

Katowice, April 2015

Ladies And Gentlemen.

I am pleased to present the consolidated report of the Company for the year 2014. Despite the difficulties in the market we have managed over this period to maintain the satisfactory performance of the company. Undoubted success was to develop year on year net profit growth, margins and to maintain a constant share of foreign in total revenues.

We entered the year 2014 with optimism. After a difficult first half of 2013 and a good second half of the year we knew that Kopex is able to generate decent profits for their shareholders. We were also aware of the opportunities provided by the processes we implemented - the financial and economic optimization and capital restructuring of the Group.

Beginning of the year 2015 made the whole country realize the difficult situation in the Polish mining. We have, however, already felt the symptoms of this in many months. The decrease in investments in Polish mines in many of them turned into complete stagnation, especially in terms of expenditure on machinery. This led to a decline in sales in companies of the mining environment, increased competition and - despite the reduction of costs - the pressure on margins.

In the year 2014 Kopex Group generated consolidated net profit attributable to shareholders of parent company from continued operations amounting to over PLN 101,1 million with revenues in excess of PLN 1,43 billion. Gross profit on sales amounted to nearly PLN 278 million and operating profit of nearly PLN 136 million. This means an increase in operating profit by more than 56%.

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Member of the Board – Andrzej Meder • Member of the Board – Joanna Węgrzyn

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In the Capital Group the revenues of the business segments remained at a similar year to year level. The segment that gained most was a mining services segment, which includes such companies as Kopex – Przedsiębiorstwo Budowy Szybów and ŚTW Dalbis. They have developed more than PLN 338 million in revenues, of which nearly PLN 305 million on the domestic market. On the annual basis the segment of machinery and equipment for underground mining - the basic income for the Kopex Group - slightly declined. Declines occurred, however, mainly on foreign markets (Russia, Bosnia, China, Australia), while the domestic market recorded an increase in sales. The electrical appliances segment recorded a strong sales growth in the German market, which in turn translated into an increase in the share of revenue from abroad in total segment revenues.

The most important contract implemented by the Kopex Group in the year 2014 was an agreement for the supply of longwall system and two road headers to the basin of Rio Turbio in Argentina with a total value of over EUR 56 million. Kopex Group has an extremely strong position on this relatively small, but continually developing mining market. Argentina is a country where coal mining is one of the priorities of energy policy. New investments and expansion of existing mines are planned. We are confident that we will continue to participate in them.

Last year was also a time of implementation of national contracts in the field of mining services. Celebrating this year its 70 anniversary of operation Kopex - Przedsiębiorstwo Budowy Szybów has four large contracts. The most important one, building the shaft Bzie-1 in Mine Borynia-Zofiówka-Jastrzębie (JSW SA) from scratch is currently worth more than PLN 264 million. At the turn of November and December carbon layers were achieved which in practice means a significant acceleration of works.

An important event in the development of Kopex Group was also the signing in October 2014 of an agreement with KGHM Polska Miedź SA to develop a prototype of the mining complex able to mine copper ore with use of a longwall system.

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The total value of the contract exceeds PLN 47 million. The preliminary draft of a cutter head developed by Kopex engineers in cooperation with AGH has already been accepted by the client. However, this project is spread over the years. Only after constructing a prototype of the shearer, in 2017, the contract value will be more visible in revenues. But then we will already have on offer an innovative device on a global scale, which not only strengthens the Kopex Group, but also revolutionize the global copper mining.

After the decision of the Supervisory Board of December 2013, in the year 2014 the works on the project to build a coal mine in Przeciszów were continued. Currently, the necessary documents to obtain a license for operation are being complemented. The municipal councils of Przeciszów and Polanka Wielka have already adopted studies of conditions and directions of development appropriate for each of the municipalities. It is still necessary to adopt spatial development plans of these municipalities. Kopex Group through its subsidiary Kopex-Ex-Coal conducts intensive activities to promote this investment among the residents of Przeciszów and surrounding communities. In Przeciszów and Polanka Wielka there are consultation points operating and meetings are held with residents and local government. Kopex Group is also involved in cultural and sports life of the community. We observe with satisfaction that grassroots initiatives in support of the construction of the mine are formed in the region, many people are looking with hope at the prospect of working close to home. This investment is certainly a great opportunity not only for Kopex Group, but also for local residents.

The year 2014 was also a year of continuation of the programs to optimize financial and property and capital restructuring of the Group. In the past two years, the company's net debt was reduced by over 50%. The ratio of net debt to EBITDA is consistently reduced. At the end of 2013 it amounted to 1.7 (at the end of 2012, up to 3.2), while at the end of 2014 amounted to only 1.3. In our opinion, this level is safe and satisfactory.

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In 2014, the number of companies in the Kopex Group significantly decreased. We have established a new company Miilux Poland, which produces abrasive-resistant sheets and ready components in Tarnowskie Góry. In Tarnowskie Góry, on the premises of Tagor, an industrial town was recently created where ŚTW Dalbis is operating besides Tagor and Miilux Poland, and by end of June Kopex-PBSz will finish its allocation.

In 2014, the production of shuttle car has been moved from Australia to Zabrze. The company Kopex Waratah which has been producing it until now, is now focusing on aftermarket activities for the machines of this type already working on the Australian market. The decision to move production to Zabrze was dictated primarily by lower costs while maintaining similar quality product.

Restructuring and optimization programs are of an open character, and they will be implemented until 2016. In addition to increased pro-sales efforts, the changes taking place in the Group are the leading cause of satisfactory financial results in 2014 in a difficult market of products and services for mining.

In the coming quarters we do not expect radical changes in the coal market in Poland and worldwide. Therefore, we expect a further reduction in capital expenditures of mines, and increased pressure on margins.

With concern, but also with hope, we observe changes in the Polish mining market, in particular the restructuring processes planned and occurring in Kompania Węglowa S.A., Katowicki Holding Węglowy S.A. and Jastrzębska Spółka Węglowa S.A.. Together with other companies in the mining industry we have made efforts to obtain guarantees that these changes will not take place at the expense of the sector of mining environment.

We are confident that our joint efforts, not only will protect the industry against unfavorable decisions, but will also strengthen its condition. The assurances of the Boards of state-owned mining companies and the government on obtaining profitability of Polish mining give hope.

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We believe that one of the necessary conditions for improving the situation of the industry is to increase labor productivity, for which investments are needed both in the machinery park as well as the providing works. Assuming the implementation of restructuring plans in the medium term we expect a moderate revival of the Polish market.

Demanding situation of coal producers and the reduction of investment in coal mines will continue to influence the outcome of Kopex SA. The signing of significant contracts currently being negotiated abroad can, however, make a positive impact on results in the second half of 2015. Activation of export sales will also be implemented through the allocation of new products and the development of service facilities in key markets such as China and Russia.

In 2016 it is planned to start construction of a coal mine in Przeciszów. The special purpose company Kopex-Ex-Coal has already received preliminary consent of local governments, it is planned to complete the documents necessary to obtain concessions for the exploitation by the end of 2015. Construction of the mine according to the schedule will last until 2020.

One of the priorities of the board is building new competencies of the Kopex Group going beyond coal mining. We plan to develop the project Miilux Poland and to participate in the implementation of power engineering sector investments. We are constantly expanding our cooperation with KGHM Polska Miedź S.A. We conduct advanced negotiations on the new business segments, the effects of which we hope to convey to the market still in 2015.

In the coming quarters the financial and property optimizing processes occurring in Kopex Group will proceed. We plan to further deactivate non-operational assets, strict control of operating cash flow, debt and net working capital and to maintain a conservative ratio of net debt to EBITDA.

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Group Management also plans to further simplification of the organizational structure through the incorporation and deactivation. As a result of the implementation of the Organizational Restructuring Program by 2016 the number of entities in the Group is to be reduced to 22 companies.

In the coming months the allocation of Kopex-PBSz to Tarnowskie Góry will be completed, where, at the Tagor premises, Tagor, Miilux Poland and ŚTW Dalbis are currently operating. This process will not only relieve the property occupied by those companies in existing locations, but it will also enable further development of production capacity, reduce operating costs of the Group and generate synergy savings in manufacturing and services.

We brace for another year of difficult challenges. But we have already proved that we are able to function, to generate profits and to expand our business even in a difficult market environment. I sincerely hope that next year, in April 2016, we will be able to be more optimistic about the mining market, and thus the future of the Kopex Group.

Józef Wolski

Chairman of the Board of Kopex S.A.

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