



**ABBREVIATED MID-YEAR  
CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
01 JANUARY 2014 TO 31 DECEMBER 2014**

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

KATOWICE, FEBRUARY 2015

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

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>2 348 659</b>	<b>2 351 375</b>
Intangible assets	159 995	153 000
Goodwill of the subordinated entities	1 249 955	1 248 064
Tangible assets	679 378	752 459
Investment real estate	26 592	26 725
Investment accounted for by equity method	48 236	54 526
Long-term lease receivables	10 740	37 144
Other long-term financial assets	121 013	18 259
Deferred income tax	52 750	61 198
<b>Current assets</b>	<b>1 172 147</b>	<b>1 123 889</b>
Inventories	252 300	296 708
Short-term receivables from supplies and services	398 311	371 345
Short-term other receivables	105 994	84 225
Short-term lease receivables	27 246	55 627
Short-term loans granted	42 316	39 285
Current income tax receivables	10 360	4 102
Derivative financial instruments	1 338	9 812
Financial assets at fair value through profit loss	39	90
Construction services agreement assets	249 623	174 108
Cash and its equivalent	84 620	88 587
<b>Fixed assets available for sale</b>	<b>1</b>	<b>1</b>
<b>Total assets</b>	<b>3 520 807</b>	<b>3 475 265</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>		
<b>Equity</b>	<b>2 622 928</b>	<b>2 516 509</b>
Share capital	74 333	74 333
Own shares	-2 979	-2 979
Share issue above nominal value	1 054 942	1 054 942
Revaluation reserve	-515	5 019
Exchange rate differences from translation	20 003	9 732
Retained profit	1 470 493	1 369 384
Minority shareholders capital	6 651	6 078
<b>Long-term liabilities</b>	<b>93 899</b>	<b>122 383</b>
Long-term credits and loans	13 374	43 824
Long-term other liabilities	1 868	3 464
Long-term lease liabilities	47 854	46 951
Deferred income tax reserve	6 716	6 352
Long-term reserve for post employment benefits	21 254	17 925
Other long-term reserves for liabilities	139	17
Long-term accruals	2 694	3 850
<b>Short-term liabilities</b>	<b>803 980</b>	<b>836 373</b>
Short-term credits and loans	348 913	364 365
Supplies and services short-term liabilities	170 934	212 006
Short-term other liabilities	130 153	163 137
Short-term lease liabilities	35 570	32 120
Current income tax liabilities	6 718	9 571
Derivative financial instruments	2 237	547
Short-term reserve for employee benefits	18 356	13 004
Other short-term reserves for liabilities	14 496	14 309
Short-term prepayments	76 603	27 314
<b>Liabilities and equity, total</b>	<b>3 520 807</b>	<b>3 475 265</b>
<b>Book value</b>	<b>2 622 928</b>	<b>2 516 509</b>
<b>Number of shares</b>	<b>74 056 038</b>	<b>74 056 038</b>
<b>Book value per share (BVPS) in [PLN]</b>	<b>35,42</b>	<b>33,98</b>

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

	01.10.2014 to 31.12.2014	01.01.2014 to 31.12.2014	01.10.2013 to 31.12.2013	01.01.2013 to 31.12.2013
<b>CONTINUED OPERATIONS</b>				
Net income from sale of products, goods and materials	357 520	1 430 477	416 313	1 390 944
Costs of products, goods and materials sold	305 634	1 152 577	345 469	1 156 105
<b>Gross profit on sales</b>	<b>51 886</b>	<b>277 900</b>	<b>70 844</b>	<b>234 839</b>
Other income	16 799	34 339	3 864	19 656
Selling costs	5 058	39 589	10 331	37 136
Overheads	27 159	113 326	29 722	124 573
Other costs	10 311	22 006	2 674	8 581
Other profit	-192	2 607	-5 785	2 589
<b>Operating profit</b>	<b>25 965</b>	<b>139 925</b>	<b>26 196</b>	<b>86 794</b>
Financial revenues	5 271	13 494	2 267	17 403
Finance costs	5 826	25 064	8 045	38 369
Share in profit (loss) of the subordinated entities evaluated by the equity method	1 821	6 141	2 210	9 614
<b>Gross profit</b>	<b>27 231</b>	<b>134 496</b>	<b>22 628</b>	<b>75 442</b>
Income tax	5 523	27 074	-1 586	9 384
<b>Consolidated net profit from continued operations</b>	<b>21 708</b>	<b>107 422</b>	<b>24 214</b>	<b>66 058</b>
<b>Consolidated net profit (loss) from discontinued operations</b>	<b>-</b>	<b>122</b>	<b>-185</b>	<b>345</b>
<b>Total consolidated net profit</b>	<b>21 708</b>	<b>107 544</b>	<b>24 029</b>	<b>66 403</b>
<b>Net profit attributable to minority shareholders</b>	<b>475</b>	<b>1 597</b>	<b>108</b>	<b>1 125</b>
<b>Net profit attributable to the controlling company shareholders, including:</b>	<b>21 233</b>	<b>105 947</b>	<b>23 921</b>	<b>65 278</b>
-from continued operations	21 233	105 825	24 106	64 933
-from discontinued operations	-	122	-185	345
<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>
Net profit from continued operations attributable to the controlling company shareholders per 1 common share	0,29	1,43	0,33	0,88
Net profit from discontinued operations attributable to the controlling company shareholders per 1 common share	-	-	-	-
<b>Total net profit attributable to the controlling company shareholders per 1 common share</b>	<b>0,29</b>	<b>1,43</b>	<b>0,32</b>	<b>0,88</b>

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

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>Consolidated net profit</b>	<b>107 544</b>	<b>66 403</b>
<b>Other total incomes (loss) which will not be transferred to the result</b>	<b>-3 722</b>	<b>-486</b>
Actuarial loss from defined benefit program	-4 359	-249
Income tax from actuarial losses	828	49
Other income	-191	-286
<b>Other total incomes (loss) which will can be transferred to the result</b>	<b>4 714</b>	<b>-11 119</b>
Exchange rates differences	10 247	-10 123
Valuation of financial assets available for sale	-20	-
Cash flow hedging	-6 802	-1 228
Income tax on cash flow hedges	1 289	232
<b>All other total income (loss) after taxation</b>	<b>992</b>	<b>-11 605</b>
<b>Total income</b>	<b>108 536</b>	<b>54 798</b>
attributable to minority shareholders	1 521	879
attributable to KOPEX S.A. shareholders	107 015	53 919

**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					

**Balance as at 01.01.2013 in accordance with  
approved financial statements**

74 333	-2 979	1 054 942	7 550	-176	-1 430	19 712	1 324 019	2 475 971	5 542	2 481 513	
Total income	-	-	-1 140	-	215	-9 984	64 828	53 919	879	54 798	
Dividend	-	-	-	-	-	-	-3 702	-3 702	-30	-3 732	
Acquisition/increase or decrease of control	-	-	-	-	-	4	-5 796	-5 792	-1 073	-6 865	
Acquisition of entities under common control	-	-	-	-	-	-	-9 807	-9 807	760	-9 047	
Grants	-	-	-	-	-	-	-158	-158	-	-158	
<b>Balance as at 31.12.2013</b>	<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>6 410</b>	<b>-176</b>	<b>-1 215</b>	<b>9 732</b>	<b>1 369 384</b>	<b>2 510 431</b>	<b>6 078</b>	<b>2 516 509</b>

**Balance as at 01.01.2014 in accordance with  
approved financial statements**

74 333	-2 979	1 054 942	6 410	-176	-1 215	9 732	1 369 384	2 510 431	6 078	2 516 509	
Total income	-	-	-6 803	-20	1 289	10 226	102 323	107 015	1 521	108 536	
Acquisition/increase or decrease of control	-	-	-	-	-	45	-436	-391	-809	-1 200	
Dividend	-	-	-	-	-	-	-	-	-139	-139	
Grants	-	-	-	-	-	-	-778	-778	-	-778	
<b>Balance as at 31.12.2014</b>	<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>- 393</b>	<b>-196</b>	<b>74</b>	<b>20 003</b>	<b>1 470 493</b>	<b>2 616 277</b>	<b>6 651</b>	<b>2 622 928</b>

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

	<b>01.01.2014 to 31.12.2014</b>	<b>01.01.2013 to 31.12.2013</b>
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
<b>Gross profit (loss)</b>	<b>134 647</b>	<b>75 868</b>
<b>Corrections by</b>		
Depreciation	151 814	150 118
Share in net (profit) loss of the subsidiaries evaluated by the equity method	-6 141	-9 614
(Profit) loss from exchanges rates differences	-4 158	-5 333
Interest and share in profits (dividends)	13 862	17 839
(Profit) loss from investment activity	-10 266	-13 687
Change in reserves	5 213	-8 859
Change in inventories	36 293	111 230
Change in receivables from supplies, services, and other receivables	-5 878	245 271
Change in short-term liabilities from supplies, services and other receivables	-48 670	62 283
Change in accruals	49 285	-3 793
Change in assets value from construction service agreements	-98 739	-79 487
Income tax paid	-31 721	-18 189
Write downs on asset value and intangible assets	11 415	-11 753
Foreign currency transactions	3 368	1 864
Other corrections	-933	-169
<b>Net cash flow from operating activity</b>	<b>199 391</b>	<b>513 589</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>		
Sale of intangible and tangible fixed assets	20 007	31 349
Sale of financial assets	7 992	17 683
Dividends and share in profits received	8 113	-
Repayment of loans	40 597	45 784
Interest received	1 099	3 832
Grants received	1 769	4 683
Other revenues	-170 694	-198 335
Acquisition of intangible and tangible fixed assets*	-888	-
Acquisition of financial assets	-79 751	-16 644
Loans granted	-2 386	-
Loss of control over the subsidiary	-204	-
<b>Net cash flow from investment activity</b>	<b>-174 346</b>	<b>-111 648</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Credits and loans	244 452	66 489
Dividends and other payment for owners	-	-4 347
Received commissions from guarantees	2 415	554
Repayment of credits and loans	-215 328	-377 514
Payment of liabilities from financial lease agreements	-38 958	-33 825
Interest paid	-20 633	-31 528
Paid commissions on loans and sureties	-1 159	-2 699
Transactions with non-controlling shares	-1 165	-10 643
Other financial expenses	-314	-3
<b>Net cash flow from financial activity</b>	<b>-30 690</b>	<b>-393 516</b>
<b>TOTAL NET CASH FLOW</b>	<b>-5 645</b>	<b>8 425</b>
<b>Balance change in cash, incl:</b>	<b>-3 967</b>	<b>7 004</b>
- change in cash from differences in exchange rate	1 678	-1 421
<b>Cash at the beginning of period</b>	<b>88 587</b>	<b>81 583</b>
<b>Cash at the end of period, incl:</b>	<b>84 620</b>	<b>88 587</b>
- restricted cash	3 442	4 193

\* 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**

	31.12.2014	31.12.2013
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>1 524 860</b>	<b>1 470 334</b>
Intangible assets	10 073	10 581
Tangible fixed assets	23 593	30 000
Investment real estate	5 923	6 161
Long-term lease receivables	21 318	35 959
Other long-term financial assets	1 454 926	1 381 720
Deffered income tax assets	9 027	5 913
<b>Current assets</b>	<b>321 293</b>	<b>264 597</b>
Inventories	3 191	1 759
Short-term receivables from supplies and services	85 063	59 261
Short-term other receivables	59 822	33 052
Short-term lease receivables	28 803	26 284
Short-terms loans granted	107 199	101 355
Current income tax receivables	1 508	2 323
Derivative financial instruments	1 262	8 690
Financial assets at fair value through profit or loss	39	90
Construction contract assets	3 211	10 285
Cash and its equivalents	31 195	21 498
<b>Total assets</b>	<b>1 846 153</b>	<b>1 734 931</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>	<b>1 538 273</b>	<b>1 446 707</b>
Share capital	74 333	74 333
Own shares	-2 979	-2 979
Issue of shares over nominal value	1 054 942	1 054 942
Revaluation reserve	-318	5 186
Retained profit	412 295	315 225
<b>Long-term liabilities</b>	<b>35 891</b>	<b>40 257</b>
Long-term credits and loans	11 203	33 608
Long-term other liabilities	154	-
Long-term lease liabilities	17 874	-
Deffered income tax reserve	2 573	2 318
Long-term reserve for employee benefits	1 393	481
Accruals	2 694	3 850
<b>Short-term liabilities</b>	<b>271 989</b>	<b>247 967</b>
Short-term credits and loans	71 226	100 821
Supplies and services short-term liabilities	113 976	64 202
Short-term other liabilities	53 487	63 471
Short-term lease liabilities	4 070	-
Liabilities for current income tax	532	314
Derivative financial instruments	2 143	425
Short-term reserve for employee benefits	1 713	1 204
Other short-term reserves for liabilities	1 096	868
Short-term accruals	23 746	16 662
<b>Total liabilities and equity</b>	<b>1 846 153</b>	<b>1 734 931</b>
<b>Book value</b>	<b>1 538 273</b>	<b>1 446 707</b>
<b>Number of shares</b>	<b>74 056 038</b>	<b>74 056 038</b>
<b>Book value per share (BVSP) in [PLN]</b>	<b>20,77</b>	<b>19,54</b>

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

	01.10.2014 to 31.12.2014	01.01.2014 to 31.12.2014	01.10.2013 to 31.12.2013	01.01.2013 to 31.12.2013
<b>CONTINUED OPERATIONS</b>				
Net income from sale of products, goods and materials	103 517	364 380	63 233	326 304
Costs of products, goods and materials sold	97 591	328 541	53 572	299 123
<b>Gross profit on sales</b>	<b>5 926</b>	<b>35 839</b>	<b>9 661</b>	<b>27 181</b>
Other income	476	111 444	17 013	74 164
Selling costs	784	9 363	3 012	8 337
Overheads	6 986	26 361	7 334	27 333
Other costs	8 831	12 676	-100	2 146
Other profit (loss)	-933	-7 870	-1 127	1 115
<b>Operating profit</b>	<b>-11 132</b>	<b>91 013</b>	<b>15 301</b>	<b>64 644</b>
Financial revenues	5 200	17 016	2 645	17 929
Finance costs	2 027	9 475	2 783	17 500
<b>Gross profit</b>	<b>-7 959</b>	<b>98 554</b>	<b>15 163</b>	<b>65 073</b>
Income tax	-1 325	232	-44	285
<b>Net profit from continued operations</b>	<b>-6 634</b>	<b>98 322</b>	<b>15 207</b>	<b>64 788</b>
<b>Net profit (loss) from discontinued operations</b>	<b>-</b>	<b>122</b>	<b>-185</b>	<b>345</b>
<b>Total net profit</b>	<b>-6 634</b>	<b>98 444</b>	<b>15 022</b>	<b>65 133</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>
Net profit (loss) from continued operations per 1 common share	-0,09	1,33	0,21	0,87
Net profit (loss) from discontinued operations per 1 common share	-	-	-	-
<b>Net profit (loss) per one common share</b>	<b>-0,09</b>	<b>1,33</b>	<b>0,20</b>	<b>0,88</b>

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

	01.01.2014 to 31.12.2014	01.01.2013 to 30.09.2013
<b>Net profit</b>	<b>98 444</b>	<b>65 133</b>
<b>Other total income (loss) not to be transferred to the result</b>	<b>-695</b>	<b>127</b>
Profits (losses) Actuarial under defined benefit plans	-858	157
Income tax on the profit (loss) actuarial	163	-30
<b>Other total income (loss) to be transferred to the result</b>	<b>-5 504</b>	<b>424</b>
Hedging cash flow	-6 795	523
Income tax on cash flow hedges	1 291	-99
<b>Total other income (loss) after taxation</b>	<b>-6 199</b>	<b>551</b>
<b>Total incomes</b>	<b>92 245</b>	<b>65 684</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 01.01.2013 in accordance with approved financial statements

Total income (loss)

Dividends

Other

Saldo na 31.12.2013

74 333	-2 979	1 054 942	5 879	-1 117	253 825	1 384 883
-	-	-	523	-99	65 260	65 684
-	-	-	-	-	-3 702	-3 702
-	-	-	-	-	-158	-158
74 333	-2 979	1 054 942	6 402	-1 216	315 225	1 446 707

Balance as at 01.01.2014 in accordance with approved financial statements

Total income (loss)

Other

Balance as at 31.12.2014

74 333	-2 979	1 054 942	6 402	-1 216	315 225	1 446 707
-	-	-	-6 795	1 291	97 749	92 245
-	-	-	-	-	-679	-679
74 333	-2 979	1 054 942	-393	75	412 295	1 538 273

**Sprawozdanie z przepływów pieniężnych KOPEX S.A.  
w tysiącach złotych**

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
<b>Gross profit (loss)</b>	<b>98 705</b>	<b>65 499</b>
<b>Corrections by:</b>		
Depreciation	4 544	5 104
(Profit) loss from exchange rate differences	-2 796	191
Interest and share in profits (dividends)	-113 088	-65 131
(Profit) loss from investment activity	7 782	-1 341
Change in reserves	1 649	84
Change in inventories	-1 432	-1 330
Change in receivables from supplies, services and other receivables	-27 292	184 263
Change in short-term liabilities from supplies, services and other receivables	41 030	-48 087
Change in accruals	5 104	-67
Change in assets from construction contracts	7 074	-9 460
Income tax paid	-662	-1 455
Derivative financial instruments	2 350	183
Write downs on value of shares in subordinated entities	8 690	896
Other	-1 537	-
<b>Net cash flow from operating activity</b>	<b>30 121</b>	<b>129 349</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>		
Sale of intangible and tangible fixed assets	167	337
Sale of financial assets	3	2 682
Dividends and share in profits received	107 989	109 583
Interests received	1 103	4 454
Repayment of loans	51 631	44 357
Grants received	823	740
Acquisition of intangible and tangible fixed assets	-7 850	-7 356
Acquisition of financial assets	-6	-6 901
Loans granted	-140 715	-29 111
<b>Net cash flow from investment activity</b>	<b>13 145</b>	<b>118 785</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Credits and loans	111 157	42 519
Received commissions from sureties	4 391	3 862
Dividends	-	-3 702
Repayment of credits and loans	-141 448	-266 868
Interest paid	-6 386	-12 193
Paid commissions on loans and sureties	-1 901	-5 034
<b>Net cash flow from financial activity</b>	<b>-34 187</b>	<b>-241 416</b>
<b>TOTAL NET CASH FLOW</b>	<b>9 079</b>	<b>6 718</b>
<b>Balance change in cash, incl:</b>	<b>9 697</b>	<b>6 506</b>
- change in cash from differences in exchange rates	618	-212
<b>Cash at the beginning of period</b>	<b>21 498</b>	<b>14 992</b>
<b>Cash at the end of period, incl:</b>	<b>31 195</b>	<b>21 498</b>
- restricted cash	-	-

ADDITIONAL INFORMATION TO ABBREVIATED MID-YEAR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR  
THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

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:

<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
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+ELGÓR S.A. (dawniej: KOPEX ELECTRIC SYSTEMS S.A.)	Full consolidation method
HANSEN & REINDERS CS spol.s.r.o. (Czech Republic)***	Full consolidation method
HANSEN AND GENWEST (Pty) Ltd (former: KOPEX AFRICA (Pty) Ltd) (RSA)	Full consolidation method
HANSEN CHINA Ltd (China)	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
ŚLĄSKIE 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
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
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Equity consolidation method
MIILUX POLAND Sp. z o.o.	Equity consolidation method

\* The shares of HANSEN ELECTRIC spol. s.r.o. (Czech Republic) were sold in March 2014. The consolidated income statement includes participation by individuals in proportion to their shares in the period in which the company was an associate.

\*\* The Issuer lost control over KOPEX-FAMAGO Sp. z o.o. as a result of the sale of all the shares of the entity on 30 June 2014.

The consolidated income statement includes all income and expenses of the subsidiary for the period from 01.01.2014 to 30.06.2014, ie. until the sale of shares and diagnosed result in the loss of control. At the same time the assets and liabilities of that unit have not been included in the consolidated financial statements.

Assets and liabilities over which control was lost::	
Fixed assets	55 783
Current assets	72 482
Long-term liabilities	61 728
Short-term liabilities	75 345
<b>Net assets disposed</b>	<b>-8 808</b>

\*\*\* Shares of the company KOPEX MIN-USŁUGI (Serbia) and HANSEN & REINDERS CS spol.s.r.o. (Czech Republic) were sold in Q3 2014.

The consolidated income statement includes all income and expenses of these subsidiaries for the period from 01.01.2014 to the date of sale of shares and recognized results in the loss of control. At the same time the assets and liabilities of these entities are not included in the consolidated financial statements, but their value is immaterial.

Consolidation does not cover the newly founded company Taian Kopex Coal Mining Equipment Service Co. Ltd based in China, due to the fact that the company has not yet begun business.

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 24 February 2015.

## **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 2013.

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 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 2014 have been applied in these abbreviated and interim condensed consolidated and separate financial statements for the first time:

#### 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.

IFRS 10 had no effect on these 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 .

IFRS 12 will have an impact on the disclosures to be included in the annual 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.

Amendment to IAS 27 had no impact on these 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.

Amendment to IAS 28 had no impact on these 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.

Amendments to IAS 32 had no significant impact on these 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.

Group companies are not investment entities. Amendments to IFRS 10, IFRS 12 and IAS 27 had no impact on these financial statements.

#### IFRS 11 "Joint Arrangements"

IFRS 11 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 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". Changes in definitions limited the number of types of joint arrangements to two: joint operations and joint ventures. At the same time eliminating the existing choice of proportionate consolidation in respect of entities under common control. All participants in joint ventures are now required to approach the equity method.

#### Changes in the transitional provisions of IFRS 10, IFRS 11, IFRS 12

International Accounting Standards Board published in June 2012, the changes in the transitional provisions of IFRS 10 , IFRS 11 and IFRS 12 amendments are effective for annual periods beginning on or after 1 January 2014 or earlier - if the standards that are the basis (IFRS 10 , 11, or 12 ) are applied at an earlier date . The amendments clarify the transitional provisions of IFRS 10 "Consolidated Financial Statements" . Entities adopting IFRS 10 should assess whether they have the control on the first day of the annual period for which it was first applied IFRS 10 , and if the conclusions differ from the conclusions of IAS 27 and SIC 12 , the comparative information should be restated unless the it would be impractical. The amendments also introduce additional transitional facilitate the application of IFRS 10 , IFRS 11 and IFRS 12 , by limiting the obligation to present comparative data only adjusted data for the immediately preceding reporting period. In addition, these changes abolish the requirement to present comparative information for the disclosures relating to unconsolidated entities managed contract for periods prior to the period of application of IFRS 12 for the first time .

#### 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.

#### 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.

- In 2014, after the annual financial statements published the following new standards and interpretations had been published:

#### Amendments to IFRS 11 on the purchase of a share in a common business

This amendment to IFRS 11 requires the investor when he acquires a share in the common activities for which a business as defined in IFRS 3 application to acquire its share of rules on businesses call accounting in accordance with IFRS 3 and the rules under other standards, unless they are contrary to the guidelines contained IFRS 11.

The change is effective for annual periods beginning on or after 1 January 2016.

The Group is not currently able to estimate the impact of IFRS 11 on the financial statements.

At the date of preparation of these financial statements, amendments to IFRS 11 has not yet been approved by the European Union.

#### Amendments to IAS 16 and IAS 38 regarding depreciation

The amendment clarifies that the use of the depreciation method based on revenues is not appropriate because the revenues generated in the activity that uses the assets also reflect factors other than the consumption of the economic benefits of the asset. The change is effective for annual periods beginning on or after 1 January 2016.

The Group is not currently able to estimate the impact of the application of these changes on the financial statements.

At the date of preparation of these financial statements, the amendments to IAS 16 and IAS 38 have not yet been approved by the European Union.

#### IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" was published by the International Accounting Standards 28 May 2014. and effective for annual periods beginning on or after 1 January 2017 or after that date.

The rules provided for in IFRS 15 will cover all contracts resulting in revenue. The fundamental principle of the new standard is to recognize revenue at the time of transfer of goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished within the package to be reported separately, moreover, any discounts and rebates on the transaction price should in principle be allocated to the individual elements of the package.

If the amount of revenue is variable, according to the new standard for the amount of variables are included in the income, if there is a high probability that in the future there will be no reversal of the recognition of income as a result of the revaluation. Furthermore, in accordance with IFRS 15 costs incurred to acquire and secure a contract with a customer must activate and accounted for over the period of consumption of the benefits of this contract.

The Group is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, IFRS 15 has not yet been approved by the European Union.

#### Amendments to IAS 16 and IAS 41 on crops

The amendments require the recognition of certain manufacturing plants, such as vines, trees, rubber or palm oil (ie. That produce crops for many years and are not intended for sale in the form of planting or harvesting at harvest time) in accordance with IAS 16 because their cultivation is analogous to the production. As a result of these changes include such plants within the scope of IAS 16 and not IAS 41.

Amendments were published on 30 June 2014. and effective for annual periods beginning on or after 1 January 2016.

These changes will have no impact on the financial statements of the Issuer, as neither the Issuer nor the Group did not carry out this type of activity.

At the date of preparation of these financial statements, these changes have not yet been approved by the European Union.

#### Amendments to IAS 27 concerning. The equity method in the separate financial statements

Amendment to IAS 27 allows the use of the equity method as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.

The amendments were published on 12 August 2014. And are effective for annual periods beginning on or after 1 January 2016.

The Issuer will apply the amendments from 1 January 2016.

The Issuer is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, the changes have not yet been approved by the European Union.

#### Amendments to IFRS 10 and IAS 28 concerning. Sales or transfers of assets between the investor and its associates or joint ventures

Amendments solve the problem of the current inconsistencies between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture are the "business".

If the non-monetary assets are "business", the investor will show the full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognizes a gain or loss except for the part representing the interests of other investors.

The amendments were published on 11 September 2014. And are effective for annual periods beginning on or after 1 January 2016.

The Group will apply the amendments from 1 January 2016.

The Group is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, the changes have not yet been approved by the European Union.

#### Amendments to IFRS 2012-2014

International Accounting Standards Board published in September 2014. "Improvements to IFRSs 2012-2014", that change four standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016.

The Group will apply these amendments to IFRS from 1 January 2016.

The Group is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, amendments to IFRS has not yet been approved by the European Union.

#### Amendments to IAS 1

On December 18, 2014, in the framework of the so-called work-related initiative on disclosure, the IASB issued an amendment to IAS 1. The purpose of the published amendment is to clarify the concept of materiality and to clarify that if the entity considers that the information is irrelevant, then they should not disclose even if such disclosure is generally required by other IFRS. The revised IAS 1 explained that the items presented in the statement of financial position and statement of results and other comprehensive income may be aggregated or disaggregated according to their relevance. Also introduced additional guidance relating to the presentation of subtotals in these reports. The amendments are effective for annual periods beginning on or after January 1, 2016.

The Group will apply the above change from January 1, 2016.

The Group is in the process of estimating the impact of applying the changes to the financial statements.

At the date of preparation of these financial statements, amendments to IFRS has not yet been approved by the European Union.

#### Amendments to IFRS 10, IFRS 12 and IAS 28 regarding the exclusion from consolidation of investment

On December 18, 2014, the International Accounting Standards Board issued an amendment so limited in scope. Amendment to IFRS 10, IFRS 12 and IAS 28 published Fri. Investment Units: deconsolidation specifies requirements for investment entities and introduces some ease.

The standard clarifies that an entity should measure at fair value through profit or loss all of its subsidiaries, which are units of investment. In addition, clarified that the exemption from preparing consolidated financial statements if the parent company prepares a higher degree of financial statements available to the public concerns made regardless of whether the subsidiaries are consolidated or at fair value through profit or loss in accordance with IFRS 10 in the report of the ultimate parent or senior. The amendments are effective for annual periods beginning on or after January 1, 2016.

The Group will apply these changes from 1 January 2016.

At the date of preparation of these financial statements is not investment units.

At the date of preparation of these financial statements, amendments to IFRS has not yet been approved by the European Union.

### 2.3 DISCONTINUED OPERATIONS

In relation to the decision of the Board Kopex SA to cease operations of electricity trading below there were presented revenue, expenses, results and cash flows of discontinued operations in the reporting period and comparative period.

REVENUES, COSTS, RESULTS AND CASHFLOWS FROM DISCONTINUED OPERATIONS IN THE CAPITAL GROUP	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>Income and expenses from discontinued operations:</b>		
Net income from sale of products, goods and materials	1 359	126 275
Value of goods and materials sold	886	123 571
<b>Gross profit on sales</b>	<b>473</b>	<b>2 704</b>
Other income	-	80
Selling costs	322	1 838
Overheads	-	624
Other costs	-	28
Other profits (loss)	-	-256
<b>Net profit (loss) from discontinued operations</b>	<b>151</b>	<b>38</b>
Finance income - interest	-	388
<b>Gross profit</b>	<b>151</b>	<b>426</b>
Income tax - deferred	29	81
<b>Net profit from discontinued operations</b>	<b>122</b>	<b>345</b>
<b>Net profit from discontinued operations attributable to equity holders of the parent company</b>	<b>122</b>	<b>345</b>
<b>Cash flows from discontinued operations:</b>		
Cash flows from operating activities	1 455	33 925
<b>Total cash flows from discontinued operations</b>	<b>1 455</b>	<b>33 925</b>

REVENUES, COSTS, RESULTS AND CASHFLOW FROM DISCONTINUED OPERATIONS DURING THE PERIOD AT THE ISSUER	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>Income and expenses from discontinued operations:</b>		
Net income from sale of products, goods and materials	1 359	126 275
Value of goods and materials sold	886	123 571
<b>Gross profit on sales</b>	<b>473</b>	<b>2 704</b>
Other income	-	80
Selling costs	322	1 838
Overheads	-	624
Other costs	-	28
Other profits (loss)	-	-256
<b>Operating profit</b>	<b>151</b>	<b>38</b>
Finance income - interest	-	388
<b>Gross profit</b>	<b>151</b>	<b>426</b>
Income tax	29	81
<b>Net profit (loss) from discontinued operations</b>	<b>122</b>	<b>345</b>

**Cash flows from discontinued operations:**

Cash flows from operating activities	1 455	33 925
<b>Total cash flows from discontinued operations</b>	<b>1 455</b>	<b>33 925</b>

**2.4 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 year 2014 there were no significant changes in estimates and estimation methodology in relation to the financial figures presented in the annual financial statement for 2013 that would have an impact on the current period.

**3. CHANGES IN CONTINGENT LIABILITIES**

**at the Capital Group**

	As at 31.12.2014	<i>Increases (+) decreases (-)</i>	As at 31.12.2013
<b>Total contingent liabilities, incl:</b>	<b>116 574</b>	<b>17 772</b>	<b>98 802</b>
1. To related parties			-
2. To other entities	116 574	17 772	98 802
- warranties and suretyships granted*	83 237	-3 557	86 794
- notes drawn	33 337	21 329	12 008

\* contingent liabilities in the Group in respect of guarantees and warranties are linked in the amount of 26 090 thousand PLN with those obtained by Group companies promissory notes in exchange for a given security. As at 31.12.2014 the value of these contracts remaining to be settled amounted to 7 471 thousand PLN

Contingent liabilities in the Capital Group increased by PLN 109 087 thou compared to 31.12.2013

**at the Issuer**

	As at 31.12.2014	<i>Increases (+) decreases (-)</i>	As at 31.12.2013
<b>Total contingent liabilities, incl:</b>	<b>156 010</b>	<b>-507 439</b>	<b>663 449</b>
1. To related parties	-	-	-
2. To other entities*	156 010	-507 439	663 449
- warranties and suretyships granted**	149 625	-507 439	657 064
- notes drawn	6 385	-	6 385

\* Contingent liabilities of KOPEX S.A. from other entities amount to PLN 104 033 thou, including sureties, guarantees obtained from related parties, in exchange for standing surety for those entities by KOPEX S.A.. Contingent liabilities are mainly guarantees issued securing loans subsidiaries.

\*\* Surety in the amount of PLN 101 932 thousand relate to security obligations, loan agreements, leasing, loans and guarantees. As at 31.12.2014 the value of these contracts remaining to be settled amounts to PLN 36 283 thousand.

Contingent liabilities at the Issuer decreased by PLN 100 779 thou compared to 31.12.2013.

**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. 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 amount PLN 51 876 thou is lower than the probability of its dismissal, due to the lack of a contractual basis for the formulation and the lack of an adequate causal relationship. 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.
- 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

judgment dismissing the claim entirety. 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. Katowice Court of Appeal issued a judgment in which it dismissed the appeal of the company Fazos SA. S Company Fazos SA brought an appeal to the Supreme Court. On January 13, 2015, the Supreme Court issued a decision by which refused to accept the diagnosis of cassation lodged by Fazos company. The judgment of the Court of Appeal dismissing the Fazos company's claim in its entirety remains in power.

#### 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 31.12.2014 - 4,2623
  - as at 31.12.2013 - 4,1472
- 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
  - 2014 - 4,1893
  - 2013 - 4,2110
- Maximum exchange rates in the following periods
  - 2014 - 4,2623
  - 2013 - 4,3292
- Minimum exchange rates in the following periods
  - 2014 - 4,1420
  - 2013 - 4,1429

#### 5. INFORMATION ON CHANGE IN RESERVES

##### at the Capital Group

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>Change in reserves for liabilities</b>	<b>8 990</b>	<b>-8 021</b>
a) increases, incl:	13 055	2 731
- employee benefits	11 468	1 189
- reserve for liabilities	1 587	1 542
b) decreases, incl:	4 290	10 488
- employee benefits	2 958	2 978
- reserve for liabilities	1 332	7 510
c) exchange rate differences	225	-264

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

##### at the Issuer

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>Change in reserves for liabilities</b>	<b>1 649</b>	<b>84</b>
a) increases, incl:	2 617	317
- employee benefits	1 956	311
- reserve for liabilities	661	6
b) decreases, incl:	968	233
- employee benefits	535	226
- reserve for liabilities	433	7

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

at the Capital Group

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>1) increases, incl:</b>	<b>26 501</b>	<b>13 394</b>
- Receivables	7 599	7 929
- Tangible and intangible assets	14 502	503
- Inventories	4 297	3 798
- Other long-term assets	103	1 164
<b>2) decreases, incl:</b>	<b>13 076</b>	<b>24 868</b>
- Receivables	3 456	6 784
- Tangible and intangible assets	3 178	13 329
- Inventories	6 430	354
- Other long-term assets	12	4 401
<b>3) exchange rate differences</b>	<b>237</b>	<b>-400</b>

at the Issuer

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>1) increases, incl:</b>	<b>12 329</b>	<b>1 709</b>
- Receivables	3 639	572
- Tangible and intangible assets	-	1 137
- Other long-term assets	8 690	-
<b>2) decreases, incl:</b>	<b>669</b>	<b>575</b>
Receivables	669	351
Other long term assets	-	224
<b>3) exchange rate differences</b>	<b>-</b>	<b>26</b>

7. ACQUISITIONS AND DISPOSALS OF TANGIBLE FIXED ASSETS

at the Capital Group

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Acquisitions <sup>1)</sup>	130 783	131 371
Disposals	23 657	27 326

\* this item also includes the assets generated internally

at the Issuer

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Acquisitions	5 734	2 808
Disposals	44	343

\* this item also includes the assets generated internally

8. TRANSACTIONS OF THE CAPITAL GROUP WITH RELATED PARTIES THAT ARE NOT A SUBJECT TO CONSOLIDATION

	Revenues from sale of products, goods and materials	Other sale	Finance revenues
<b>01.01.2014 to 31.12.2014</b>			
from affiliates	2 731	883	32
from other related parties	7 606	23	2 942
<b>01.01.2013 to 31.12.2013</b>			
from affiliates	2 836	52	-
from other related parties	596	147	3 820

	Purchase of goods and services	Purchase of tangible and intangible assets	Finance costs
<b>01.01.2014 to 31.12.2014</b>			
from affiliates	23 867	-	-
from other related parties	12 176	408	1
<b>01.01.2013 to 31.12.2013</b>			
from affiliates	19 024	-	-
from other related parties	6 894	1 326	-

Receivables and liabilities from related parties	31.12.2014	31.12.2013
Trade and other receivables from affiliates (net)	4 359	4 706
Trade and other receivables from other related parties (net)	27 076	8 465
Leasing Receivables from other related parties (net)	258	428
Liabilities to associated companies	4 192	8 489
Liabilities to other related parties	627	501

Impairment losses on receivables from other related parties	31.12.2014	31.12.2013
At the beginning of period	4 894	3 899
Write down establishing	425	254
Write down release	-	46
Taking control of a subsidiary	-	787
At the end of period	5 319	4 894

Receivables and liabilities for loans	31.12.2014	31.12.2013
Loans receivable from other related parties (net)	153 854	38 519
Loans receivable from affiliates (net)	2 645	1 270
Loan commitments to other related parties	-	-
Loan commitments to affiliates	-	-

Impairment losses on loans receivable from other related parties	31.12.2014	31.12.2013
At the beginning of period	6 324	-
Write down establishing	447	-
Taking control of a subsidiary	-	6 324
At the end of period	6 771	6 324



9. TRANSACTIONS WITH RELATED PARTIES AT THE ISSUER

	Revenues from sale of products, goods and materials	Other revenues (including dividends)	Financial revenues
<b>01.01.2014 to 31.12.2014</b>			
from subsidiaries	15 998	107 989	6 556
from affiliates	1 952	4	7
from other related parties	424	19	1 895
<b>01.01.2013 to 31.12.2013</b>			
from subsidiaries	13 560	72 672	6 726
from affiliates	2 835	-	-
from other related parties	55	111	3 427

	Purchase of goods and services	Purchase of tangible and intangible assets	Finance costs
<b>01.01.2014 to 31.12.2014</b>			
from subsidiaries	161 351	5	1936
from affiliates	21	-	-
from other related parties	3 759	408	1
<b>01.01.2013 to 31.12.2013</b>			
from subsidiaries	185 810	794	6 173
from affiliates	-	-	-
from other related parties	2 565	1 311	-

Receivables and liabilities from related parties	31.12.2014	31.12.2013
Trade and other receivables from subsidiaries (net)	35 806	24 021
Trade and other receivables from affiliates (net)	605	-
Trade and other receivables from other related parties (net)	9 318	3 641
Lease receivables from subsidiaries (net)	16 151	5 971
Leasing Receivables from other related parties (net)	258	245
Liabilities to subsidiaries	69 823	48 952
Liabilities to other related parties	505	85
Lease liabilities to subsidiaries	21 944	-

Impairment losses on receivables from subsidiaries	31.12.2014	31.12.2013
At the beginning of period	2 365	2 390
Foreign exchange differences	-	-25
At the end of period	2 365	2 365

Impairment losses on receivables from other related parties	31.12.2014	31.12.2013
At the beginning of period	3 401	3 447
Write down establishing	1	-
Write down release	-	46
At the end of period	3 402	3 401

Impairment losses on lease receivables from other related parties	31.12.2014	31.12.2013
At the beginning of period	183	192
Write down release	-	9
At the end of period	183	183

Receivables and liabilities for loans	31.12.2014	31.12.2013
Loans receivable from subsidiaries	77 825	74 830
Loans receivable from affiliates	-	-
Loans receivable from other related parties	127 704	33 842
Loan commitments to other parties	2	97

## 10. FAIR VALUE

Financial assets and liabilities measured at fair value as at 31.12.2014:

### At the Capital Group:

Classes of financial instruments	The fair value hierarchy		
	level 1	level 2	level 3
Stocks and shares	39		
Derivatives, including:		-899	
Assets		1 338	
Liabilities		-2 237	

### At the Issuer

Classes of financial instruments	The fair value hierarchy		
	level 1	level 2	level 3
Stocks and shares	39		
Derivatives, including:		-881	
Assets		1 262	
Liabilities		-2 143	

### 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.

During the period covered by these financial statements there were no changes of classification.

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 recognized 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**
- Corporate website address: **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 0000026782;**
- 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. HISTORY AND DEVELOPMENT OF THE ISSUER

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. 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.

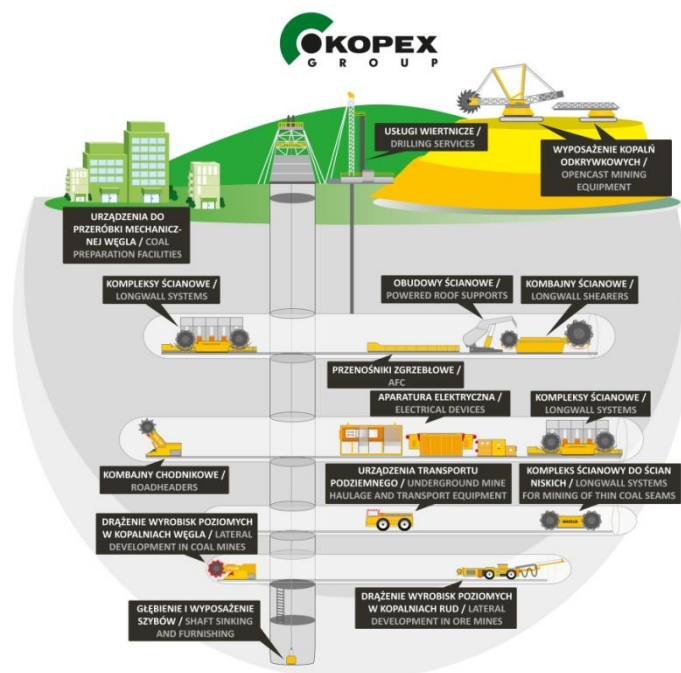
The Kopex-Group offers complex solutions for underground and open-pit mining. It is a respected and acknowledged manufacturer and supplier of high class machineries and equipment as well as modern mining technologies. Flexibility of the Kopex-Group offer proves its ability of accomplishing orders according 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..

### Mining machinery and equipment offered by KOPEX Group :

- 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 53 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.** – 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 – in the last 5 years Kopex Warath developed its own shuttle car brand - “WARACAR”. Over 60 shuttle cars are currentlu operating in australian coal mines. n 2011, the company introduced a new version of the shuttle car 2011 SS type.
- Roadheader KTW 200
- Lump crushers FB 2012.

**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 Kopex-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.



*SERVICE CENTRE*

⇒ **ELGÓR+HANSEN S.A. ((formerly KOPEX ELECTRIC SYSTEMS S.A. until 03.03.2014 )** – 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.



*ELECTRIC 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.
- ⇒ **Hansen And Genwest Pty Ltd /RPA/ (formerly KOPEX AFRICA Pty Ltd until 10.09.2014)** – is a key company in the Hansen Group, it is 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 (LLC) / 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

- ⇒ **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 CASTINGS 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**

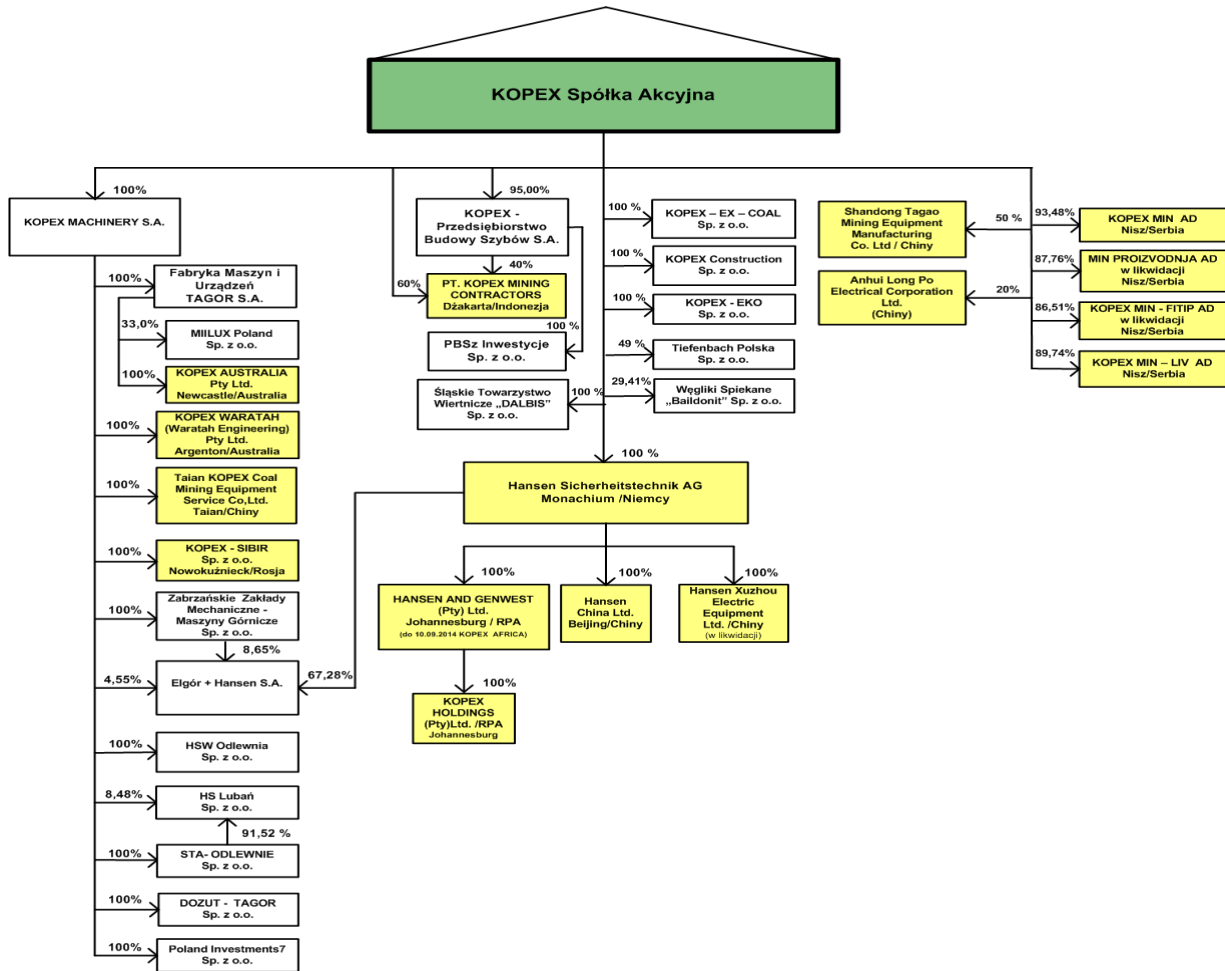
**13.1. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP**

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 characterized 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.

Organizational chart of KOPEX S.A. as at 31 December 2014



Notice: companies established abroad are indicated 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 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.

Organizational restructuring processes implemented in the „KOPEX” S.A. Capital Group 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 Issuer informed about the implementation of these restructuring activities in the annual report for the year 2013 published on 30 April 2014.

*In the period from January 1, 2014 until the date of publication of this report for the year 2014 there have been significant changes described below in the organizational structure of the Kopex Group arising from the restructuring and development objectives of the Group:*

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

**a) forming the 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 Raahe, 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. 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

On 27 May 2014 the President of the Office of Competition and Consumer Protection approved (Decision No. DKK - 69/2014) on the concentration consisting of the establishment by TAGOR and Miilux Oy, based in Raahe (Finland), a joint venture under the name "Miilux Poland" Sp. z o.o with its seat in Tarnowskie Góry.

On June 6, 2014, the District Court in Gliwice X Division of the National Court Register entered the company "Miilux Poland" Sp. z o.o with its seat in Tarnowskie Góry into the register of Entrepreneurs of the National Court Register.

On 09.03.2014, the Company signed a memorandum of receipt of a complete production line, and the next day it opened an abrasive-resistant metal manufacturing plant in Tarnowskie Góry.

On 01.09.2015 there was registered a share capital increase of Miilux Poland Sp. z o.o.. The company currently has Miilux Oy 172,560 shares, representing 66.68% of the share capital and the company TAGOR SA, holds 86,240 shares representing 33.32% of the share capital of the company.

**b) increase to 95% of capital involvement of "Kopex" SA in the subsidiary „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A. based in Bytom;**

As a result of the process of buying the shares held by former employees of the company „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A. as confirmed by the Brokerage House on 20 January 2014 „KOPEX” S.A. became the owner of 4.430.476 shares of the company „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A., which represents 95,0093% of the share capital.

**c) increase, to 100%, of the equity of „KOPEX MACHINERY” S.A. in its subsidiary „DOZUT-TAGOR” Sp. z o.o. with its seat in Zabrze;**

On 04.02.2014 the Extraordinary General Meeting of Shareholders "DOZUT-TAGOR" Sp. z o.o. adopted a resolution on the approval to sell two shares of "DOZUT-TAGOR" Sp. z o.o. in favor of "Kopex MACHINERY" SA.

On 03.05.2014, the relevant agreements have been signed under which these shares representing 0.02% of the share capital were passed on "Kopex MACHINERY" SA.

On 03.12.2014, the District Court in Gliwice, X Economic Department KRS made an entry on the acquisition of shares of "DOZUT-TAGOR" Sp. z o.o. by the "Kopex MACHINERY" SA and thereby achieve 100% equity interest in the company. So far, "Kopex MACHINERY" SA held 99.98% of shares of "DOZUT-TAGOR" Sp. z o.o.

Further restructuring activities of companies with similar business located in the Kopex Group will be continued.

**d) Establishment of "Taian Kopex Coal Mining Equipment Service" Co., Ltd located in Taian / China and the acquisition by Kopex Machinery SA 100% of the shares in the company**

The Board of the subsidiary "Kopex Machinery" SA pursuant to the resolution of 17 April 2014 and the favorable opinion of the Supervisory Board decided to create a company in the Peoples Republic of China under the name "Taian Kopex Coal Mining Equipment Service" Co., Ltd in Shandong company's headquarters Tagao Mining Machinery Equipment Manufacturing Co. Ltd. Taian. The sole shareholder of the company is "Kopex Machinery" SA. The Company's activities::

- Service of „KOPEX Machinery” S.A. equipment – warranty and post-warranty service,
- Storage of spare parts for warranty and post-warranty service,
- carrying out repairs of „KOPEX Machinery” S.A. equipment,
- spare parts sales.

The establishment of the company is related to the need for maintenance and repair of shearers provided by the "Kopex Machinery" SA for the Chinese market. On 20 June 2014 Kopex Group received „Business licence” from the Chinese Office, which allows business operation of the Taian KOPEX Coal Mining Equipment Service Co. Ltd. In China.

With effect from 1 January 2015, the company started actual operations in the Chinese market.

**e) establishment of company „KOPEX Holdings” Pty Ltd based in Johannesburg / RSA/ and coverage of 100% shares in this company by „HANSEN AND GENWEST” Pty Ltd**

Z dniem 17 grudnia 2014 roku utworzona została z inicjatywy spółki HANSEN AND GENWEST (Pty) Ltd. z siedzibą w Johannesburgu/RPA nowa spółka celowa w RPA pod firmą **KOPEX HOLDINGS (Pty) Ltd.** z docelowym zamiarem wypełnienia obowiązków wynikających z rządowego południowoafrykańskiego programu BBBEE (Broad – Based Black Economic Empowerment Act, 2003). Program ten ma na celu wsparcie i gospodarcze pobudzenie oraz aktywizację rdzennej, historycznie defaworyzowanej ludności murzyńskiej. W wyniku przystąpienia do tego programu spółka uzyskuje status podmiotu mogącego przystępować do przetargów publicznych i ubiegać się o rządowe kontrakty. Stąd też w kolejnym etapie koniecznym będzie odsprzedanie przez spółkę HANSEN AND GENWEST (Pty) Ltd. 25%+jeden udział partnerowi BBBEE. Kontynuowane są dalsze działania formalno-prawne dla osiągnięcia tego celu.

**2) The processes of merging of the selected companies of "Kopex" S.A. Capital 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. On 28.02.2014 the District Court in Gliwice, X Economic Department of National Court Register issued Order No: GL.X NS-REJ.KRS/2093/14/247, on the basis of which a formal entry of the merger of the two companies occurred.

**b) merging of ELGÓR+HANSEN S.A. based in Chorzów (acquiring company) with KOPEX ELECTRIC SYSTEMS S.A. based in Chorzów (the acquiree):**

On November 7, 2014 resolutions were adopted by the General Meeting of Shareholders of the companies ELGÓR + HANSEN SA based in Chorzów (acquirer) and KOPEX ELECTRIC SYSTEMS SA based in Chorzów (the acquired company) to merge the two companies, pursuant to art. 492 § 1 point 1 of the Commercial Companies Code, this is by transferring all assets of the acquired company to the acquiring company in exchange for shares which the acquiring company to the shareholders of the target company (merger by acquisition). Consequently, the share capital of the company ELGÓR + HANSEN SA increased through the issuance of 1,867,600 shares of series "F" (covered by the sole shareholder of the acquired company - HANSEN Sicherheitstechnik AG, a company based in Munich / Germany) with the amount of PLN 67,310,130.00 to the amount of PLN 85,986,130.00 and change in the total number of shares from 6,731,013 to 8,598,613 (with a nominal value of PLN 10.00 each).

On December 31, 2014, the District Court Katowice - East in Katowice, entered the merger of the two companies to the Register of Entrepreneurs.

After the merger shareholding structure of ELGÓR + HANSEN SA based in Chorzów has changed and is now as follows:

1. Hansen Sicherheitstechnik AG – 67,28%,
2. Zabrzeńskie Zakłady Mechaniczne - Maszyny Górnicze Sp. z o.o. – 8,65%,
3. KOPEX MACHINERY S.A. – 4,55%
4. ELGÓR+HANSEN S.A. after the merger has its own 1,678,792 shares representing 19.52% of the share capital, which prior to the merger were owned by the acquired company KOPEX ELECTRIC SYSTEMS S.A.

**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) Disposal by the subsidiary Hansen Sicherheitstechnik AG based in Munich / Germany of 50 % shares in the company Hansen Electric spol. s.r.o. based in Opava / Czech Republic;**

At the request of the Board of HANSEN Sicherheitstechnik AG an Extraordinary General Meeting of Shareholders of HANSEN Sicherheitstechnik AG on 26.03.2014 passed a resolution to consent to the sale of 50% shares of Hansen Electric s.r.o. based in Opava / Czech Republic/ to the two individuals - the existing co-shareholders of the company. On 28.03.2014 the agreements were concluded on the sale of shares of Hansen Electric s.r.o. and thus the company is no longer part of the HANSEN Group and KOPEX Group. The core business of the company was the production of electric power equipment in explosion-proof enclosures. This action is consistent with the adopted plan of organizational and property optimization of the KOPEX S.A. Group companies.

**b) disposal by the "Kopex" SA 100% of the shares in the company "Kopex-FAMAGO" Sp. z o.o based in Wroclaw**

On the basis of the agreement of sale, Kopex SA sold all 7,240 shares held in the subsidiary Kopex-FAMAGO Sp. z o.o based in Wroclaw to an entity outside the Group Kopex SA. The Management Board of Kopex SA informed about the above transactions in the current report No. 55/2014 of 9 July 2014. The decision to sell shares in Kopex-FAMAGO Sp. z o.o is part of the restructuring of the Group Kopex SA in accordance with "Organizational Restructuring Program Group of Kopex SA for the years 2013-2016" adopted by the Board of Kopex SA in November 2013. „KOPEX” S.A intends to continue to operate in open-pit mining, using in these areas the potential of other companies within the „KOPEX” S.A. Capital Group.

**c) disposal by the subsidiary Kopex MIN - LIV AD based in Nis / Republika Srpska 100% of the shares of the company Kopex MIN - Services d.o.o. based in Nis / Republic of Srpska**

On July 28, 2014, the Extraordinary General Meeting of Shareholders of the subsidiary Kopex MIN - LIV AD based in Nis / Republika Srpska passed a resolution to approve the sale of 100% of shares in Kopex MIN - Services doo based in Nis / Republika Srpska (an indirect subsidiary of "Kopex" SA). Dated July 29, 2014 an agreement was concluded on the sale of shares in Kopex MIN - Services doo to an individual. This action results from the implementation of the adopted plan to optimize organizational assets of the Group companies of Kopex SA.

**d) Liquidation of the company Kopex GmbH in Moers / Germany**

On June 5, 2014, the General Meeting of Shareholders of KOPEX GmbH in Moers (Germany) passed a resolution to dissolve the Company with effect from 30 June 2014 and the appointment of Mr. Karol Zając as liquidator. The sole shareholder of the company Kopex GmbH is the "Kopex" SA. The company was formed to conduct business primarily services on the German market during the period of Kopex SA business activity on this market. In relation to the termination of this activity in later years, the existence of KOPEX GmbH has become obsolete.

KOPEX GmbH Company has no assets, no liabilities to creditors and in recent years has not conducted any business activity. Actions taken to dissolve the results from the implementation of the adopted plan to optimize organizational assets of the Group companies of Kopex SA. Due to the receipt of an offer to purchase 100% of the shares, the General Meeting of Shareholders on 15 October 2014 adopted a resolution to revoke the decision of 05 June 2014 concerning liquidation of the company. On November 13, 2014 of all of the shares of Kopex GmbH were sold to an individual not associated with the Issuer.

**e) disposal by the subsidiary Hansen Sicherheitstechnik AG based in Munchen/Germany of the 80% of shares of Hansen & Rainders CS spol. s.r.o. based in Opava/Czech Republic;**

On 02 July 2014 the subsidiary Hansen Sicherheitstechnik AG based in Munchen/Germany entered into two agreements of selling its 80% stake in Hansen & Rainders CS spol. based in Opava / Czech Republic with two individuals (existing complicit in this company, having a 20% stake). Towards the fulfillment to the 30th September 2014 all contractual terms on 16 October 2014, the necessary changes have been made in the commercial register. These disposal of shares results from the optimization plan organizational and property companies Kopex SA Capital Group The Company does not have any importance for the Group business Hansen and Kopex SA Capital Group.

**f) liquidation of the company „EKOPEX” sp. z o.o. based in Biendudze/Ukraina**

The company „EKOPEX” Sp. z o.o. was established in 2006 as a limited liability company under Ukrainian law involving two other partners - Ukrainian companies, in connection with the then plans for reclamation of coal heaps. „KOPEX” S.A. holds 20.00% stake in the company, which share capital amounts to Hryvnas 37.500 (ca. PLN 14.000). 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 05.16.2013 issued a decision on liquidation of the legal person and appoint a liquidator of the company. The Company has no debt to pay taxes and fees, as well as due to a flat-rate contribution to social security and insurance premiums to the Pension Fund of Ukraine. On September 22, 2014, the Issuer received notices from the Ukrainian "State Registrar legal and natural persons engaged in entrepreneurial activity" on the entry liquidation of the company "EKOPEX" Sp. z o.o. and thus the liquidation process has been completed. The liquidation of the company is part of the composition of the Kopex Group companies.

**g) disposal by the subsidiary KOPEX MACHINERY S.A. based in Zabrze of all owned 306 shares in the company Odlewnia Staliwa Łabędy Sp. z o.o. in Gliwice;**

On October 1, 2014, the Extraordinary Shareholders Meeting of Odlewnia Staliwa Łabędy Sp. z o.o. based in Gliwice passed a resolution consenting to the sale by Kopex MACHINERY SA based in Zabrze all of the 306 shares held by the company. On November 28, 2014 share purchase agreement has been concluded between Kopex MACHINERY SA, as the seller, and the buyer - a natural person. These shares accounted for 25.63% of the share capital of Odlewnia Staliwa Łabędy Sp. z o.o.

**h) disposal and transferring of shares by company STA Odlewnie Sp. z o.o. based in Tarnowskie Góry to the company KOPEX MACHINERY S.A. based in Zabrze**

On 21 November 2014 under a contract, a number of 140 shares (representing 8,48% of the share capital) of company HS Lubań Sp. z o.o. based in Lubań were disposed by company STA Odlewnie Sp. z o.o. based in Tarnowskie Góry to the company KOPEX MACHINERY S.A. based in Zabrze.

As a result of this transaction, the STA Odlewnie Sp. z o.o. share in the company HS Lubań Sp. z o.o. decreased to 91,52%. This effect is associated with further restructuring plans for the consolidation of companies with a similar profile.

**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) 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. Changes in the company's entry in the National Court took place on 03.03.2014 on the basis of the District Court Katowice-East in Katowice, VIII Commercial Division of the National Court Register No.: KA.VIII NS-REJ.KRS/006373/14/192.

**b) a change of the company „EL-GÓR ”S.A. to „KOPEX Electric Systems” Spółka Akcyjna;**

On 06.03.2014 the Extraordinary General Meeting of „EL-GÓR” S.A. at the request of the Management Board passed a resolution to change the company name „EL-GÓR” S.A. to „Kopex Electric Systems” S.A. Changes in the company's entry in the National Court took place on 20.03.2014 on the basis of the District Court Katowice-East in Katowice, VIII Commercial Division of the National Court Register No.: KA.VIII NS-REJ.KRS/008091/14/871.

**c) a change of the company „KOPEX AFRICA” (Pty) Ltd to „HANSEN AND GENWEST” (Pty) Ltd;**

On 09 May 2014 the Extraordinary General Meeting of „KOPEX AFRICA” (Pty) Ltd passed a resolution to change the company name „KOPEX AFRICA” (Pty) Ltd to „HANSEN AND GENWEST” (Pty) Ltd. Currently, formal and legal procedures relating to the registration of the change of name of the Company are pending.

**d) termination the business of electricity trading by „KOPEX” S.A.**

**Dated June 5, 2014, the President of the Energy Regulatory Office at the request of "Kopex" SA issued a decision to revoke the license for electricity trading of 25 February 2009. No OEE / 538/9238 / W / 2/2008 / P.J.**

Kopex SA informed about the Board decision in the yearly report No. R/2014 published on 30 April 2014. The immediate reasons for this decision were the two factors, namely: obtaining relatively low rates of gross profitability of sales in this segment of activity and requirement of a large commitment of financial resources necessary for the conduct of that business, which is not without impact on the indicators of Kopex Group.

**e) project of building a coal mine in the concession area of „Oświęcim-Polanka 1”;**

Project of building a coal mine in the concession area of Oświęcim-Polanka is implemented by a subsidiary „KOPEX-EX-COAL” Sp. z o.o. based in Katowice in the course of business.

In view of the importance and significance of this project for the entire Group, the Issuer's Board turned to the Supervisory Board with the application for an opinion on the project to build the mine. On 14.11.2013 the Supervisory Board of "Kopex" SA, having regard to the report prepared and presented by external experts, as well as taking account of the justification - adopted a resolution on a favorable opinion from the project and committed to the constant monitoring and reporting of its further progress. The Issuer informed the public about the above opinion of the Supervisory Board in current reports No. 74 and No. 76 dated 19.11.2013.

According to the timetable and assumed milestones further works on this project are continued. Currently the processes are implemented, which are associated with obtaining a license for the extraction of minerals from deposits and obtaining sources of financing of the investment.

Major investments in the Issuer's Capital Group financial and tangible assets for 4 quarters of 2014 are shown in the following table:

PLN thou.	
INVESTMENTS	VALUE
1. Machinery and equipment	120.124
2. Intangible assets	24.075
3. Buildings and real estate	7.195
4. Acquisitions and takeovers	1.302
5. Other	3.464
<b>Total</b>	<b>156.160</b>

In 4 quarters of 2014 the Capital Group suffered a depreciation costs of its inventory in the amount of PLN 151.814 thousand. The investments were financed from Companies own funds and from external sources of financing (bank credits, loans).

**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 DATE OF PUBLICATION OF THE QUARTERLY REPORT AND INDICAITON OF THE CHANGES IN THE SHAREHOLDING STRUCTURE OF SUBSTANTIAL BLOCKS OF SHARES OF THE ISUUER SINCE THE PREVIOUS QUARTERLY REPORT**

**15.1. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THORUGH SUBSIDIARIES AT LEAST 5 PER CENT OF TOTAL VOTES AT THE GENERAL MEETING OF THE ISSUER ON THE DATE 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.

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: mWIG50)



According to the information held by the Issuer on the date of publication of this 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	Percent of votes at the General Meeting
Krzysztof Jędrzejewski (with subsidiaries)	43 586 675 <sup>1)</sup>	58,64%	43 586 675	58,64%
TDJ S.A. (indirectly through subsidiaries)	7 433 000 <sup>2)</sup>	9,99%	7 433 000	9,99%
ING OFE	4 029 002 <sup>3)</sup>	5,42%	4 029 002	5,42%
Other shareholders – Free Float	19 283 861	25,95%	19 283 861	25,95%

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), according to the last report of 19.11.2013 received by the Company and the Financial Supervision Authority from Mr. Krzysztof Jędrzejewski under Article 160 clause 1 item 1) of the Act on trading in financial instruments (current report No. 75/2013 of 19 November 2013), and the statement dated 31.12.2014, including:

- 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, through the company Kopex SA 276,500 shares (purchased by Kopex SA treasury shares), representing 0.37% of the share capital,

<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.:

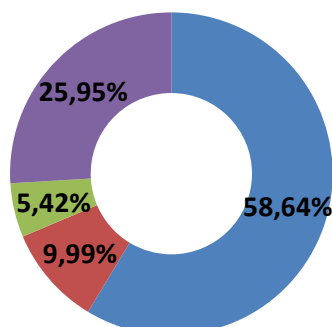
- Company ZEH Sp. z o.o. based in Wieszow held directly 4.720.000 shares of „KOPEX” S.A., representing 6,35% in the share capital of the Company and entitling to 4.720.000 votes at the General Meeting and representing 6,35% of total votes;
- Company GALANTINE Sp. z o.o. based in Warszawa held directly 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 according to the received notifications under Article 160 clause 1 item 1) of the Act on Trading in Financial Instruments.

<sup>3)</sup> the ownership of shares "Kopex" SA by ING OFE according to the notice of the Shareholder (Current Report No. 2/2015 z 05 January 2015.).

**Struktura Akcjonariatu KOPEX S.A.**



- Krzysztof Jędrzejewski (z podmiotem zależnym)
- TDJ S.A. (pośrednio poprzez podmioty zależne)
- ING OFE
- Pozostali Akcjonariusze - Free Float

**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 periodic report. QSR-3/2014 on November 13, 2014 until the date of publication of the quarterly report QSR-4/2014 in ownership of large blocks of shares of the Issuer the only change that has taken place was the one which the Issuer announced to the public in the current report No. 2/2015 of 5 January 2015, on the increase in the number of owned shares of Kopex SA by ING OFE.

According to the notification from ING OFE, in which it announced that as a result of the acquisition of shares of Kopex SA in transactions on the Warsaw Stock Exchange, settled on 18 December 2014, ING Otwarty Fundusz Emerytalny („the Fund”), managed by ING Powszechne Towarzystwo Emerytalne S.A., increased the number of Kopex SA shares held to more than 5% of votes at the General Meeting of Shareholders.

Prior to the acquisition, the Fund held 3,041,306 shares of the Company, representing 4.09% of the share capital of the Company, and was entitled to 3,041,306 votes at the General Meeting of Shareholders of the Company, representing 4.09% of the total number of votes. On 29 December 2014, on account of the Fund's securities to 4,029,002 shares of the Company, representing 5.42% of the share capital of the Company. These shares entitle to 4,029,002 votes at the General Meeting of Shareholders of the Company, representing 5.42% of the total number of votes.

**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	No shares held	no change <sup>1)</sup>
Andrzej Meder	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-3/2014 dated 13 November 2014.

**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	43.586.675 <sup>1)</sup>	minus 306.281 <sup>2)</sup>
Michał Rogatko	Vice-Chairman of the Supervisory Board	No shares held	no change <sup>2)</sup>
Bogusław Bobrowski	Secretary of the Supervisory Board	No shares held	no change <sup>2)</sup>
Józef Dubiński	Member of the Supervisory Board	No shares held	no change <sup>2)</sup>
Daniel Lewczuk	Member of the Supervisory Board from 29.01.2015	No shares held	-----

Źródło: Spółka

Uwaga:

<sup>1)</sup> Total direct and indirect shareholding of KOPEX S.A shares together with subsidiaries, including:

- 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;

- indirectly, through the company Kopex SA 276,500 shares (purchased by Kopex SA treasury shares), representing 0.37% of the share capital,

- ↻ <sup>2)</sup> the number of shares owned by a relative does not meet the criteria of a person closely related as defined in Art. 160 section 2 of the Act on trading in financial instruments in accordance with the received statement dated 31.12.2014 year from Mr. Krzysztof Jędrzejewski. These shares accounted for 0.41% of the share capital of "Kopex" SA and the same number of votes at the General Meeting "Kopex" SA.
- ↻ <sup>3)</sup> the ownership of shares of the Issuer **without changes** since the last quarterly report QSR-3/2014 on 13 November 2014.

**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

Employment situation

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

Employment structure in the Company was as follows:

EMPLOYEES

	<b>31.12.2014</b>	<b>31.12.2013</b>
WHITE COLLAR WORKERS	225	221
PHYSICAL STAFF	37	22
<b>TOTAL</b>	<b>262</b>	<b>243</b>

COMMENTARY ON THE FINANCIAL SITUATION

Value of the balance sheet sum at the end of Q4 2014 amounted to PLN 1.846.153 t thou and compared to the end of 2013 it increased by PLN 111.222 thou, i.e. 6,4%. The main factors causing the increase of the ballance sheet value were the increase of the value of current assets in the Group by PLN 54.526 thou, i.e 3,7% (increase in other long-term assets by 5,3%, increase of deferred tax assets by 52.7%; reduction of the long-term lease receivables by 40.7% and a reduction in fixed assets by 21.4%). Current assets have increased by PLN 56,696 thousand, ie. 21.4% (an increase in short-term trade receivables and services by 43.5%, an increase in short-term other receivables by 81.0%, increase in short-term loans by 5.8%; increasing the volume of cash and cash equivalents by 45.1% and a reduction in derivative financial instruments by 85.5%, decrease in assets under contracts for construction services by 68.8%.

The liabilities and shareholders' equity recorded an increase in group equity of PLN 91,566 thousand and a reduction in the value of long-term liabilities by 4.366 thou, ie 10.8% (decrease in the value of long term loans by 66.7%, an increase in long-term lease obligations) and increase current liabilities 24,022 thou, ie 9.7% (an increase of short-term liabilities for goods and services by 77.5%, an increase in short-term lease liabilities, accruals increase of 42.5% and a reduction in the value of short-term borrowings by 29.4 %).

**SEPARATE INCOME STATEMENT**

In the Q4 2014 roku the Issuer's sales revenue reached PLN 103,517 thousand and were higher than the same period of the previous year by PLN 40,284 thousand, ie. 63.7%. In total, for the fourth quarter 2014 sales revenues of the Issuer reached PLN 364,380 thousand and were higher than the same period of the previous year by PLN 38,076 thousand, ie. 11.7%.

In the period from January to December 2014 were obtained from export sales revenue in the amount of PLN 344 986 thousand, including:

- Sales of mining machinery and equipment to Argentina, Bosnia and Hercegovina, China, Romania, Serbia, Turkey and Ukraine amounting to PLN 263.070 thousand;
- Sales of bulk raw materials (coal) in the amount of PLN 53.994 thousand to Austria, Spain, Slovakia and Sweden;
- Mining services in amount of PLN 27.849 thousand implemented in France and Turkey;
- Other services in Germany and Bosnia and Hercegovina in amount of PLN 73 thousand.

In the domestic market for the period January-December 2014 a sales revenue was achieved in the amount of PLN 19,394 thousand, consisting of:

- Sales of mining machinery and equipment PLN 2.217 thousand;
- Sales of bulk raw materials (coal) PLN 1.234 thousand;

- other sales (lease, rental, accounting, financial services, information technology, logistics, internal control) in the amount of PLN 15.943 thousand;

Gross profit in the fourth quarter of 2014. amounted to PLN 5,926 thousand, compared to the result obtained in the same period last year decreased by PLN 3,735 thousand accrued for the period from the first to the fourth quarter of 2014 gross profit on sales amounted to PLN 35,839 thousand in compared to the result obtained in the same period last year increased by PLN 8,658 thousand, ie. by 31.9%.

Selling costs in the fourth quarter of 2014 amounted to PLN 784 thousand - their level is by PLN 2,228 thousand lower compared to the same period of the previous year. Total cost of sales for four quarters of 2014 amounted to PLN 9.363 thousand and are higher than those incurred in relation to the corresponding period of the previous year by PLN 1,026 thousand, i.e. by 12.3%.

General and administrative expenses in the fourth quarter of 2014 amounted to PLN 6,986 thousand, - their level is by PLN 348 thousand lower compared to the same period of the previous year. Total general and administrative expenses for the four quarters of 2014 totaled at the amount of PLN 26.361 thousand, and are lower than those incurred in relation to the same period last year by PLN 972 thousand., ie. by 3.6%.

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

- other income:

	I-IV Q 2014	I-IV Q 2013
Dividends	107.989	72.646
Grants	1.982	689
Damages, penalties, reimbursement of legal costs	859	317
Termination of impairment of asset revaluation	286	-
Redemption of liabilities	95	397
Other	233	115
<b>TOTAL</b>	<b>111.444</b>	<b>74.164</b>

- other costs

	I-IV Q 2014	I-IV Q 2013
Impairment loss on assets	10.854	1.322
Receivables written off and barred	516	27
Establishment of reserves for liabilities	472	-
Legal costs, replacement process, penalties, damages	343	582
Grants	287	103
Collision repair	39	61
Membership fees	27	33
Others	138	18
<b>TOTAL</b>	<b>12.676</b>	<b>2.146</b>

- other profit (loss)

	I-IV Q 2014	I-IV Q 2013
The result on foreign exchange transactions (for which no hedge accounting is carried out)	1.852	1.066
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	-2.030	-74
Foreign exchange differences (except credit and loan)	766	-828
Result from the sale and disposal of fixed assets	-13	221
Result from the sale of financial assets (shares, bonds)	-7.590	1.121
Revaluation of investments (valuation of loans, long-term accounts, shares)	-855	-391
Other	-	-
<b>TOTAL</b>	<b>-7.870</b>	<b>1.115</b>

In the period January – December 2014 the Company has obtained an operating result of PLN 91.013 thousand.

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

- financial income:

	I-IV Q 2014	I-IV Q 2013
Interest	11.175	11.969
Positive balance of exchange rates	1.440	2.090
Other including:	4.401	3.870
• fees for providing limits ,suretys granted	4.391	3.862
• release of write downs on financial receivables	-	7
• release of provisions for liabilities	-	1
• other	10	-
<b>TOTAL</b>	<b>17.016</b>	<b>17.929</b>

- financial expenses:

	I-IV Q 2014	I-IV Q 2013
Interest	6.719	12.459
Other including:	2.756	5.041
• fees for providing limits ,suretys granted	1.901	5.033
• release of write downs on financial receivables	806	-
• established reserves for financial costs	43	-
• other	6	8
<b>TOTAL</b>	<b>9.475</b>	<b>17.500</b>

In the period January to December 2014 the Issuer obtained a positive balance on financial activities of PLN 7.541 thousand.

In the period January to December 2014 the Issuer generated a net profit amounting to PLN 98.444 thousand.

#### Ability to meet obligations

Economic and financial situation of the Company is reflected in the indicators of liquidity, which are respectively :

	31.12.2014	31.12.2013
• <b>current liquidity</b> (current assets / current liabilities, net of provisions and accruals)	1,31	1,15
• <b>quick liquidity</b> (current assets - inventories / current liabilities, net of provisions and accruals)	1,30	1,15
• <b>cash liquidity</b> (cash / current liabilities, net of provisions and accruals)	0,13	0,09

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

	31.12.2014	31.12.2013
WHITE COLLAR WORKERS	1.620	1.696
PHYSICAL STAFF	3.206	3.381
<b>TOTAL</b>	<b>4.826</b>	<b>5.077</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.

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.

The above activity essentially in the nature of the business is not massive, but it is an activity-specific, dependent on the individual needs of customers.

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 SEGMENT INFORMATION BY OPERATING INDUSTRY**

	Mining		Manufacture and sale of industrial machinery and equipment		Sale of coal		Other activities		Eliminations from consolidation		Consolidated value	
	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013
<b>CONTINUED OPERATIONS</b>												
<b>Total revenues of the segment</b>	1 299 980	1 296 007	17 457	15 591	55 228	21 211	95 232	105 071	-37 420	-46 936	<b>1 430 477</b>	<b>1 390 944</b>
Segment revenues from external clients	1 299 980	1 296 007	17 457	15 591	55 228	21 211	57 812	58 135	-	-	1 430 477	1 390 944
Revenue between segments	-	-	-	-	-	-	37 420	46 936	-37 420	-46 936	-	-
<b>Result of the segment- gross result from sale</b>	256 159	223 855	2 972	1 014	3 201	873	15 568	9 097	-	-	<b>277 900</b>	<b>234 839</b>
<b>Operating result of the segment</b>	142 179	104 139	-736	-3 780	363	120	-1 881	-13 685	-	-	<b>139 925</b>	<b>86 794</b>
Result on financial activities of the whole group											-11 570	-20 966
Share in profit (loss) of the subordinated entities valued with the equity method											6 141	9 614
<b>Gross profit</b>											<b>134 496</b>	<b>75 442</b>
Income tax											27 074	9 384
Net consolidated profit from continued operations											107 422	66 058
Net consolidated profit from discontinued operations											122	345
<b>Total net consolidated profit</b>											<b>107 544</b>	<b>66 403</b>

Net profit (loss) contributable to non-controlling shareholders											1 597	1 125
<b>Net profit contributable to the parent company's shareholders</b>											<b>105 947</b>	<b>65 278</b>
incl:												
- from continued operations											105 825	64 933
- from discontinued operations											122	345

**INFORMATION ON CONSOLIDATED REVENUES BY GEOGRAPHICAL DESTINATIONS**

	Mining		Manufacture and sale of industrial machinery and equipment		Sale of coal		Other activities		Consolidated value	
	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013
SOUTH AFRICA	48 663	52 869	-	-	-	-	-	-	48 663	52 869
ARGENTINA	252 075	161 996	-	-	-	-	-	-	252 075	161 996
AUSTRALIA	15 306	38 825	3	-	-	-	934	1 002	16 243	39 827
AUSTRIA	21	-	-	-	18 292	1 307	-	-	18 313	1 307
BELARUS	1 500	-	-	-	-	-	-	-	1 500	-
BOSNIA	26 396	63 257	-	-	-	-	52	-	26 448	63 257
CHINA	32 663	48 021	-	-	-	-	283	254	32 946	48 275
CZECH REPUBLIC	34 818	35 707	2 048	226	-	-	464	741	37 330	36 674
FRANCE	18 699	13 259	143	926	-	-	750	-	19 592	14 185
SPAIN	28	38	-	-	14 057	9 312	3	-	14 088	9 350
KAZAKHSTAN	609	213	-	-	-	-	626	-	1 235	213
GERMANY	25 950	29 395	707	5 991	-	2 777	755	259	27 412	38 422
NORWAY	-	6 248	-	-	-	857	958	-	958	7 105
POLAND	742 435	680 630	12 186	6 688	1 234	-	54 616	54 788	810 471	742 106
RUSSIA	43 050	134 317	-	-	-	-	-2 075	198	40 975	134 515
ROMANIA	1 020	586	-	-	-	-	26	-	1 046	586
SERBIA	42 115	12 063	1 690	1 561	-	-	387	854	44 192	14 478
SLOVAKIA	98	17	-	-	4 343	1 342	-	-	4 441	1 359
SWEDEN	226	339	-	29	17 302	5 616	-	-	17 528	5 984
TURKEY	9 376	13 637	-	-	-	-	-	-	9 376	13 637
UKRAINE	1 524	1 796	-	-	-	-	-	-	1 524	1 796
OTHER	3 408	2 794	680	170	-	-	33	39	4 121	3 003
<b>Total sales</b>	<b>1 299 980</b>	<b>1 296 007</b>	<b>17 457</b>	<b>15 591</b>	<b>55 228</b>	<b>21 211</b>	<b>57 812</b>	<b>58 135</b>	<b>1 430 477</b>	<b>1 390 944</b>

Information on the major external customers, from the revenues of which exceeds 10% or more of total revenue of the Group, ie. PLN 143.048 thou or more:

For the period January to December 2014 quantitative criterion defining the major client, was fulfilled with three counterparties. The revenues from major client amounted to PLN 250. thou 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 thousand and were realised in the mining segment. There are no formal connections between KOPEX S.A. and that major client. Revenues from the third major client amounted to PLN 185.937 thousand and were realised in the mining segment. There are no formal connections between KOPEX S.A. and that major 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 93,3% located in the country of origin of the Parent Company.

**COMMENTARY ON THE FINANCIAL SITUATION**

In the Q4 2014 sales revenue of the Group reached PLN 357.520 thou. and were lower than the same period last year by PLN 58.793 thou., i.e.14,1%. The total sales revenue of the Capital Group for 4 quarters of 2014 amounted to PLN 1.430.477 thou. and were higher than the same period last year by PLN 39.533 thou., i.e. by 2,8%.

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 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013
<b>Segment revenue</b>	<b>338 136</b>	<b>299 129</b>	<b>743 363</b>	<b>775 079</b>	<b>49 489</b>	<b>56 498</b>	<b>142 454</b>	<b>144 788</b>	<b>26 538</b>	<b>20 513</b>
Segment results - gross profit on sales	67 568	50 311	139 179	130 309	-3 356	-5 076	44 259	42 733	8 509	5 578
Operating income of the segment	50 503	30 486	88 636	66 510	-18 896	-11 218	18 641	17 161	3 295	1 200

Geographical breakdown of revenues from sales in MINING segment:

PLN THOU

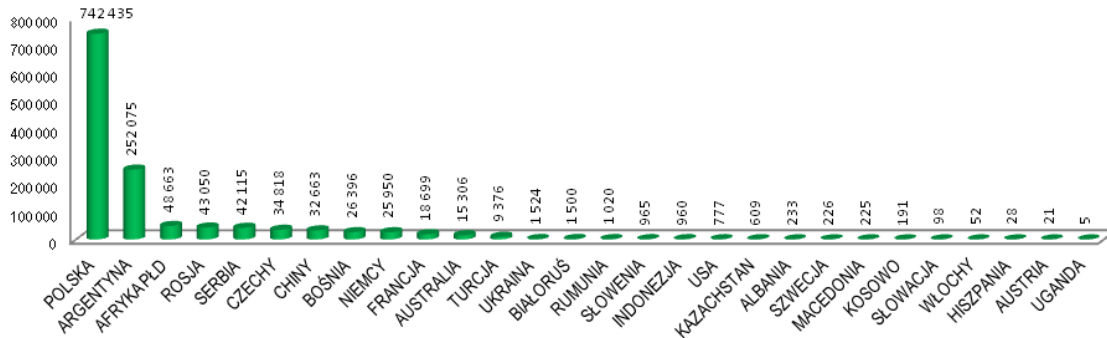
	Mining services		Underground mining machinery and equipment manufacture and sales		Open cast mining machinery and equipment manufacture and sales		Electrical and electronic machinery and equipment manufacture and sales		Castings	
	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013	I-IV Q 2014	I-IV Q 2013
SOUTH AFRICA	-	-	-	-	-	-	48 663	52 869	-	-
ARGENTINA	-	-	252 075	161 996	-	-	-	-	-	-
AUSTRALIA	-	-	15 306	38 825	-	-	-	-	-	-
AUSTRIA	-	-	-	-	-	-	-	-	21	-
BELARUS	-	-	-	-	-	-	1 500	-	-	-
BOSNIA	-	-	25 647	62 235	-	-	-	-	749	1 022
CHINA	-	-	32 663	48 021	-	-	-	-	-	-
CZECH REPUBLIC	886	16 836	28 008	12 727	-	-	5 924	6 144	-	-
FRANCE	18 699	12 385	-	-	-	874	-	-	-	-
SPAIN	-	-	11	-	-	-	17	38	-	-
KAZAKHSTAN	-	-	609	213	-	-	-	-	-	-
GERMANY	3 592	4 304	-	6	1 093	17 756	21 265	7 329	-	-
NORWAY	-	-	-	-	-	6 248	-	-	-	-
POLAND	304 797	250 976	348 056	324 559	13 215	20 472	59 237	75 858	17 130	8 765
RUSSIA	-	-	37 441	123 870	-	8 253	5 609	2 194	-	-
ROMANIA	-	-	1 020	586	-	-	-	-	-	-
SERBIA	-	-	-	-	35 181	2 895	-	-	6 934	9 168
SLOVAKIA	-	-	-	-	-	-	13	17	85	-
SWEDEN	-	-	-	-	-	-	226	339	-	-
TURKEY	9 150	13 637	226	-	-	-	-	-	-	-
UKRAINE	-	-	1 524	1 796	-	-	-	-	-	-
OTHER	1 012	991	777	245	-	-	-	-	1 619	1 558
<b>TOTAL</b>	<b>338 136</b>	<b>299 129</b>	<b>743 363</b>	<b>775 079</b>	<b>49 489</b>	<b>56 498</b>	<b>142 454</b>	<b>144 788</b>	<b>26 538</b>	<b>20 513</b>



Geographical breakdown of revenues from sales in specific segments in the period January - September 2014 are shown in the diagrams below [in PLN thou]:

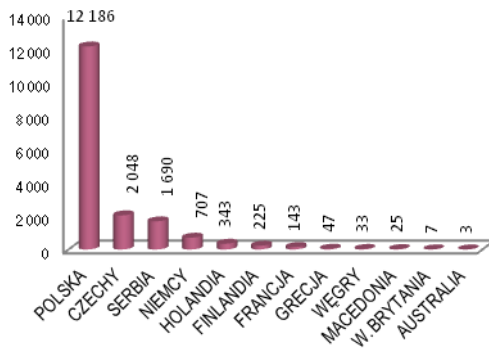
**Mining**

Share in total sales 90,9%



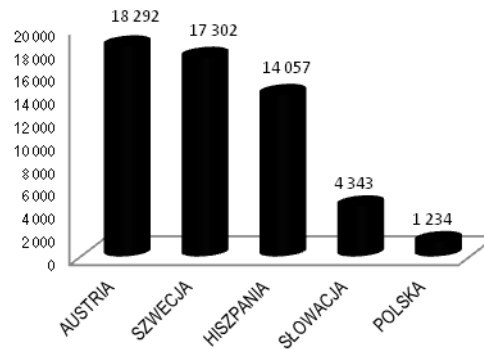
**Industrial machinery and equipment**

share in total sale amounted to 1,2%



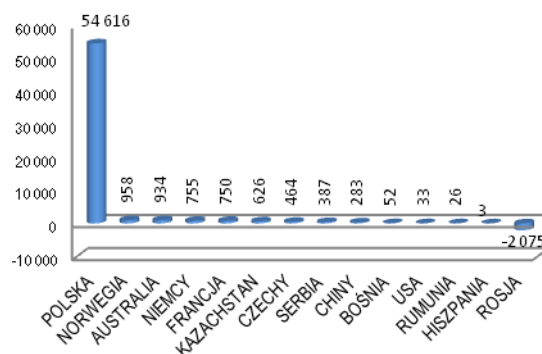
**Sale of coal**

share in total sale amounted to 3,9%



**Other sale**

share in total sale amounted to 4,0%



Consolidated gross profit in the fourth quarter of 2014 amounted to PLN 51,886 thousand, compared to the result obtained in the same period last year decreased by PLN 18,958 thousand. Cumulatively for the period from Q1 to Q4 of 2014 consolidated gross profit on sales amounted to PLN 277,900 thousand, compared to the result obtained in the same period last year it increased by PLN 43,061 thousand, i.e. by 18.3%.

Selling costs in the fourth quarter of 2014 amounted to PLN 5.058 thousand - their level was by 5.273 thousand PLN lower compared to the same period of the previous year. Total cost of sales for the fourth quarter of 2014 amounted to PLN 39.589 thousand and are higher than those incurred in relation to the corresponding period of the previous year by PLN 2,453 thousand, i.e. by 6.6%.

General and administrative expenses in the fourth quarter of 2014 amounted to PLN 27,159 thousand - their level is by PLN 2.563 thousand lower compared to the same period of the previous year. Total general and administrative expenses for the fourth quarter of 2014 amounted to PLN 113 326 thousand and are lower than those incurred in relation to the corresponding period of the previous year by PLN 11,247 thousand, ie. 9.0%.

Other income and expenses, and gains (losses) in the reporting period are as follows (in thousands of PLN):

- other revenues:

	I-IV Q 2014	I-IV Q 2013
Damages, penalties and legal costs	28.794	3.909
Grants	2.650	1.031
Sales of social services	845	702
Inventory surplus	237	304
Barred liabilities	231	1.063
Termination of impairment of asset revaluation	-	9.221
Dissolution of reserves	-	1.201
Other	1.582	2.225
<b>TOTAL</b>	<b>34.339</b>	<b>19.656</b>

- other expenses:

	I-IV Q 2014	I-IV Q 2013
The write-offs from the revaluation of assets	13.963	-
Penalties, court costs, damages	2.122	2.051
The cost of maintaining social facilities	1.439	1.244
Receivables written off	663	618
Scrapping current assets	535	1.908
Established reserves	525	-
Compensatory pensions	261	259
The costs of abandoned development	-	250
Inventory shortages	36	46
Others	2.462	2.205
<b>TOTAL</b>	<b>22.006</b>	<b>8.581</b>

- other profit (loss)

	I-IV Q 2014	I-IV Q 2013
The result on foreign exchange transactions (for which no hedge accounting is performed)	2.730	2.427
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	-2.815	781
Foreign exchange differences (except credit and loan)	3.458	-13.871
Gains and losses from the sale and liquidation of fixed assets	964	10.930
Revaluation of investments (valuation of loans, long-term settlements, shares)	1.636	2.757
Revaluation of investments (valuation of loans, long-term settlements, shares)	-1.036	-952
Others	-2.330	517
<b>TOTAL</b>	<b>2.607</b>	<b>2.589</b>

In the period January - December 2014 the Capital Group earned operating profit amounting to PLN 139.925 thou, it increased by PLN 53.131 thou. in comparison with the same period of 2013

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

- financial revenues:

	<b>I-IV Q 2014</b>	<b>I-IV Q 2013</b>
Interest	10.607	16.082
Other including:	2.887	1.321
- commissions on guarantees and warranties	2.432	555
- release of reserves for financial costs	-	87
- reversal of impairment losses	-	86
- others	455	593
<b>TOTAL</b>	<b>13.494</b>	<b>17.403</b>

- financial costs:

	<b>I-IV Q 2014</b>	<b>I-IV Q 2013</b>
Interest	21.751	34.309
Other including:	3.313	4.060
- impairment losses	1.155	-
- commissions on sureties and guarantees	1.033	2.756
- reserves for financial costs	51	-
- others	1.074	1.304
<b>TOTAL</b>	<b>25.064</b>	<b>38.369</b>

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

	<b>31.12.2014</b>	<b>31.12.2013</b>
• <b>current liquidity</b> (current assets / current liabilities, net of provisions and accruals)	1,69	1,44
• <b>quick liquidity</b> (current assets - inventories / current liabilities, net of provisions and accruals)	1,32	1,06
• <b>cash liquidity</b> (cash / current liabilities, net of provisions and accruals)	0,12	0,11

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.

In the period Q1-Q4 2014 consolidated gross profit amounted to PLN 134.496 thousand.

For the period Q1-Q4 2014 the Capital Group reported a net profit attributable to shareholders of the parent company in the amount of PLN 105.947 thou., including PLN 105.825 thou. from continued operations – and PLN 122 thou. from discontinued operations.

## FINANCIAL SITUATION

The value of the consolidated total assets at the end of the fourth quarter of 2014 amounted to PLN 3,520,807 thousand and compared to the end of 2013. Increased by PLN 45,542 thousand, ie. 1.3%. The main factor behind the increase in total assets was an increase in the value of assets by PLN 48,258 thousand (increase in short-term trade receivables and services by 7.3%, the increase in short-term other receivables by 25.8% increase in assets under contracts for construction services 43.4% increase in receivables relating to current income tax of 152.6%, and reduce inventory by 15.0%; decrease in short-term lease receivables of 51.0%; decrease in derivative financial instruments by 86.4%; decrease in cash and cash equivalents of 4.5%) and a decrease in the value of fixed assets by PLN 2,716 thousand, ie. 0.1%. (Reduction of tangible fixed assets by 9.7%, a reduction of long-term lease receivables of 71.1%, a reduction of deferred tax assets by 13.8%, decrease in investments accounted for under the equity method of 11.5% and an increase in other long-term assets of 562.8%, increase in intangible assets by 4.6%).

The liabilities and shareholders' equity recorded an increase in group equity of PLN 106,419 thousand, ie. 4.2% and a decrease in the value of long-term liabilities by PLN 28,484 thousand, ie. by 23.3% (a reduction of long term loans by 69.5 %) and a decrease in current liabilities by PLN 32,393 thousand, ie. by 3.9% (reduction of the short-term borrowings by 4.2%, reduction of the short-term liabilities for goods and services by 19.4%, reduction of the other current liabilities 20, 2%, and an increase in short-term accruals by 180.5%, increase in short-term provisions for employee benefits by 41.2%).

#### 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:

- 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 Argentina”. 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 Argentina”. 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.
- On February 19, 2014 the Issuer has received information on the basis of which it states that the Issuer and the Issuer's subsidiaries during the period from 20 February 2013 concluded number of contracts with Jastrzębska Spółka Węglowa S.A. based in Jastrzębie-Zdrój which total value exceeds 10% of the equity of the Issuer as of the last quarterly report published by the Issuer (QSR-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.429.024 thousand. The total value of contracts concluded with Jastrzębska Spółka Węglowa S.A., of which the Issuer received information, in the period from 20 February 2013 to 20 February 2014 amounts to PLN 165.444.039,14 net. The highest value contract of the contained in the aforementioned period is the contract dated 26.04.2013 received on 30.04.2013, parties to the agreement are: Jastrzębska Spółka Węglowa S.A.; Kopalnia Węgla Kamiennego „Budryk” – the Purchaser and the Consortium which includes KOPEX - Przedsiębiorstwo Budowy Szybów S.A. (Issuer's subsidiary) as the Leader and Przedsiębiorstwo Robót Specjalistycznych „Wschód” S.A. as a consortium member - appearing together as a Contractor. The subject to the aforementioned agreement are: Mining operations associated with the implementation of the storage reservoir, the reservoir chamber, reconstruction of the chute trench to the skip and the loading chamber on the level 1090 in JSW SA KWK „Budryk”. The The contract value is: PLN 32.995.003,09 net + VAT. Estimated salary of the company KOPEX - Przedsiębiorstwo Budowy Szybów S.A. under the terms of the Consortium Agreement is approximately 50% of the amount PLN 32.995.003,09 net, i.e. PLN 16.497.502 net, plus a commission of about PLN 329.950 net, i.e. ca. PLN 16.827.452 net +VAT.
- On 20 February 2014 the Issuer has received information about the signing by KOPEX - Przedsiębiorstwo Budowy Szybów S.A. in Bytom (Issuer's subsidiary) Annex dated 02.18.2014 to the significant agreement dated 30.07.2009 concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów S.A. – Contractor and Jastrzębska Spółka Węglowa S.A. - Purchaser, the subject of which is implementing the shaft pipe and bilateral shaft inlet in 1 BZIE in JSW S.A. The Annex applies to

changes in unit prices sinking and the implementation of additional and complementary works. Accordingly, the parties agreed that the total value of the contract, was increased by the amount of PLN 3.115.412,04 net i.e. to the total value of PLN 240.740.793,59 net + VAT.

- On March 4, 2014 the Issuer has received information according to which it states that the Issuer and the Issuer's subsidiaries, in the period from 2 August 2013 concluded number of contracts with Kompania Węglowa S.A. based in Zdrój which total value exceeds 10% of the equity of the Issuer as of the last published by the Issuer's quarterly report QSr-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.429.024 thousand. The total value of contracts concluded with Kompanią Węglową S.A. of which the Issuer received information, in the period from 2 August 2013 to 4 March 2014 amounts to PLN 161.872.028,55 net. The highest value contract of the concluded in the aforementioned period is the contract dated 20.11.2013 signed on 12.9.2013 which parties are: Kompania Węglowa S.A. - as Purchaser andz KOPEX MACHINERY S.A. (Issuer's subsidiary) - as Contractor. The subject of the aforementioned agreement is the supply of spare parts for scraper conveyors produced by RYFAMA to Oddziały Kompanii Węglowej S.A. in the years 2013-2014. The value of the agreement amounts to: PLN 22.923.455,62 net + VAT.

On 27.03.2014r. the Issuer has received information according to which it states that the Issuer and the Issuer's subsidiaries, in the period from 21 November 2013 concluded number of contracts with ING Lease (Polska) Sp. z o.o. based in Warsaw which total value exceeds 10% of the equity of the Issuer as of the last published by the Issuer's quarterly report QSr-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.429.024 thousand. The total value of contracts concluded with ING Lease (Polska) Sp. z o.o., of which the Issuer received information, in the period from 22 November 2013 to 27 March 2014 amounts to PLN 171.753.829,61 net. The highest value contract of the concluded in the aforementioned period is the financial lease agreement, dated 21.03.2014, and received on 27.03.2014 of which the parties are: ING Lease (Polska) Sp. z o.o. - as the Financing party and KOPEX MACHINERY S.A. (Issuer's subsidiary) – as the Beneficiary. The subject of the aforementioned agreement is the lease of the complete mining complex with equipment. Net value of the equipment is: PLN 84.253.829,61 (entry fee, payments of principal + interest). Object of the lease will be purchased by the Financing Party from KOPEX MACHINERY S.A.

- On 10 April.2014 the Issuer has received information about the signing by KOPEX Machinery S.A. in Zabrze (Issuer's subsidiary) an Annex dated 03.03.2014 to the significant agreement concluded with Kompania Węglowa S.A. for „lease of mining shearer type KSW-880EU in KWK Knurów-Szczygłowice, along with protection warranty service and maintenance throughout the service life”, of which the Issuer informed in current report No 127/2012 dated 12.10.2012. The parties of the signed Annex are KOPEX Machinery S.A. as the Lessor and Kompania Węglowa S.A. „Oddział KWK „Knurów-Szczygłowice” as the Lessee. Under this Annex the value of the contract was changed and it increased from the amount of PLN 1.956.178,86 net up to the amount of PLN 2.406.403,86 net, also the lease period was extended from 487 days to 602 days. Other terms and conditions remain unchanged.
- On 19 April 2014 the Issuer has received information about the signing by KOPEX - Przedsiębiorstwo Budowy Szybów S.A. in Bytom (Issuer's subsidiary) an Annex dated 03.04.2014 to the significant agreement dated 30.07.2009, concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów S.A. – Contractor and Jastrzębska Spółka Węglowa S.A. - Purchaser, the subject of which is implementing the shaft pipe and bilateral shaft inlet in 1 BZIE in JSW S.A.. KWK Borynia-Zofiówka-Jastrzębie Ruch Zofiówka. The Annex applies to changes in the value of the contract in relation to the indexation of wages. Accordingly, the parties agreed that the total value of the contract, was increased by the amount of PLN 924.902,66 net i.e. to the total value PLN 241.665.696,25 net + VAT.
- The Management Board of KOPEX S.A. in Katowice (the Issuer) informs that the Issuer and the Issuer's subsidiaries during the period from 16.04.2013 to 15.04.2014 concluded number of contracts with Katowicki Holding Węglowy S.A. in Katowice which total value exceeds 10% of the equity of the Issuer as of the last quarterly report published by the Issuer (Qsr-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.446.993 thou. The total value of contracts concluded with Katowicki Holding Węglowy S.A., of which the Issuer received information, in the period from 16.04.2013 to 15.04.2014 amounts to PLN 160.128.105,85 net. The highest value contract of the concluded in the aforementioned period is the Framework agreement for the sale of coal dated 11.04.2014, received on 15.04.2014, to which the parties are Katowicki Holding Węglowy S.A. – as the Seller and KOPEX S.A. – as the Buyer. The object of the above-mentioned agreement is the sale of coal, which the Issuer buys with the intention of resale, both domestically and outside the Polish territories to domestic and foreign customers. In the Annexes no 1 and no 2 to the aforementioned agreement dated 11.04.2014 and received together with the agreement on 15.04.2014 the Parties agreed conditions of resale of coal by the Buyer for an agreed recipient of the national and foreign market. The total value of the contract in terms of the amount of coal contracted in the content of the agreement and the above-mentioned Annexes 1 and 2 relating to deliveries in the period from April to August 2014 amounts to PLN 26.999.942,00 net + VAT, including the amount for the domestic recipient PLN 22.884.962,00 and for the foreign market: PLN 4.114.980,00. Pursuant to the provisions of the framework agreement, this value can be increased in the event of receipt of further orders by the Purchaser during the period from September to December 2014 - after obtaining further customers.

- The Board of Kopex SA with its seat in Katowice (the Issuer) announces that on 21 July 2014 it received an information on extending the term of the agreement dated 20.11.2013 r. whose parties are Kompania Węglowa S.A. - as the Contracting Authority and KOPEX MACHINERY S.A. (a subsidiary of the Issuer) - as a Contractor. The subject of the above agreement is: Delivery of spare parts for scraper conveyors produced by RYFAMA to branch of Kompania Węglowa S.A. in 2013-2014. The original agreement was valid until 30.06.2014. However, as a result of failure to submit an Order by the Purchaser during the agreement validity during its term contracts with a total value of at least 50% of the total value of the Contract, according to the provisions of Agreement, the duration of its validity was extended until 30.09.2014. remaining provisions of the Agreement remain unchanged.
- The Board of Kopex SA with its seat in Katowice (the Issuer) announces that on 29 August 2014 2014 it received an information about the signing by KOPEX - Przedsiębiorstwo Budowy Szybów S.A. in Bytom (subsidiary) an Annex dated 26.08.2014 to the significant agreement dated 30.07.2009, concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów S.A. – Contractor and Jastrzębska Spółka Węglowa S.A. - Purchaser, the subject of which is to implement the shaft pipe and double-sided shaft inlet in the shaft 1 BZIE in Jastrzębska Spółka Węglowa S.A. KWK Borynia-Zofiówka-Jastrzębie Ruch Zofiówka. An annex applies changes to the scope of physical and financial contracts (additional work). Accordingly, the parties agreed that the total value of the contract was increased by the amount of PLN 16.968.962,85 net i.e. to the total amount of PLN 258.634.659,10 net + VAT.
- The Board of Kopex SA with its seat in Katowice (the Issuer) announces that on 10 October 2014 it received a signed Agreement dated 01 October 2014, concluded between: KGHM Polska Miedź S.A. based in Lubin (Purchaser ) and the Issuer subsidiary: KOPEX Machinery S.A. based in Zabrze (Contractor). Subject of agreement is execution work entitled: "Development of a prototype mining complex" in the framework of the Project: "Determination of the technical-technological and economic capabilities of mechanical mining excavation of the copper ore with use of mechanized mining longwall system and participation in service testing of a designed and built prototype." The agreement is an expression of the will of the parties that have expressed their intention to cooperate in the development and implementation of a prototype mechanized longwall system for excavating copper ore, which can be used in KGHM Polska Miedź S.A. underground copper ore mines.

The total value of the Contractor's remuneration is set at a flat rate and amounts to 47,822,336.00 zł net + VAT. The agreement will be implemented in three stages: Stage I - 20 months, the second stage - 16 months, Stage III - 7 months. Getting Started will take place after approval by the Purchaser of the project results implemented by the AGH in Krakow and the Contractor: "Design, construction and testing of the model of body for mechanical mining of copper ore."

The Issuer's subsidiaries, in the period from 16 December 2013 concluded number of agreements with KGHM Polska Miedź S.A. based in Lublin and its subsidiaries. The total value of these contracts exceeds 10% of the equity of the Issuer.

The total value of contracts concluded with KGHM Polska Miedź S.A. and its subsidiaries, of which the Issuer received information during the period from 16 December 2013 to 10 October 2014 amounts to PLN 175.762.336,00.
- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 27.11.2014 it received an information on signing an agreement dated 25.11.2014 concluded between Jastrzębska Spółka Węglowa SA with its seat in Jastrzębie Zdrój (Purchaser) and a Consortium of companies: Fabryka Maszyn i Urządzeń TAGOR S.A. (Issuer's subsidiary) – Leader of Consortium, Przedsiębiorstwo Hydromel S.A. and BECKER – WARKOP Sp. z o.o. occurring together as a Contractor. The subject of the agreement is: " Delivery of 159 pieces of roof support sections type TAGOR-14/32-POz and 6 pieces of outer sections type TAGOR-14/32-POz/S for JSW S.A. KWK "Budryk". The agreement amounts to PLN 30.906.504,06 net + VAT.

The share of the Fabryka Maszyn i Urządzeń TAGOR S.A. in the value of the contract is according to the preliminary findings of approx. 38%. The participation of individual members of the consortium contract value will be determined in a separate agreement between the parties of the consortium.

The contract will be financed by PKO Bankowy Leasing Sp. z o.o. in Łódź (with the Purchaser limit granted under the lease agreement), based on a tripartite agreement between the Purchaser, the Contractor and the PKO Bankowy Leasing Sp. z o.o.

The term of delivery of the contract: up to 16 weeks from the date of the agreement.

The Issuer's subsidiaries, in the period from 28 February 2014 concluded number of contracts with Jastrzębska Spółka Węglowa SA with its seat in Jastrzębie Zdrój. The total value of the contracts exceeds 10% of the equity of the Issuer (as of the last published by the Issuer's quarterly report QSr-3/2014 on 13.11.2014). Equity Issuer's underlying criterion is PLN 1.549.025 thousand. The total value of contracts concluded with Jastrzębska Spółka Węglowa SA, of which the Issuer received information, in the period from 28 February 2014 to 27 November 2014 amounts to net PLN 169.868.535,66.

The highest value of the contained in the above mentioned period is the agreement dated 08.08.2014, received on 19.08.2014. The parties to the agreement are: Jastrzębska Spółka Węglowa S.A. based in Jastrzębie Zdrój - The Purchaser and the Consortium of companies which includes BECKER – WARKOP Sp. z o.o. – Leader, Fabryka Maszyn i Urządzeń TAGOR S.A. (Issuer's subsidiary), Hydrotech S.A. as consortium members - occurring together as a Contractor. The subject of the aforementioned agreement is " Delivery of 159 pieces of roof support sections type BW 13/29 POz and 6 pieces of outer sections type BW 13/29 POz/S for JSW S.A. KWK "Budryk". The value of the agreement amounts to net PLN 35.987.000,00 +

VAT, including Fabryka Maszyn i Urządzeń TAGOR S.A. salary of net PLN 14.339.047,50 + VAT. The term of delivery of the contract: up to 11 weeks from the date of the agreement..

- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 12.01.2015 it received an information from its subsidiary KOPEX – Przedsiębiorstwo Budowy Szybów S.A based in Bytom, on signing an Annex dated 02 January 2015 to the significant Agreement dated 05 June 2012 concluded between: KOPEX – Przedsiębiorstwo Budowy Szybów S.A (the “Contractor”) and KGHM Polska Miedź S.A. (the “Purchaser”) regarding performing of roadway excavations in Oddziały ZG Polkowice – Sierszowice and ZG Rudna. Under the annex the contract period was extended to 2020 (formerly to 31.12.2016.). Also the remuneration was established in the amount of the estimated PLN 427,500,000.00 net for the execution of the works in 2015 - 2020. The final amount of compensation depends on the scope of work actually executed. Until 31.12.2014 works were made with a total value of net PLN 230,540,591.00.

All relevant information for 2014 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

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> <li>Further decrease in the NBP reference rate.</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>Risks related to the current geopolitical situation in Ukraine and in Russia;</li> <li>Risks related to the economic situation in Argentina;</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> <li>Reduction in the financial standing and liquidity of Mining Companies.</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. As at 31.12.2014, the Company had no instruments hedging interest rate risk and used the current drop in the reference rate Wibor 1M and monitored on an ongoing basis, the Monetary Policy Council decisions in this regard.

### THE ISSUER - CURRENCY RISK

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 31.12.2014 r. Spółka posiadała otwarte zabezpieczające pozycje walutowe w wysokości:

- USD 2.584 thousand;
- EUR 66.068 thousand.

As at 31.12.2014 the fair value of the aforesaid transactions was estimated at a total amount of PLN: -31 thousand. (negative value), of which PLN thou. were realised hedging transactions held in equity until the hedged forecast transaction incident, and PLN: -881 thou. were unrealised transactions accounted for by valuation models used by banks in which the transactions were included.

The fair value of PLN -31 thou. consist of::

- the amount of PLN -393 thou. (This amount includes PLN thou. of the realised transactions and PLN -1.243 thou of the unrealised transactions) was recognised as revaluation of equity,
- the amount of PLN 362 thou. in the income statement. (This amount includes PLN 38 thou of the transactions for which hedge accounting is conducted).

As at 31.12.2014 there was a positive valuation the Company's hedging transactions made by the banks based on the following spot rates: USD 3,5072; EUR: 4,2623.

### 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 31.12.2014 the Capital Group had open hedging foreign currency items in the following amounts:

- USD 2.584 thousand;
- EUR 66.850 thousand.

As at 31.12.2014 the fair value of the aforesaid transactions was estimated at a total amount of PLN: -49 thou. (negative value) of which PLN 850 thou. were realised hedging transactions held in equity until the hedged forecast transaction incident, and PLN -899 thou were unrealised transactions accounted for by valuation models used by banks in which the transactions were included.



The fair value of PLN -49 thou consist of:

- the amount of PLN -393 thou. was recognized as revaluation of equity. (This amount includes PLN 850 thou. of the realised transactions and PLN -1.243 thou of the unrealized transactions),
- the amount of PLN 344 thou in the income statement. (This amount includes PLN -48 thou of the transactions for which hedge accounting is conducted).

As at 31.12.2014 the valuation of the Company's hedging transactions was made by the banks based on the following spot rates::  
USD: 3,5072; EUR: 4,2623.

## **20. SEASONAL INFORMATION**

The Issuer'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**

The Annual General Meeting of KOPEX Spółka Akcyjna acting pursuant to art. 395 § 2 pkt 2) of the Commercial Companies Code, § 54 ust. 1 pkt 2) and § 61 ust. 1 pkt. 1) Articles of Association of the Company, after hearing the opinion of the Supervisory Board of „KOPEX” S.A. – decided to fully allocate the net profit for the year 2013 (amounting to PLN 65.132.788,07) to Company's development objectives, namely to increase the capital.

## **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 SIGNIFICANT**

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 2014.

## **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**

The total amount of loans and advances as at 31.12.2014 which was secured by a surety amounts to 149.826 thousand. zł. The remuneration of the issuer or a subsidiary of a surety or guarantee was set at vouches agreed between the company and the company for which there was granted a bail. The remuneration was adopted at the market level.

**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**

The factors that, in the opinion of the Issuer may have a significant impact on the financial results to be earned within at least one year are:

- The deepening recession in the global coal markets. Drastic declines in oil prices, coal import restrictions in the Chinese market, shale revolution in the US, increase the availability of coal in international trade which translates in Polish mining further regress of capital expenditure, which in 2015 will remain at a limited level, determined level of current and foreseeable future coal prices. Funds for investment in 2015 will not increase in both domestic and foreign markets, particularly in Russia and China.
- Risks related to the current geopolitical situation in Ukraine and Russia. Russia is one of the important markets of the Group. Recent geopolitical and economic turbulence observed in the region, especially the events in Ukraine, could have had and could have a negative impact on the Russian economy, including the weakening of the Russian currency, rising interest rates and limited liquidity. These events, including current and future international sanctions with regard to Russian companies and citizens associated with the uncertainty and variability in the supply chain may affect the Group's operations. The Management of the Group closely observes the development of events and adjusts strategic intentions in order to minimize currency risk and potential fluctuations in demand.
- Risks associated with profound restructuring of the mining industry on the financial sphere. Polish mining companies waive the pre-planned purchases of operating and investing further in the public procurement extending payment terms to 120, and even 150 days.
- Risks related to the economic situation in Argentina - the third largest economy in Latin America. Kopex Group involved in several mining projects in Argentina constantly analyzes the risks arising from the presence in this market.
- The long-term prospect of a gradual increase in demand for coal in the global commodity markets, although sharpened climate policy of the European Union today is not conducive to the formation of a viable alternative to coal power, and thus the demand for energy coal.
- Further 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, building new competences.
- Conducting further intensive research and development efforts for greater modularization of machines and equipment for mining. The Kopex Group is actively working on new types of machinery and equipment, which would meet previously unmet needs of customers both domestic and abroad. In order to increase sales volume group promotes and encourages customers to purchase complete longwall systems. Technological possibilities of Kopex Machinery in conjunction with the potential of companies TAGOR and Elgór + Hansen (formerly Kopex Electric Systems) allow to offer a complete longwall mining equipment also allowing an opportunity to improve profitability at such a sale. The works on a system for automated exploitation of thin and extremely thin seams named MIKRUS moved from test phase to the operational/excavation phase. Taking into consideration the fact that 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.
- Further continuation of the program of optimizing the use of assets of the Group and the program of optimization of production processes. The incorporation processes, sales and liquidation will reduce the number of entities in the Group to 22 in 2016, and the optimization of production processes will limit the technical manufacturing cost in all aspects of cost.

- Dynamizing 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. Furthermore Kopex together with Shandong Machinery Group creates a research and development center in Beijing. Centre facilities will constitute technological solutions for products intended for the Chinese market.
- In 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.
- Further stabilization in the field of mining services provided by the company Kopex – PBSz and Dalbis. The results of this sector in the context of a slowdown in the mining industry, are particularly good. The Companies regularly participates in tenders announced by the investors, acquiring new contracts.
- Maintaining a good level of performance in the mining sector - electrical and electronic equipment. Elgór+Hansen is a leader in the studies, production and implementation of electrical equipment in explosion-proof enclosures. providing maneuvering kits for power supply and haulage for shearers and longwall systems, boxes of apparatus and explosion-proof equipment for road headers, as well as electrical equipment for longwall systems. Elgór+Hansen 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 Elgór+Hansen will in subsequent quarters have a dominant position.
- Further enhancement of product offerings of Kopex Africa - specializing in the production of power distribution stations in explosion-proof and fire-proof housing. High quality products means that the Company's key customers are the world's largest mining companies such as Sasol Mining, BHP Biliton, Glencore Xtrata.

## SIGNATURES

Member of the Board

Piotr Broncel

The person responsible  
for bookkeeping:

Director of Accounting and Taxes  
Alina Mazurczyk

Member of the Board

Andrzej Meder

Member of the Board

Joanna Węgrzyn

President of the Board

Józef Wolski

Katowice, 24.02.2015