

Opinion of an statutory auditor

For the general meeting of shareholders and supervisory board KOPEX S. A.

Opinion on the financial statements

Have audited the attached financial statements KOPEX S. A. (hereinafter, the company) Statue of King Street located in Katowice, 1, including the statement of financial position on December 31, 2015., profit and loss account, a report of the total revenue for the financial year from 1 January to 31 December 2015., statement of changes in equity, cash flow statement for the year and extra about the adopted accounting policies and other explanatory information.

Responsibility of the Management Board and supervisory board members

The company's Management Board is responsible for the preparation and fair presentation the financial statements in accordance with international financial reporting standards approved by the European Union and for drawing up the report and for the correctness of the accounts in accordance with applicable regulations. The Board of Directors is also responsible for internal control, which it considers necessary for the preparation of the financial statements contain a material distortion caused by fraud or error.

The Management Board and the Supervisory Board members are obliged to ensure that the financial statements and the report on the activities of the units comply with the requirements provided for in the Act of 29 September 1994 on accounting („ Act on accounting " - D. U. from 2013, pos. 330 as amended).

The liability of the statutory auditor

Our task was to examine the attached financial statements and expression on the basis of the opinion with the report whether fairly and clearly it presents, in all material respects the material and financial situation and financial results of the company in accordance with the applicable rules and accepted accounting principles and the regularity of the accounts on the basis of his preparation.

The study conducted pursuant to the provisions of Chapter 7 of the accounting Act and national standards on auditing as amended by international auditing standards issued by the international auditing standards and services – attestation courses. These standards require compliance with ethical requirements and plan and perform the test in such a way as to obtain reasonable assurance that the financial statements do not contain significant distortion.

Study of the completion of the procedures for obtaining evidence research amounts and disclosures in the financial statements. The choice of procedures depends on the auditor's judgment, including the assessment of the risk of a significant distortion of financial statements due to fraud or error. In assessing such risks, the Auditor considers internal control activity in relation to the preparation and fair presentation of the financial statements, the entity in order to design appropriate in the circumstances, test procedures, and not to express an opinion on the effectiveness of internal control units. The study also includes an assessment of the adequacy of the adopted principles of accounting policies, the rationality of the established by management estimates, as well as evaluation of the overall presentation of the financial statements. We believe that our research evidence is sufficient and appropriate basis for expressing an opinion.

Opinion

In our opinion, the attached financial statements in all material respects:

- a. present fairly and clearly material and financial situation of the company at 31 December 2015 and of its profit and cash flows for the financial year from 1 January to 31 December 2015 in accordance with international financial reporting standards approved by the European Union;
- b. comply in form and content with the applicable Company laws including the requirements of the regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities, and the conditions for the recognition of equivalent to the information required by the law of the State which is not a Member State („Regulation" - D. U. from 2014, pos. 133) and the statutes of the Company;
- c. has been drawn up on the basis of correctly kept accounting books

Explanation

We draw your attention to the note of financial statements, in which the Board of Directors informed of the breach by the company terms of loan agreements to enable banks to place credits in the State of instant maturity and ongoing negotiations with the banks in order to further finance companies. Together with other issues described in note 2 of the financial statements, this points to the existence of a material uncertainty which may cause a significant doubt about the ability of the Company to continue business. Our opinion contains objections in this regard.

Report on other legal requirements and regulations

Opinion on the subject of the report on the activities

The information contained in the report of the company for the financial year from January 2015 until 31 December 2015 shall take into account the provisions of article 12. 49 paragraphs 1 and 2. with the accounting Act and are in accordance with the information contained in the audited financial statements.

In the light of the knowledge of the company and its surroundings obtained during our research we did not find in report significant distortion.

Carrying out the study on behalf of PricewaterhouseCoopers SP. z o. o. , a company listed on the list of entities authorized to audit accounts under the number 144:

Tomasz Reinfuss
The Key Statutory Auditor
Registration number 90038

Katowice 28 April 2016.

KOPEX S.A.

**Report of studying the financial statement for the financial year since 1
January to 31 December 2015**

KOPEX S.A.

Report of studying the financial statement for the financial year since 1 January to 31 December 2015

**For the General Meeting of Shareholders and the Supervisory Board
KOPEX S.A.**

This report contains 9 pages and consists of the following parts:

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I. Overall description of the Company

- a. The seat of the Kopex SA („ the Company ") are Katowice ul. Grabowa 1
- b. Articles of Association were drafted in the form of notarial deed in the notarial office of Teresa Janeczko in Warsaw on 19 November 1993 and they registered in repertorium and at number 3997 / 93. On 12 July 2001 VIII Regional Court in Katowice the Commercial Division of the National Court Register carried the entry of the Company in the register of entrepreneurs out at the number KRS0000026782.
- c. For the purposes of settlements on account of taxes a number was assigned the Company 634-01-26-849 NIP, and for statistical purposes the individual received REGON number 271981166.
- d. The share capital of the Company for 31 December 2015 amounted to the 74,333 thousand PLN and consisted of 74,332,538 actions about the nominal value PLN 1.00 every. For this day PLN 872,375 amounted to the equity.
- e. For 31 December 2015 they were Shareholders of the Company:

Name of shareholder	The number of shares held	The nominal value of the shares	The type of shares held	% of votes
Krzysztof Jędrzejewski	43.586.675	43.586.675	ordinary	58,64
TDJ S.A. (indirectly through subsidiaries)	7.433.000	7.433.000	ordinary	9,99
ING OFE	4.029.002	4.029.002	ordinary	5.42
Other shareholders	<u>19.283.861</u>	<u>19.283.861</u>	ordinary	<u>25,95</u>
	<u>74.332.538</u>	<u>74.332.538</u>		<u>100,00</u>

- f. During the period the object of the company was :
 - holding activities on behalf of the Capital Group Kopex S.A.,
 - manufacture of machinery and equipment used in the mining industry,
 - general contracting of complete investment projects in the mining sector.
- g. During the financial year, members of the Board of Directors of the company were:
 - Józef Wolski Chairman of the Management Board
 - Andrzej Meder Member of the Management Board
 - Joanna Węgrzyn Member of the Management Board
 - Piotr Broncel Member of the Management Board
 - Michał Rogatko Member of the Management Board
- h. On the day of signature of this report, members of the Board of Directors of the company were:
 - Bogusław Bobrowski Chairman of the Management Board
 - Piotr Broncel Member of the Management Board
 - Marek Uszko Member of the Management Board
 - Krzysztof Zawadzki Member of the Management Board

- i. Related with the company are companies belonging to the Capital Group KOPEX S. A. and affiliated companies by main shareholder.
- j. The company is the issuer of securities admitted to trading on the Stock Exchange Securities in Warsaw. With the choice of accounting policies laid down by the provisions of the accounting Act, as from 1 January 2005, the company prepares financial statements in accordance with international financial reporting standards (IFRS) approved by the European Union.

The decision on the drawing up of financial statements of the company in accordance with these standards has been taken by the General Assembly by resolution No. 27 of 21 April 2005.

- k. The company, as a parent in the Group has drawn up also, under date of April 27, 2016. the consolidated financial statements in accordance with IFRS as approved by the European Union. In order to understand the financial position and results of operations of the company as the parent's separate financial statements should be read in conjunction with the consolidated report.

II. Information concerning the conducted examination

- a. Financial statements for the financial year from 1 January to 31 December 2015 was carried out by PricewaterhouseCoopers Sp. z o.o. based in Warsaw, al. Armii Ludowej 14, entered on a list of entities authorized to audit accounts under the number 144. On behalf of an entity authorized study has been carried out under the supervision of key statutory auditor Tomasz Reinfuss (registration number 90038).
- b. PricewaterhouseCoopers Sp. z o.o. was chosen to the statutory auditor of the Company with resolution No. 57 / VII/ 2014 of the supervisory board from 1 December 2014 based on the article of 33 sec.1 of the status of the company.
- c. PricewaterhouseCoopers Sp. z o.o. and key statutory auditor carrying out the audit are independent of the audited entity within the meaning of article 3. 56 paragraph 1. 2-4 of the Act of 7 May 2009 on statutory auditors and their local government entities authorized to audit financial statements and public supervision (Journal of laws of 2015, item 1011).
- d. The study was conducted on the basis of the agreement concluded on 29 February 2012 in the period:
 - preliminary audit from 30 November to 11 December, 2015.
 - final audit from February 29 to April 28, 2016.

III. Characteristics of results, the financial standing of the individual and essential positions of the financial statement

Statement of financial position on December 31, 2015. (selected items)

	31.12.2015		31.12.2014		Change		Structure	
	PLN thou.	PLN thou.	PLN thou.	PLN thou.	(%)	(%)	(%)	
Assets								
Fixed Assets	950.649	1.527.012	(576.363)	(37,7)	83,1	82,8		
Current Assets	<u>193.674</u>	<u>316.810</u>	<u>(123.136)</u>	(38,9)	<u>16,9</u>	<u>17,2</u>		
Total Assets	<u>1.144.323</u>	<u>1.843.822</u>	<u>(699.499)</u>	(37,9)	<u>100,0</u>	<u>100,0</u>		
OBLIGATIONS AND THE EQUITY								
Equity	872.375	1.538.213	(665.838)	(43,3)	76,2	83,4		
Long term obligations	17.293	36.015	(18.722)	(52,0)	1,5	2,0		
Short term obligations	<u>254.655</u>	<u>269.594</u>	<u>(14.939)</u>	(5,5)	<u>22,3</u>	<u>14,6</u>		
Obligations and the equity	<u>1.144.323</u>	<u>1.843.822</u>	<u>(699.499)</u>	(37,9)	<u>100,0</u>	<u>100,0</u>		

PROFIT AND LOSS ACCOUNT

in the financial year from 1 January to 31 December 2014 (selected items)

	2015		2014		Change		Structure	
	PLN thou.	PLN thou.	PLN thou.	PLN thou.	(%)	(%)	(%)	
Net revenue from the sale of products, goods and materials	276.486	365.027	(88.541)	(24,3)	100,0	100,0		
Costs of sold products, goods and materials	<u>(255.359)</u>	<u>(329.193)</u>	<u>73.834</u>	(22,4)	<u>(92,4)</u>	<u>(90,2)</u>		
Gross profit on the sale	<u>21.127</u>	<u>35.834</u>	<u>(14.707)</u>	(41,0)	<u>7,6</u>	<u>9,8</u>		
Gross / (lost) net	<u>(637.612)</u>	<u>98.383</u>	<u>(735.995)</u>	(748,1)	<u>(230,6)</u>	<u>27,0</u>		

REPORT OF ENTIRE REVENUES

in the financial year from 1 January to 31 December 2015 (selected items)

			Change		Structure	
	2015 PLN thou.	2014 PLN thou.	PLN thou.	(%)	2015 (%)	2014 (%)
Gross /(lost) net	(637.612)	98.383	(735.995)	(748,1)	(230,6)	27,0
Total other comprehensive income after tax	<u>2.213</u>	<u>(6.199)</u>	<u>8.412</u>	(135,7)	<u>0,8</u>	<u>(1,7)</u>
Total income	<u>(635.399)</u>	<u>92.184</u>	<u>(727.583)</u>	(789,3)	<u>(229,8)</u>	<u>25,3</u>

Selected indicators being characteristic of a material and financial situation and financial results of the Company

Business activity of the Company, her financial result behind the financial year and the material and financial situation for the balance sheet day in comparing to run-ups are characteristic of the following indicators:

	2015	2014	2013
Activity indicators			
– receivables turnover rate	109 days	81 days	145 days
– inventory turnover rate	3 days	3 days	4 days
Profitability indicators			
– the profitability of net sales	(231)%	27%	20%
– the profitability of gross sales	(4)%	0%	(3)%
– the overall return on equity	(53)%	7%	5%
Debt indicators			
– rate of the debt	24%	17%	17%
– turnover rate obligations	86 days	80 days	111 days
	31.12.2015	31.12.2014	31.12.2013
Liquidity indicators			
– liquidity indicator I	0,8	1,2	1,1
– liquidity indicator II	0,8	1,2	1,1

Described above indicators were listed based on examined financial statements of the Company.

A show of the individual at the context of results of the activities and reached indicators wasn't an aim of the research. Detailed interpretation of indicators requires deepened analysis of the operations of the unit and her conditioning.

- The financial statement doesn't include the income of the deflation. Total rate of changes of the price level of consumer goods and services (from the December up to the December) took out in the examined year - 0.5% (2014: -1.0%).
- At the end of the financial year PLN 1,144,323 thou. amounted to assets of the Company. Within one year the balance sheet total reduced for the PLN 699,500 thou., i.e. by the 37.9%. The fall in the balance sheet total results mainly from reducing shares and the action in subsidiaries by the PLN 568,020 thou. as a result of effected write-downs shares and actions.
- The rate of the debt for the end of the year amounted to the 24% and was higher for 7 percentage points towards the last year. The appreciable increase of the debt results above all from the rise in contracted bank loans for financing the operational activity of the capital group, in which the Company is a dominant entity.
- Significant deterioration of the liquidity indicators have (ratio I fell from 1.2 to 0.8 of the test at the end of the year), mainly as a result of the made deductions for loans.
- Total revenues amounted to PLN 276.486 thou. and decreased by PLN 88.541 thou., i.e. about 24,3% compared to the previous year. This decline resulted primarily from fewer ongoing contracts.
- During the period the company has made impairment shares and shares in affiliated undertakings for an amount PLN 597.132 thou. and on loans in the amount of PLN 96.279 thou.
- The decrease in revenues and made impairment losses are primarily related to the difficult situation of coal mining in Poland and in the world and directly result from reducing the current production and reduce or postpone the investment by the company's contractors.
- In the context of the above adverse changes in the market situation and financial company, the audit opinion we draw your attention to the note of financial statements, in which the Board of Directors informed of the breach by the company terms of loan agreements to enable banks to place credits in the State of instant maturity and ongoing negotiations with the banks in order to further

funding of the company and the group. Together with other issues described in the note to the financial statements, this points to the existence of a material uncertainty which may cause a significant doubt about the ability of the Company to continue business. Our opinion contains objections in this regard.

IV. Establish an independent statutory auditor

- a. The company Management Board presented information in the course of the examination demanded, explanations and statements as well as submitted declaring about complete including data in an account books and demonstrating all contingent liabilities, and also announced significant events which came after the balance sheet day up to the day of folding statements.
- b. The extent of the examination wasn't limited.
- c. Financial statement of the Company for the financial year from 1 January to 31 December 2014 was approved with resolution No. 4 of the general meeting from 3 June 2015 and submitted in the National Court Register in Katowice on to 10 June 2015
- d. We assess the regularity in the functioning of the accounting system. Our assessment of the subject, in particular:
 - the accuracy of the documentation of business transactions,
 - reliability, accuracy and verifiability of the accounts, including those carried out using the computer,
 - the methods used to secure data access and processing system using a computer,
 - protection of the accounting records, books of account and financial statements.This evaluation, in combination with examining the credibility of individual positions of the financial statement is giving the ground for expressing the general, comprehensive opinion on this report. Expressing the comprehensive opinion about functioning of the mentioned above system wasn't an aim of our examination.
- e. Additional information is presenting all relevant information required by MSSF approved by the European Union.
- f. Information entered into the report on the company activities in the financial year from r of the January to 31 December 2015 regulations of the finance minister are taking decisions into account from 19 February 2009 on current information and periodic handed over by issuers of securities and of conditions of regarding equivalent required information with provisions of the law of the state not being the Member State (Journal of Laws from 2014, pos. 133) and are matching information entered into the examined financial statement.

V. Information and concluding remarks

This report has been drawn up in connection with the examination of the financial statements KOPEX S. A. with its registered office in Katowice, the statue of King Street 1. The financial statements are signed by the Management Board of the company and the person entrusted with the keeping of the accounts, on 27 April 2016.

The report should be read together with the opinion of the independent auditor to the general meeting of shareholders and supervisory board KOPEX S. A. of 28 April 2016. concerning the financial statements described above. Opinion on the financial statements is the overall conclusion arising from the study. This proposal is not the sum of the performance reviews of the report items or issues, but implies giving to individual arrangements suitable (severity), taking into account the impact of observed facts on the reliability and accuracy of the financial statements.

Carrying out the study on behalf of PricewaterhouseCoopers SP. z o. o. , a company listed on the list of entities authorized to audit accounts under the number 144:

Tomasz Reinfuss

The Key Statutory Auditor
Registration number 90038

Katowice 28 April 2016.

