAND            | 250 632         | 242 241        | 326 331  | 492 355        | 21 593   | 66 747        | 76 287  | 108 501        | 8 756         | 12 079        |
| RUSSIA            |                 |                | 123 958  | 241 348        | 8 253  |               | 2 198   | 4 884          |               |               |
| SERBIA            |                 |                |  |                | 2 628  |               |   |                | 9 168         | 6 432         |
| SLOVAKIA          |                 |                |  |                |  |               | 17  | 29             |               |               |
| SWEDEN            |                 |                |  |                |  | 897           | 339   | 1 016          |               |               |
| TURKEY            | 13 638          | 7 818          |  | 338            |  |               |   |                |               |               |
| UKRAINE           |                 |                | 1 796  |                |  |               |   |                |               |               |
| OTHER             | 1 004           | 1 330          | 1 044  | 6 709          | 0  | 52            | 0   | 472            | 1 558         | 953           |
| <b>Total sale</b> | <b>298 080</b>  | <b>294 738</b> | <b>776 804</b>   | <b>955 800</b> | <b>57 213</b>  | <b>99 309</b> | <b>145 221</b>  | <b>188 540</b> | <b>20 504</b> | <b>19 611</b> |

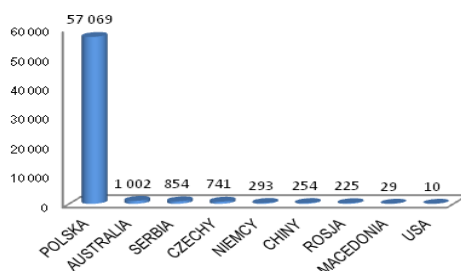
Geographical breakdown of revenues from sales in specific segments in the period Q1 –Q4 2013 are shown in the diagrams below [in PLN thou]:







**Other sale**  
share in total sale amounted to  
4,4%



In Q4 2013 the consolidated gross profit amounted to PLN 76.003 thou and in comparison with the result earned in the same period of 2012 it decreased by PLN 14.716 thou. Cumulatively for the period Q1-Q4 2013, gross profit amounted to PLN 239.998 thou and decreased by PLN 119.575 thou, i.e. by 33,3% in comparison with the result earned in the same period last year.

In Q4 2013 selling costs amounted to PLN 11.511 thou - and they were by PLN 7.137 thou lower in comparison with the same period of 2012. For the period Q1-Q4 2013 total selling costs amounted to PLN 38.814 thou and were lower by 8.943 thou, i.e. by 18,7% in comparison with the same period of 2012.

In Q4 2013 overhead expenses amounted to PLN 27.291 thou - their level was lower by PLN 934 thou, in comparison with the same period of 2012. During four quarters of 2013 overhead expenses amounted to PLN 121.646 thou and were higher by PLN 6.366 thou, i.e. by 5,5% than overhead expenses in comparison with the same period of 2012.

Other revenues and expenses incurred in the period Q1 –Q4 2013 are shown in the table below [in PLN thou]:

- other revenues:

|                                      | I-IV Q 2013   | I-IV Q 2012   |
|--------------------------------------|---------------|---------------|
| Dissolution of write downs on assets | 7.027         | -             |
| Damages, penalties and legal costs   | 3.902         | 6.281         |
| Dissolution of reserves              | 1.088         | -             |
| Barred liabilities                   | 1.066         | 1.044         |
| Grants                               | 1.031         | 254           |
| Sale of social servixes              | 702           | 829           |
| Surplus stock                        | 303           | 1.540         |
| Other                                | 1.649         | 1.241         |
| <b>TOTAL</b>                         | <b>16.768</b> | <b>11.189</b> |

- other expenses:

|  | I-IV Q 2013  | I-IV Q 2012   |
|--|--------------|---------------|
| Penalties, court costs, damages          | 2.022        | 41.362        |
| Scrapping current assets                 | 1.908        | 199           |
| Maintenance cost of social facilities    | 1.239        | 1.429         |
| Costs of abandoned development works     | 683          | 5.131         |
| Receivables written off                  | 592          | 540           |
| Annuities countervailing                 | 259          | 296           |
| Inventory shortages                      | 163          | 1.633         |
| Write downs due to revaluation of assets | -            | 37.748        |
| Established reserves                     | -            | 1.357         |
| Other                                    | 1.643        | 1.454         |
| <b>TOTAL</b>                             | <b>8.509</b> | <b>91.149</b> |

- other profit (loss)

|  | I-IV Q 2013 | I-IV Q 2012 |
|--|-------------|-------------|
| The result on foreign exchange transactions (for which no hedge accounting is performed) | 2.489       | 1.841       |

|   |              |               |
|---|--------------|---------------|
| Valuation of foreign currency transactions (for which no hedge accounting is carried out) | 1.176        | 4.798         |
| Foreign exchange differences (except credit and loan)                                     | -14.015      | -16.054       |
| Sale and disposal of fixed assets   | 11.382       | -921          |
| Revaluation of investments (valuation of loans, long-term accounts, shares)               | -395         | 242           |
| Sale of financial assets  | 2.757        | 21            |
| Other   | 46           | 371           |
| <b>TOTAL</b>  | <b>3.440</b> | <b>-9.702</b> |

In Q1 – Q4 2013 the Capital Group earned operating profit amounting to PLN 91.237 thou, it decreased by 15.637 thou in comparison with the same period of 2012.

Financial revenues and expenses during the reporting period are shown in the table below [PLN thou]:

- financial revenues:

|   | I-IV Q 2013   | I-IV Q 2012   |
|---|---------------|---------------|
| Interest                                  | 16.394        | 22.697        |
| Other including:                          | 1.633         | 285           |
| - provisions for bonds                    | 578           | 178           |
| - release of write-downs                  | 376           | 85            |
| - release of reserves for financial costs | 87            | -             |
| - other                                   | 592           | 22            |
| <b>TOTAL</b>                              | <b>18.027</b> | <b>22.982</b> |

- financial costs:

|                          | I-IV Q 2013   | I-IV Q 2012   |
|--------------------------|---------------|---------------|
| Interest                 | 34.657        | 69.279        |
| Other including:         | 3.803         | 3.047         |
| - provisions for bonds   | 3.151         | 2.188         |
| - reserves establishment |               | 108           |
| - other                  | 652           | 751           |
| <b>TOTAL</b>             | <b>38.460</b> | <b>72.326</b> |

Financial situation of the Capital Group has been reflected in the liquidity indices, as below:

|                           | <u>31.12.2013</u> | <u>30.09.2013</u> | <u>30.06.2013</u> | <u>31.03.2013</u> | <u>31.12.2012</u> |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| • current liquidity index | 1,47              | 1,47              | 1,46              | 1,54              | 1,46              |
| • quick liquidity index   | 1,08              | 1,06              | 0,99              | 1,07              | 1,03              |
| • cash liquidity index    | 0,12              | 0,14              | 0,11              | 0,12              | 0,09              |

The current level of liquidity indices do not indicate a risk of losing the capability of paying the current liabilities.

Net financial result of the Capital Group was established at the level of revenues and costs of individual entities included in the Group, excluding revenues and costs of unrealised profits between the consolidated entities.

For the period Q1-Q4 2013 consolidated gross profit amounted to PLN 80.537 thou.

During four quarters of 2013 the Group earned net profit attributable to the shareholders of the parent company in the amount of PLN 67.833 thou, including PLN 67.550 thou from continued operations and PLN 283 thou from discontinued operations.

#### FINANCIAL SITUATION

Value of the consolidated balance-sheet sum at the end of the Q4 2013 amounted to PLN 3.467.968 thou in relation to the end of 2012 it decreased by PLN 268.350 thou, i.e. 7,2%. The main factor for decreasing the balance-sheet sum was a reduction in the value of assets by PLN 255.756 thou, i.e. 18,4%. (decrease in inventories by 26,9%; decrease in short-term payables from sales and services by 30,0%; decrease in short-term loans by 38,9%; decrease in other short-term receivables by 24,1%; reduction in short-term lease receivables by 24,2%). The liabilities and shareholders' equity recorded an increase in group equity by PLN 40.221 thou, i.e. 1,6% and a decline in the value of long-term liabilities by PLN 124.597 thou, i.e. by 51,6% (reduction of long term loans by 70,4%; reduction in long-term lease liabilities by 31,1%) and short-term liabilities by PLN 183.974 thou, i.e. by 18,3% (reduction in short-term loans and credits by 36,2%).

#### 18. CONCISE DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OF FAILURES IN THE PERIOD COVERED BY THIS REPORT, INCLUDING A LIST OF ITS MOST IMPORTANT EVENTS

During the reporting period the Issuer and its subsidiaries conducted statutory economic activities.

Companies included in the Capital Group also signed number of commercial contracts during the reporting period, of which the most important are as follows:

- contracts signed with Kompania Węglowa S.A.: implementation of specialized mining services, lease and service of longwall shearers, delivery of spare parts, steel legs, delivery and service of scraper conveyors, delivery of relays and of electrical and electronic equipment, repair of components of scraper conveyors, with total amount ca. PLN 401 mln,
- contracts signed with Jastrzębska Spółka Węglowa by individual companies of the Group of approximately PLN 112 mln. The main subject of the contract were: implementation of specialized mining services, lease of longwall shearers, delivery of machinery and spare parts,
- contracts signed with Katowicki Holding Węglowy by individual companies of the Group of approximately PLN 137 mln. The main subject of the contract were: implementation of specialized mining services, lease of longwall shearers, delivery of machinery and spare parts,
- on 28 March 2013 consortium of Companies: Kopex SA, Kopex-Famago Sp. z o.o., Kopex Machinery SA signed a contract with Javno Preduzece "Elektroprivreda Srbije" for delivery of system of belt conveyors to an open-cast lignite in the Kolubara Basin in Serbia. The value of order exceeds EUR 28 mln,**
- on 16 May 2013 in lignite mine Breza there has been a contract signed for the delivery of longwall system for underground coal mining. The contract amounting to nearly EUR 10 mln will be financed by JP Elektroprivreda Bosnia and Hercegowina (BiH) from Sarajevo.
- on 28 August 2013 there has been a contract signed between Południowy Koncern Węglowy S.A. - and Kopex - Przedsiębiorstwo Budowy Szybów S.A., which subject is deepening of the Janina VI shaft together with the implementation of the bilateral inlet of the shaft at the level of 800 and the building of infrastructure in the shaft. The net value of the contract is PLN 103 mln.
- On 4 February 2014 two contracts were signed with the company Zakłady Mechaniczne Bumar - Łabędy S.A. based in Gliwice, with Parties: KOPEX S.A. – as a Seller and Zakłady Mechaniczne Bumar - Łabędy S.A. – as the Buyer. The subject of the agreement is "Supply of complete longwall system, as well as spare parts, trainings and technical assistance during the assembly and commissioning of the equipment and on its operation during the first 6 months, as well as delivery of technical documentation for the final recipient in Argentyna". The contract amounts to EUR 33.950.000,00 gross i.e. PLN 143.863.125,00 according to the average exchange rate published by the NBP on 03 February 2014. The subject of second contract is: „Delivery of two roadheaders type KTW-200/1 with together with the power supply equipment and transporting equipment as well as spare parts, trainings and technical assistance during the assembly and commissioning of the equipment and on its operation during the first 6 months, as well as delivery of technical documentation for the final recipient in Argentyna". The Contract amounts to: EUR 22.490.000,00 gross i.e., PLN 95.301.375,00 according to the average exchange rate published by the NBP on 03 February 2014. The final recipient of both deliveries is coal mine Yacimiento Carbonifero Rio Turbio in Argentina.
- On 14 February 2014 there has been an annex signed to the agreement with the French company Mines de Potasses d'Alsace S.A. based in Wittelsheim, France (hereinafter referred to as MDPA), concluded on 26 January 2007 which subject was: „Post-excavation maintenance of mining installations and mining plant closure." Implementation of the agreement currently covers: - operation maintenance of underground and surface mining installations of mining plant, currently under closure, in Wittelsheim as well as maintenance of mining equipment given at the disposal of the Issuer by the MDPA, - building insulation dams in the operation area and liquidation of shafts Joseph and Else. The annex signed on 14 February 2014 extends the period of its implementation to 30 June 2021 with the possibility of renewal for further annual periods. Value of works covered by the annex amounts to: net EUR 21.732.291,99 i.e. PLN 90.254.208,63 according to the average exchange rate published by the NBP on 14 February 2014.

All relevant information for 2013 are available on KOPEX S.A. website at:

<http://www.kopex.com.pl/idm,3336,biezace.html>

## 19. DESCRIPTION OF FACTORS AND EVENTS, IN PARTICULAR OF UNUSUAL NATURE HAVING A SIGNIFICANT INFLUENCE ON THE FINANCIAL RESULTS EARNED

1st Significant risks and threats are presented in SWOT analysis below:

| CHANCES   | THREATS  |
|---|--|
| <ul style="list-style-type: none"> <li>growth in demand for complex supplies and services resulting from the development of underground mining in Poland and abroad;</li> <li>Interest in underground and open-cast mining in several global markets;</li> <li>Interest in feasibility study projects for mining industry;</li> <li>Demand for mining services, also associated with mining of extraction of salt and other minerals;</li> <li>A significant increase in quality of Polish industrial products and their attractive price;</li> <li>Greater openness of Polish enterprises to activities in the global markets;</li> <li>Increase in expenditures and requirements for environmental protection;</li> <li>Implementation of the program to optimize asset management and production processes.</li> </ul> | <ul style="list-style-type: none"> <li>Rapid consolidation processes of the major competitors of the Company;</li> <li>Severe lack of specialists in typical industrial occupations;</li> <li>Necessity of significant pre-financing, resulting from a very long time of return of investment in manufacture, supply and commissioning of the systems sold</li> <li>Strengthening positions of competitive Polish and foreign companies;</li> <li>Increasing competition in the world and domestic markets</li> <li>Risk of executing works in the changing mining and geological conditions;</li> <li>Delays in execution of certain contracts;</li> <li>High demands to enter certain markets;</li> <li>Increased costs associated of renewal of the machinery fleet</li> <li>Limits of use of the manufacture capacities;</li> <li>Significant and unpredictable fluctuations in exchange rates.</li> </ul> |

| STRENGTHS  | WEAKNESSES  |
|--|---|
| <ul style="list-style-type: none"> <li>• Access to production facilities providing complex commercial offers</li> <li>• Recognised position and trademark of the Company in Poland and abroad</li> <li>• Entry new sales markets, requiring advanced technologies</li> <li>• Geographical diversification of products and services offered</li> <li>• Stability of cooperation with customers</li> <li>• Stable financial situation</li> <li>• Vast experience in running large investment projects all over the world;</li> <li>• Diversified portfolio of products and services offered</li> <li>• Good orientation in demand of foreign customers and in manufacture capabilities of the Polish mining engineering industry</li> <li>• Experience in obtaining financing and building of trade finance for investment projects;</li> <li>• Experience in effective reducing exchange rate risk.;</li> <li>• Favourable ratio of debt to assets;</li> <li>• Diversification of financial institutions dealing with the Group.</li> </ul> | <ul style="list-style-type: none"> <li>• Dissipation of the Company's assets</li> <li>• Too low potential of the reserve personnel of the projects executed abroad</li> <li>• Significant dependence of the revenues from demand in the coal mining industry.</li> <li>• The relatively long time of inventory and trade receivables turnover.</li> </ul> |

### THE ISSUER - INTEREST RATE RISK

KOPEX S.A. finances its operations using loans bearing interest at a variable interest rate WIBOR 1M + margin. In order to minimize interest rate risk Kopex SA transformed variable interest cash flows on a permanent basis, comprising on 07.02.2013 an IRS transaction. Denomination transactions of PLN 100 mln, the period 30.06.2014 to complete the transaction.

### CURRENCY RISK – THE ISSUER

The Company is exposed to currency risk mainly due to core activities such as sale and purchase of goods and services in foreign currencies (primarily in EUR and USD).

Foreign exchange forward contracts are the main financial instruments hedging currency risk. To reduce the currency risk in accordance with the strategy adopted by the Board, the procedure of actual cash flow hedge is applied.

The Company does not conclude speculative transactions

In 2005 KOPEX S.A. adopted the " Currency risk and interest rate hedging strategies ", according to which signing a commercial contract, currency risk hedging transactions are concluded, i.e.in relation to the exchange rate adopted in the offer's calculation. In case of contracts for trading in coal or electricity, they are concluded upon placing an order shipment or purchase of energy.

The Company applies hedge accounting (detailed description in accounting policies), and natural hedging.

As at 31 December 2013 the Company had open hedging foreign currency items in the following amounts:

- USD 2.200 thou,
- EUR 58.053 thou.

As at 31 December 2013 the fair value of the aforesaid transactions was estimated at a total amount of PLN 9.648 thou, of which PLN 988 thou were realised hedging transactions held in equity until the hedged forecast transaction incident, and PLN 8.660 thou thee were unrealised transactions accounted for by valuation models used by banks in which the transactions were included.

The fair value of PLN 9 648 thou consist of:

- the amount of PLN 6.402 thou (This amount includes PLN 988 thou of the realised transactions and PLN 5.414 thou of the unrealised transactions) was recognised as revaluation of equity,
- the amount of PLN 3.246 thou in the income statement. (This amount includes PLN 495 thou of the transactions for which hedge accounting is conducted)

As at 31 December 2013 there was a positive valuation the Company's hedging transactions made by the banks sed on the following spot rates: USD 3,012; EUR 4,1472.

### CURRENCY RISK – THE CAPITAL GROUP

Companies of the Capital Group are exposed to currency risk, mainly resulting from their core activities, i.e. sale and purchase of goods and services in foreign currencies (primarily in EUR, USD and CZK).

The main financial instruments hedging currency risk are foreign exchange forward contracts and options.

To reduce the currency risk in accordance with the strategy adopted by the Group, actual cash flow hedge procedure is applied. The Group does not conclude speculative transactions. In 2005 KOPEX S.A. adopted the " Currency risk and interest rate hedging strategies ", according to which signing a commercial contract, currency risk hedging transactions are concluded, i.e.in relation to the exchange rate adopted in the offer's calculation. In case of contracts for trading in coal or electricity, they are concluded upon placing an order shipment or purchase of energy.

The Company applies hedge accounting (detailed description in accounting policies), and natural hedging..

As at 31 December 2013 the Company had open hedging foreign currency items in the following amounts:

- USD 2.200 thou,
- EUR 63.431 thou,
- AUD 756 thou,
- CZK 24.700 thou.

As at 31 December 2013 the fair value of the aforesaid transactions was estimated at a total amount of PLN 10.649 thou, of which PLN 988 tys. zł. thou were realised hedging transactions held in equity until the hedged forecast transaction incident, and PLN 9.661 tys. zł. thou were unrealised transactions accounted for by valuation models used by banks in which the transactions were included.

The fair value of 10.649 thou consist of:

- the amount of PLN 6.410 thou was recognised as revaluation of equity. (This amount includes PLN 988 thou of the realised transactions and PLN 5.414 thou of the unrealised transactions),
- the amount of PLN 4.247 thou in the income statement. (This amount includes PLN 761 thou of the transactions for which hedge accounting is conducted).

The amount of PLN 8 thou attributable to minority shareholders was excluded from consolidation.

As at 31 December 2013. there was a positive valuation of the Company's hedging transactions made by the banks based on the following spot rates: USD 3,012; EUR 4,1472; AUD 2,6864; CZK 0,1513.

## 20. SEASONAL INFORMATION

The KOPEX Group's business is not seasonal, so in this respect the current results do not fluctuate significantly during the year.

## 21. INFORMATION ON THE ISSUE, REDEMPTION AND REPAYMENT OF NON EQUITY -AND -EQUITY SECURITIES OF THE ISSUER

- redemption and repayment of non-equity securities - not applicable
- issue of securities - not applicable
- redemption or repayment of equity securities - not applicable.

## 22. INFORMATION ON PAID (OR DECLARED) DIVIDENDS, IN TOTAL AND PER ONE SHARE, INCLUDING COMMON AND PREFERRED SHARES

On 26 June 2013, the Annual General Meeting of "Kopex" SA, pursuant to resolution No. 7 on the distribution of the net profit for the 2012 financial year, allocated to a cash dividend to shareholders the amount of PLN 3.702.801,90 (three millions seven hundred two thousand eight hundred and one polish zlotys and ninety polish grosz) i.e. PLN 0,05 per one share. The dividend is covered by 74.056.038 shares.

The dividend does not involve own shares of the Issuer in a number of 276.500.

the Annual General Meeting of "Kopex" SA resolved:

- Dividend date (the date of acquisition of the rights to dividends) on 03 July 2013
- Date of paying the dividend on 19 July 2013

## 23. INDICATION OF EVENTS THAT OCCURRED AFTER THE DATE OF DRAWING UP THE QUARTERLY ABBREVIATED FINANCIAL STATEMENT, NOT INCLUDED IN THIS FINANCIAL STATEMENT BUT CAPABLE OF AFFECTING THE ISSUER'S FUTURE FINANCIAL RESULTS SIGNIFICANTLY

No events occurred after the date of the quarterly condensed financial statements not included in this report, which could have a significant impact on the future financial results of the Issuer.

## 24. STANDPOINT OF THE MANAGEMENT BOARD ON CAPABILITIES OF AN EARLIER ACCOMPLISHMENT OF THE FORECASTS FOR THIS YEAR PUBLISHED PREVIOUSLY, IN THE LIGHT OF RESULTS PRESENTED IN THE QUARTERLY REPORT, IN RELATION TO THE FORECAST RESULTS

The Issuer has not published forecasts for 2013

**25. INDICATION OF PROCEEDINGS PENDING IN FRONT OF THE COURT, THE COMPETENT AUTHORITY FOR ARBITRATION OR IN FRONT OF A PUBLIC ADMINISTRATION BODY**

- proceedings related with liabilities or debts of the Issuer or its subsidiaries whose values amount to at least 10 per cent of the equity of the Issuer, with determined subject of the proceedings, amount of dispute, date of commencing the proceedings, parties to the commenced proceedings and standpoints of the Issuer,
- two or more proceedings for liabilities and debts, whose total value constitutes at least 10 per cent of the equity of the Issuer, with determined total value of the proceedings, separately in relation to major liabilities or debts together with the Issuer's standpoint on this issue, an in relation to the largest proceedings in the group of liabilities and debts indication of their subject, with determined subject of the dispute, value of the dispute subject and the date of commencing the proceedings and the parties to the proceedings commenced;

On the day of the report, neither the Issuer, nor any of the Companies of the Issuer's Capital Group have pending proceedings in front of the court or the competent authority for arbitration, the authority responsible for arbitration or in front of a public administration body, whose value constitutes at least 10 per cent of the equity of the Issuer.

**26. LIST OF RELEVANT INFORMATION ON TRANSACTIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIARIES WITH RELATED PARTIES ON OTHER CONDITIONS THAN MARKET ONES TOGETHER WITH THEIR VALUES AND INFORMATION SPECIFYING NATURE OF THOSE TRANSACTIONS**

According to our knowledge, in the reporting period neither KOPEX S.A. nor subsidiaries or sub-subsidiaries of the Issuer concluded transactions with their related parties on the other conditions than market ones.

**27. INFORMATION ON STANDING SURETIES OR GRANTING GUARANTEES BY THE ISSUER OR BY ITS SUBSIDIARY – IN TOTAL TO ONE ENTITY OR TO THE ENTITY'S SUBSIDIARY- IF THE TOTAL VALUE OF THE SURETYSHIPS AND GUARANTEES GRANTED CONSTITUTES AT LEAST 10 PER CENT OF THE ISSUER'S EQUITY**

PLN THOU

| Date of suretyship contract | Guarantor            | Borrower   | Entity for the benefit of which suretyship has been granted | Amount of suretyship granted | End date of suretyship | Relationship between the Issuer and its subsidiary |
|-----------------------------|----------------------|------------|---|------------------------------|------------------------|--|
| 02.07.2008                  | KOPEX MACHINERY S.A. | KOPEX S.A. | PKO BP S.A.   | 261.000                      | 01.07.2014             | Subsidiary stands surety for its parent company    |
| 19.12.2011                  | KOPEX MACHINERY S.A. | KOPEX S.A. | PKO BP S.A.   | 110.235                      | 09.06.2017             | Subsidiary stands surety for its parent company    |
| <b>TOTAL</b>                |                      |            |   | <b>371.235</b>               |                        |  |

EUR THOU

| Date of suretyship contract | Guarantor            | Borrower   | Entity for the benefit of which suretyship has been granted | Amount of suretyship granted | End date of suretyship | Relationship between the Issuer and its subsidiary |
|-----------------------------|----------------------|------------|---|------------------------------|------------------------|--|
| 25.02.2011                  | KOPEX MACHINERY S.A. | KOPEX S.A. | ING BANK ŚLĄSKI   | 1.500                        | 30.10.2017             | Subsidiary stands surety for its parent company    |
| <b>TOTAL</b>                |                      |            |   | <b>1.500</b>                 |                        |  |

PLN THOU

| Date of suretyship contract | Guarantor  | Borrower             | Entity for the benefit of which suretyship has been granted | Amount of suretyship granted | End date of suretyship | Relationship between the Issuer and its subsidiary  |
|-----------------------------|------------|----------------------|---|------------------------------|------------------------|---|
| 30.12.2013                  | KOPEX S.A. | TAGOR S.A.           | PKO BP S.A.   | 118.000                      | 31.12.2014             | Parent company stands surety for its sub-subsidiary |
| 07.11.2011                  | KOPEX S.A. | TAGOR S.A.           | DZ BANK   | 34.000                       | 21.09.2015             | Parent company stands surety for its sub-subsidiary |
| 22.02.2011                  | KOPEX S.A. | KOPEX MACHINERY S.A. | PKO BP S.A.   | 19.743                       | 31.07.2016             | Parent company stands surety for its subsidiary     |
| 20.12.2010                  | KOPEX S.A. | KOPEX MACHINERY S.A. | ING LEASE   | 13.428                       | 31.12.2014             | Parent company stands surety for its subsidiary     |
| 17.08.2011                  | KOPEX S.A. | KOPEX MACHINERY S.A. | PKO BP S.A.   | 10.939                       | bezterminowo           | Parent company stands surety for its subsidiary     |
| 16.09.2011                  | KOPEX S.A. | KOPEX MACHINERY S.A. | ING LEASE   | 12.682                       | 31.10.2015             | Parent company stands surety for its subsidiary     |
| 27.10.2011                  | KOPEX S.A. | KOPEX MACHINERY S.A. | PKO BP S.A.   | 21.667                       | bezterminowo           | Parent company stands surety for its subsidiary     |
| 19.03.2012                  | KOPEX S.A. | KOPEX MACHINERY S.A. | BRE BANK  | 4.500                        | 05.02.2015             | Parent company stands surety for its subsidiary     |

| Date of suretyship contract    | Guarantor  | Borrower                           | Entity for the benefit of which suretyship has been granted | Amount of suretyship granted | End date of suretyship         | Relationship between the Issuer and its subsidiary   |
|--------------------------------|------------|------------------------------------|---|------------------------------|--------------------------------|--|
| 28.05.2012                     | KOPEX S.A. | KOPEX MACHINERY S.A.               | ING LEASE   | 8.300                        | 31.08.2016                     | Parent company stands surety for its subsidiary  |
| 05.06.2013                     | KOPEX S.A. | KOPEX MACHINERY S.A.               | PKO BP S.A.   | 150.243                      | bezterminowo                   | Parent company stands surety for its subsidiary  |
| OD 04.08.2011<br>DO 25.09.2013 | KOPEX S.A. | TAGOR S.A.<br>KOPEX MACHINERY S.A. | POZOSTAŁE   | 48.439                       | OD 31.12.2013<br>DO 15.12.2015 | Parent company stands surety for its sub-subsiary<br>Parent company stands surety for its subsidiary |
| <b>TOTAL</b>                   |            |                                    |   | <b>441.941</b>               |                                |  |

EUR THOU

| Date of suretyship contract | Guarantor  | Borrower             | Entity for the benefit of which suretyship has been granted | Amount of suretyship granted | End date of suretyship | Relationship between                              |
|-----------------------------|------------|----------------------|---|------------------------------|------------------------|---|
| 17.11.2011                  | KOPEX S.A. | KOPEX MACHINERY S.A. | ING BANK ŚLĄSKI   | 500                          | 30.10.2017             | Parent company stands surety for its sub-subsiary |
| 08.12.2011                  | KOPEX S.A. | TAGOR S.A.           | POZOSTAŁE   | 1.000                        | 31.12.2013             | Parent company stands surety for its sub-subsiary |
| <b>TOTAL</b>                |            |                      |   | <b>1.500</b>                 |                        |   |

## 28. INDICATION OF THE FACTORS THAT ACCORDING TO THE ISSUER'S OPINION WILL AFFECT THE RESULTS ACHIEVED BY HIM OVER AT LEAST THE NEXT QUARTER

Other factors that, in the opinion of the Issuer may have a significant impact on the financial results to be earned by him within at least the next quarter are:

- Internal economic policies of the coal industry Companies, including the rationalisation of operating costs
- Implementation of the program to optimize the use of assets of the Group;
- Optimization of net debt;
- Acquisition activities for winning new contracts, including an active policy of winning contracts in foreign markets resulting in the increase of the portfolio of orders;
- Acquisition of qualified staff to accomplish projects related to a complex construction of mining facilities;
- Competitiveness of the Polish products, including price competitiveness;
- Diversification of the Company's activities, both in geographical and product terms. Leaving the tasks associated insignificantly with core activity of KOPEX S.A. or tasks of a low profitability

Capital expenditure of mining industry are still at a limited level, determined by level of current and anticipated in the near future coal prices. Measures for investments in 2014 will not increase significantly, both in the domestic and foreign markets, particularly in the Russian market.

The impact of a generally bad situation of Polish mining moderated by energy policy of both Poland and the European Union is very significant. Increasingly, however, the Polish and Russian coal companies turn to supply of "turnkey" mining complexes from a general supplier, who bears the responsibility for the proper operation of systems.

In the segment of mining - mining machinery and equipment, the results for four quarters reflect the situation in the coal markets. The main sources of income are Polish and Russian markets, and especially in the revenues for the first and third quarters the Argentine market also has a large share. The orders from the Chinese market also had a positive impact on the results for third and fourth quarter.

We also dynamize the after-market services and service operations by building competencies in China (creating Kopex Taian), expansion of Company Kopex Sibir in Russia, and developing aftermarket facilities in the region of Vorkuta. On the Polish market, the primary form of distribution of longwall shearers is a lease of such equipment, where Kopex Machinery and ZZM - Maszyny Górnicze has more than 40% of share.

In foreign markets, the main recipient of shearers in 2013 was the Russian market and in particular the mining union Kusbaskiego Basin. Currently we are observing a decline in the level of orders in this market. Another important destination for shearers is the Chinese market. In the fourth quarter another shearer was delivered – second one this year - to a new client.

In order to increase the the sales volume the Group promotes and encourages customers to purchase complete longwall systems. Technological possibilities of Kopex Machinery in conjunction with the potential of companies TAGOR and Kopex Electric Systems allow to offer a complete longwall mining equipment also allowing an opportunity to improve profitability at such a sale.

A succesful startup of the longwall system in the Argentinian market, which allows a good prediction for subsequent supplies of mining equipment in the following years.

The situation in the Australian market remains difficult. Reducing of investment spending causes a decrease in demand for haulage cars offered by Kopex Waratah. The decrease in revenues from the sale of new goods is partially offset by a greater number of orders for repairs and spare parts.

In addition to the previously mentioned desire for greater modularization of mining equipment Kopex group is actively working on new types of machinery and equipment, which would meet previously unmet needs of customers both domestic and abroad. The works on a system for automated exploitation of thin and extremely thin seams named MIKRUS

Prace nad systemem do zautomatyzowanego wybierania pokładów cienkich i bardzo cienkich o nazwie MIKRUS move from test phase to the operational phase.

In Poland, over 30% of carbon is in arrears in the corrugated board, inclined and overgrown with hard rock, where the efficiency of very expensive plow system is very low. MIKRUS in the these circumstances, is surely a promising alternative, not only in the domestic market.

The mining/mining services segment—throughout the whole 2013 year was characterized with high stability. The results of this sector in the context of a slowdown in the mining industry, are particularly good. Budgetary assumptions are executed with a surplus.

Revenues for the fourth quarter of 2013 stood at assumed budget despite the termination of the contract by the Czech investor to deepen the shaft Karvina as well as the completion of the contract with ZGH Boleslaw.

It is also assumed that the implementation of the contract for the deepening of 1 BZIE shaft at JSW will run without major problems of geological conditions.

The Company regularly participates in tenders announced by the investors, acquiring new contracts.

The results of segment - electrical and electronic equipment are also satisfactory. Hansen and within its structure - Kopex Electric Systems are leaders in the studies, production and implementation of electrical explosion-proof enclosures for the operating voltage of 3.3 KV Significant business events in the first three quarters of 2013 years should include - providing maneuvering kits for power supply and haulage for shearers and longwall in Kompania Węglowa mines, boxes of apparatus and explosion-proof equipment for road headers produced by Remag and Sandvik, as well as electrical equipment for longwall systems for customers in Bosnia, Russia and Argentina.

Kopex Electric Systems SA is also a supplier of electrical equipment for plow system produced by company CATERPILLAR, delivered to the Polish mines.

In many subsets of the product in the field of power systems and power distribution in Polish mines Kopex Electric Systems SA will in subsequent quarters have a dominant position. Level of already received orders for the next quarter is satisfactory.

## SIGNATURES

Member of the Board

Joanna Węgrzyn

Member of the Board

Arkadiusz Śnieżko

Member of the Board

Andrzej Meder

Member of the Board

Piotr Broncel

President of the Board

Józef Wolski

The person responsible  
for bookkeeping:

Director of Accounting and Taxation  
Alina Mazurczyk

Katowice, 26 February 2014