

KOPEX S.A.

Independent Auditor's Opinion

The Financial Statement

Statement on The Company's Activity

Report on the Financial Statement Audit

**Financial year from 1st of January to 31st of December
2014.**

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Independent Auditor's Opinion

Produced by PricewaterhouseCoopers Sp. z o.o.

The Financial Statement

Produced by KOPEX S.A.

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Independent Auditor's Opinion

For General Shareholder Meeting and Supervisory Board KOPEX S.A.

We have audited attached Financial Statement produced by KOPEX S.A. (hereinafter referred to as „Company”) with seat in Katowice, ul. Grabowa 1, including Statement of Financial Situation as for 31st of December 2014, showing at the side of assets and liabilities and shareholder’s equity the total amount of 1.843.822 thousand PLN, profit and loss account for the period from 1st of January 2014 to 31st of December 2014, showing a net profit of 98,383 thousand PLN, total statement of income, statement of changes in equity, cash flow statement for this financial year, additional information of adopted accounting principles and other explanatory notes.

The Company’s Management Board is responsible for the financial statements and entity activities statement preparation, in accordance with applicable regulations, and for accounting accuracy. Members of the Board and Supervisory Board are obligated to provide the financial statement and entity activities statement, which meet the requirements of the Act on accounting of 29 September 1994 („Act on Accounting” – Journal of Laws [Dz. U.] of 2013, pos. 330 as amended).

Our task was to audit the attached Financial Statement and to express an opinion on compliance in all essential aspects of this statement with the applicable accounting principles (policies) and whether it truly and clearly presents, in all essential aspects, the financial situation, as well as the financial result and on the correctness of the underlying accounting records.

The audit was conducted in accordance with:

- a. the provisions of Chapter 7 of the Act on Accounting;
- b. the national auditing standard issued by The National Chamber of Statutory Auditors

The audit was planned and conducted in a way to achieve sufficient certainty that the Financial Statement does not contain any crucial mistakes and omissions. The audit includes among others, on a test basis, verification of evidences supporting the amounts and disclosures in the Financial Statements. The audit also includes assessing the accounting principles used by the Company and significant estimates made in the preparation of the Financial Statements, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for this opinion.

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PricewaterhouseCoopers Sp. z o.o. wpisana jest do Krajowego Rejestru Sądowego prowadzonego przez Sąd Rejonowy dla m. st. Warszawy, pod numerem KRS 0000044655, NIP 526-021-02-28. Kapitał zakładowy wynosi 10.363.900 złotych. Siedzibą Spółki jest Warszawa, Al. Armii Ludowej 14.



Independent Auditor's Opinion

For General Shareholder Meeting and Supervisory Board KOPEX S.A. (cont.)

In our opinion, the attached financial statements, in all essential aspects:

- a. presents fairly and clearly the financial situation of the Company as at 31st December 2014. and the financial result for the period from 1 January to 31 December 2014. in accordance with International Financial Reporting Standards as adopted by the European Union;
- b. is comply, in form and content, with the applicable laws and the Articles of Association of the Company;
- c. is prepared on the basis of properly kept accounting records in accordance with the applicable accounting principles (policies).

Information included in the statement of the Company activity for the financial year from 1st of January to 31st of December 2014. take into account the provisions of the Regulation of the Minister of Finance dated 19 February 2009. concerning current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the regulations the law of a non-member state ("Regulation" – Journal of Laws [Dz. U.] 2014., pos. 133) and is consistent with the information included in the audited financial statements.

Conducting the audit on behalf of PricewaterhouseCoopers. z o.o., the company registered on the list of entities authorized to audit financial statements under the number 144:

Tomasz Reinfuss

Key Auditor
Registration numer 90038

Katowice, 27th April 2015.

KOPEX S.A.

**Report on the Financial Statement Audit
financial year from 1st of January to 31st of December 2014.**



**Report on the Financial Statement Audit
financial year from 1st of January to 31st of December 2014.**

**For General Shareholder Meeting and Supervisory Board
KOPEX S.A.**

This report includes 10 pages and consists of following issues:

	Page
I. The Company's general characteristics	Błąd! Nie zdefiniowano zakładki.
II. Information regarding conducted audit.....	Błąd! Nie zdefiniowano zakładki.
III. Characteristics of the results, financial situation of the entity and crucial issues of the financial statement	Błąd! Nie zdefiniowano zakładki.
IV. Findings of independent auditor.....	Błąd! Nie zdefiniowano zakładki.
V. Information and final remarks.....	Błąd! Nie zdefiniowano zakładki.

KOPEX S.A.
Report on the Financial Statement Audit
Financial year from 1st of January to 31st of December 2014.

I. The Company's general characteristics

- a. Seat of KOPEX Spółka Akcyjna („Company”) is Katowice ul. Grabowa 1.
- b. Articles of Incorporation was drawn up in the form of a notarial deed at the Notary Office, Teresa Janeczko Notary, in Warszawa on 19th of November 1993 and registered in Rep. A Nr 3997/93. On 12^{ve} of July 2001. District Court in Katowice VIII Commercial Department of the National Court Register, entered the Company into the Register of Entrepreneurs under KRS number 0000026782.
- c. For the purpose of tax settlements Company was assigned tax identification number [NIP] 634-01-26-849, and for statistical purposes entity received a code number [REGON] 271981166.
- d. The Company's initial capital on 31 December 2014 amounted 74,333 thousand PLN and consisted of 74,332,538 shares with a nominal value of 1.00 PLN for each. Shareholders' equity that date amounted 1,538,213 thousand PLN.

- e. On 31st of December 2014 Company's shareholders were:

Shareholder's Name	Amount of shares	The nominal value of shares held	Type of shares held	% of votes
Krzysztof Jędrzejewski	43.586.675	43.586.675	ordinary	58,64
TDJ S.A. (indirectly by subsidiaries)	7.433.000	7.433.000	ordinary	9,99
ING OFE	4.029.002	4.029.002	ordinary	5,42
Other shareholders	19.283.861	19.283.861	ordinary	25,95
	74.332.538	74.332.538		100,00

- f. In the audited period activity of the Company were:
- holding activities for Kopex S.A. Capital Group
 - production of machinery and equipment used in the mining industry,
 - general contracting for complete investment projects in mining,
 - the provision of specialized mining services
- g. In financial year members of the management board were:
- Józef Wolski President of the board;
 - Andrzej Meder Member of the board;
 - Joanna Węgrzyn Member of the board;
 - Piotr Broncel Member of the board; from 1st February 2014;
 - Arkadiusz Śnieżko Member of the board; from 3rd March 2014.
- h. The Company's related entities are companies belonging to the Group KOPEX S.A. and its subsidiaries by the main shareholder.

I. The Company's general characteristics (cont.)

- i. The company is the issuer of securities admitted to trading on the Warsaw Stock Exchange in Warsaw. As permitted by accounting rules prescribed by the provisions of

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Report on the Financial Statement Audit
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the Accounting Act with effect from 1 January 2005., The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The decision to prepare the financial statements of the Company in accordance with these standards was made by the General Meeting Resolution No. 27 dated 21 April 2005.

- j. The Company, as the parent company of the Capital Group, also prepared under the date of 27 April 2015 consolidated financial statements in accordance with IFRS as adopted by the European Union. In order to understand the financial position and results of activity of the Company as the parent company unconsolidated financial statements should be read in conjunction with the consolidated financial statements.

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Report on the Financial Statement Audit
Financial year from 1st of January to 31st of December 2014.

II. Information regarding conducted audit

- a. The audit of the financial statement for the year from 1 January to 31 December 2014 was conducted by PricewaterhouseCoopers Sp. z o.o. with its registered seat in Warszawa, Al. Armii Ludowej 14, entered the list of entities authorized to audit financial statements under number 144. On behalf of authorized entity audit was conducted under the supervision of the key auditor Tomasz Reinfuss (registration number 90038).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed for the company's auditor by the Resolution No. 36 / VII / 2013 of the Supervisory Board on 17 December 2013, on the basis of paragraph 33 section 1 Articles of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key auditor conducting the audit are independent of the audited entity within the meaning of Art. 56 sec. 2-4 of the Act dated 7 May 2009 on auditors and their self-government, entities authorized to audit financial statements and public supervision (Journal od Laws [Dz. U.] No. 77, pos. 649, as amended).
- d. Audit was conducted on the basis of contract concluded on 29 February 2012 in periods:
 - Initial audit from 26 November to 11 December 2014;
 - Final audit from 26 January to 27 April 2015.

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Report on the Financial Statement Audit
Financial year from 1st of January to 31st of December 2014.

III. Characteristics of the results, financial situation of the entity and crucial issues of the financial statement

FINANCIAL SITUATION STATEMENT on 31 December 2014.
(selected issues)

	31.12.2014 thous. PLN	31.12.2013 thous. PLN	Change		Organization	
			thous. PLN	(%)	31.12.2014 (%)	31.12.2013 (%)
ASSETS						
Fixed assets	1.527.012	1.470.334	56.678	3,9	82,8	84,7
Current assets	316.810	264.597	52.213	19,7	17,2	15,3
Assets in total	1.843.822	1.734.931	108.891	6,3	100,0	100,0
LIABILITIES AND SHAREHOLDERS EQUITY						
Shareholders' equity	1.538.213	1.446.707	91.506	6,3	83,4	83,4
Long-term liabilities	36.015	40.257	(4.242)	(10,5)	2,0	2,3
Short-term liabilities	269.594	247.967	21.627	8,7	14,6	14,3
Liabilities and shareholders' equity in total	1.843.822	1.734.931	108.891	6,3	100,0	100,0

PROFIT AND LOSS ACCOUNT
for the financial year from 1 January to 31 December 2014 (selected issues)

	2014 thous.PLN	2013 thous.PLN	Change		Organization	
			thous.PLN	(%)	2014 (%)	2013 (%)
Net income from sales of products, goods and materials	365.027	326.304	38.723	11,9	100,0	100,0
Cost of sold products, goods and materials	(329.193)	(299.123)	(30.070)	10,1	(90,2)	(91,7)
Gross profit on sales	35.834	27.181	8.653	31,8	9,8	8,3
Net profit	98.383	65.133	33.250	51,0	27,0	20,0

TOTAL INCOME STATEMENT
for the financial year from 1 January to 31 December 2014 (selected issues)

	2014 thous.PLN	2013 thous.PLN	Change		Organization	
			thous.PL N	(%)	2014 r. (%)	2013 r. (%)
Net profit	98.383	65.133	33.250	51,0	27,0	20,0
Total other comprehensive income after tax	(6.199)	551	(6.750)	(1.225,0)	(1,7)	0,1
Total comprehensive income	92.184	65.684	26.500	40,3	25,3	20,1

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III. Characteristics of the results, financial situation of the entity and crucial issues of the financial statement (cont.)

Selected ratios describing the financial position of the Company and financial results

The economic activity of the Company, its financial results for the year and the financial position of the balance sheet date compared with previous years are characterized by the following indicators:

	2014	2013	2012
Activity indicators			
- Debtors turnover	81 dni	145 dni	132 dni
- The rate of inventory turnover	3 dni	4 dni	3 dni
Profitability ratios			
- Net sales profitability	27%	20%	2%
- Gross sales profitability	0%	(3)%	2%
- The overall profitability of capital	7%	5%	1%
Debt ratios			
- Debt ratio	17%	17%	30%
- Rotation speed of commitments	80 dni	111 dni	96 dni
	31.12.2014	31.12.2013	31.12.2012
Liquidity ratios			
- Liquidity ratio I	1,2	1,1	1,0
- Liquidity ratio II	1,2	1,1	0,9

The above ratios have been calculated on the basis of audited financial statements of the Company. The aim of the study was not to show the individual in the context of performance and performance indicators. The detailed interpretation of indicators requires a thorough examination of the entity and its determinants.

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III. Characteristics of the results, financial situation of the entity and crucial issues of the financial statement (cont.)

The financial statements do not take into account the impact of deflation. The overall rate level changes in prices of goods and consumer services (from December to December) in the year under review amounted to -1.0% (2013 .: inflation of 0.7%).

The following comments are based on knowledge obtained during the audit of the financial statements.

- At the end of the financial year the Company's assets amounted to PLN 1,843,822 thousand. During the year, total assets increased by PLN 108,891 thousand, ie. by 6,3%, mainly due to growth in loans and short-term trade receivables and trade and other receivables.
- Debt ratio did not change significantly, and at the end of last year and the current amounted to 17%.
- Total revenues from sales amounted to PLN 365,027 thousand and increased by PLN 38,723 thousand, ie. by 11.9% compared to the previous year.
- The largest item of operating expenses in the period were the costs of materials and energy consumption amounting to PLN 162 706 thousand, representing 61.2% of operating expenses. Costs of materials and energy compared with the previous year increased by PLN 17,296 thousand, ie. by 11.9%.
- Profitability measured by net profit amounted to 27% and was higher by 7 percentage points than that achieved in the previous year.

The financial statements have been prepared under the going concern principle.

KOPEX S.A.
The report on the financial statements
for the fiscal year from January 1 to December 31, 2014

II. Findings of the independent chartered auditor

- a. The Board of the Company in the course of the study presented the requested information, clarifications and statements and submitted the statement of completeness of the information in the accounting and disclosure of all contingent liabilities, as well as informed about important events that occurred after the balance sheet date to the date of declaration.
- b. The scope of the audit was not limited.
- c. The Company had documentation describing the accounting principles (policy) which was current, approved by the Board. The Company's accounting policies were tailored to its needs and ensured the specification of all the events material to evaluate the economic and financial results of the Company, with the prudence principle. It was to the accounting policies and methods compared with the previous period.
- d. The closing balance at the end of last year, was, in all material respects, properly recorded as the opening balances of the current period.
- e. Inventory of assets and equity and liabilities were carried out and reconciled in accordance with the Accounting Act, and its results were included in the accounting records of the audited year.
- f. The financial statements of the Company for the financial year from 1 January to 31 December 2013 were approved by Resolution No. 4 of the General Meeting of Shareholders held on June 18, 2014 filed with the National Court Register in Katowice on 25 June 2014.
- g. Pursuant to Resolution No. 7 of the General Meeting of Shareholders held on June 18, 2014 net profit for the previous year amounting to PLN 65,133 thousand was transferred to the reserve capital.
- h. The financial statements for the prior year were audited by PricewaterhouseCoopers Sp. z o.o. The auditor issued an unqualified opinion.
- i. We have assessed the functioning of accounting system. Our assessment covered in particular:
 - accuracy of the documentation of business transactions,
 - the fairness, accuracy and verifiability of accounting records, including those conducted using a computer,
 - methods used for controlling access to data and processing system using a computer,
 - protection of accounting records, accounting records and financial statements.

This assessment, combined with verification of individual items of the financial statements provides the basis for a general, comprehensive reviews of this report. It was not our aim to provide a comprehensive opinion on the operation of the said system.

- j. Additional information shows all the relevant information required by IFRS as adopted by the European Union.

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The report on the financial statements
for the fiscal year from January 1 to December 31, 2014

IV. Findings of the independent chartered auditor (cont.)

- k. The information contained in the statement of operations of the Company for the fiscal year from January 1 to December 31, 2014 take into account the provisions of the Ordinance of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of non-member state (Dz. U. of 2014., pos. 133) and is consistent with the information contained in the audited financial statements.

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The report on the financial statements
for the fiscal year from January 1 to December 31, 2014

III. Final information and comments

This report has been prepared in connection with the examination of the financial statements of KOPEX SA with its registered office in Katowice, Grabowa street 1. The financial statements were signed by the Management Board and the person entrusted with bookkeeping, April 27, 2015.

This report should be read in conjunction with the independent auditor's opinion for the General Meeting of Shareholders and the Supervisory Board of of KOPEX SA of 27 April 2015 concerning the above-mentioned financial statements. Opinion on the financial statements expresses an overall conclusion from the audit. This conclusion does not constitute the sum of ratings of individual items of test results or reports issues, but assumes that individual arrangements appropriate weight (significance), taking into account the impact of the facts noted on the truth and fairness of the financial statements.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company registered on the list of entities authorized to audit financial statements under number 144:

Tomasz Reinfuss

Key Auditor
Registration numer 90038

Katowice, 27th April 2015.