

KOPEX S.A. Capital Group
Independent Auditor's Opinion
Consolidated Financial Statements
Statement on the activities of the Capital Group
Report on the consolidated financial statements
For the fiscal year from January 1 to December 31, 2014

Content:

Independent Auditor's Opinion

Produced by PricewaterhouseCoopers Sp. z o.o.

Consolidated Financial Statement

Produced by KOPEX S.A.

Statement on the activities of the Capital Group

Produced by KOPEX S.A. Management Board

Report on the Financial Statement Audit

Produced by PricewaterhouseCoopers Sp. z o.o.



Independent Auditor's Opinion

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

We have audited the accompanying consolidated financial statements of KOPEX SA Capital Group (hereinafter referred to as the "Group"), in which the parent company is KOPEX SA (hereinafter referred to as "Parent Company") with seat in Katowice, ul. Grabowa 1, including the consolidated statement of financial position as at 31 December 2014, which assets and liabilities and equity amounts to PLN 3,521,519 thousand, the consolidated profit and loss account for the period from 1 January to 31 December 2014 with a net profit of PLN 102 733 thousand, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year and additional information on adopted accounting policies and other explanatory notes.

The Management Board is responsible for the preparation of the consolidated financial statements and the reports on the activities of the Group in accordance with the applicable regulations of the Parent Company. Members of the Management Board and the Supervisory Board of the Parent Company are required to ensure that the consolidated financial statements and the report on the activities meet the requirements of the Act of 29 September 1994. On accounting ('the Act' - Dz. U. of 2013., Pos. 330 with later. D.).

Our task was to audit the attached consolidated financial statements and to express an opinion on compliance, in all material respects, of the financial statements with the applicable accounting principles (policies) and whether it presents truly and fairly, in all material respects, the asset and financial position, as well as Group's financial result.

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 Consolidated 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 Consolidated Financial Statements. The audit also includes assessing the accounting principles used by the Company and significant estimates made in the preparation of the Consolidated 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 consolidated financial statements, in all essential aspects:

- a. presents fairly and clearly the financial situation of the Group 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;
- a. 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 Group 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. Capital Group

**The report on the audit of
Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014**



**The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.**

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

This report includes 10 pages and consists of following issues:

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The report on the audit of Consolidated Financial Statements for the fiscal year from January 1 to December 31, 2014.

The Group's general characteristics

- a. The parent company of the KOPEX SA Capital Group ("The Group") is the KOPEX joint stock company ("Parent Company") with its registered office in 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 Parent Company was assigned tax identification number [NIP] 634-01-26-849, and for statistical purposes entity received a code number [REGON] 271981166.
- d. The Parent 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.
- e. On 31st of December 2014 Parent Company's shareholders were:

<i>Shareholder's Name</i>	<i>Amount of shares</i>	<i>The nominal value of shares held</i>	<i>Type of shares held</i>	<i>% of votes</i>
Krzysztof Jędrzejewski	43.586.675	43.586.675	zwykłe	58,64
TDJ S.A. (indirectly by subsidiaries)	7.433.000	7.433.000	zwykłe	9,99
ING OFE	4 029 002	4 029 002	zwykłe	5,42
Other shareholders	19 283 861	19 283 861	zwykłe	25,95
	74.332.538	74.332.538		100,00

- f. In the audited period activities of the Group were:
 - 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; till 3rd March 2014.

The report on the audit of Consolidated Financial Statements for the fiscal year from January 1 to December 31, 2014.

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

h. The Capital Group KOPEX SA as at 31 December 2014 comprised the following entities:

Entity	Characteristics of capital relationship (% ownership)	Method of consolidation	The entity auditing financial statements	Type of opinion	Balance sheet date of preparation of financial statements
KOPEX S.A.	Dominant	n / a	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
Fabryka Maszyn i Urządzeń TAGOR S.A.	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
DOZUT-TAGOR Sp. z o.o.	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
KOPEX Construction Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
HSW Odlewnia Sp. z o.o.	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
KOPEX - Przedsiębiorstwo Budowy Szybów S.A.	Subsidiary (95%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
PBSz Inwestycje Sp. z o.o.	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
Hansen Sicherheitstechnik AG (Germany)	Subsidiary (100%)	Full	Spółka nie podlegała badaniu	not applicable	31 December 2014
HANSEN+ELGÓR S.A. (former: KOPEX ELECTRIC SYSTEMS S.A.)	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
HANSEN AND GENWEST (Pty) Ltd. (former: KOPEX AFRICA (Pty) Ltd. (RSA))	Indirect subsidiary (100%)	Full	Glass Tucker & Venter	unreservedly	31 December 2014
KOPEX HOLDINGS (Pty) Ltd. (RSA)	Indirect subsidiary (100%)	Full	Spółka nie podlegała badaniu	no data	31 December 2014
Hansen China Ltd. (China)	Indirect subsidiary (100%)	Full	Beijing Hui Yun CPA Ltd	unreservedly	31 December 2014
KOPEX MIN AD (Serbia)	Subsidiary (93,48%)	Full	PKF d.o.o., Belgrad	with explanation	31 December 2014
KOPEX MIN-LIV AD (Serbia)	Subsidiary (89,74%)	Full	PKF d.o.o., Belgrad	unreservedly	31 December 2014
Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o.	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
KOPEX EKO Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	study in progress	31 December 2014
Poland Investments 7 Sp. z o.o.	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	study in progress	31 December 2014
KOPEX AUSTRALIA Pty Ltd. (Australia)	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Australia	unreservedly	31 December 2014
PT. KOPEX MINING CONTRACTORS (Indonesia)	Subsidiary (100%)	Full	Inny biegły rewident	no data	31 December 2014
KOPEX – SIBIR Sp. z o.o. (Russia)	Indirect subsidiary (100%)	Full	ООО „Yuzhkuzbassaudyt”	unreservedly	31 December 2014
KOPEX WARATAH Pty Ltd. (Australia)	Indirect subsidiary (100%)	Full	PricewaterhouseCoopers Australia	with explanation	31 December 2014
Śląskie Towarzystwo Wiertnicze „DALBIS” Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014

**The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.**

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

Entity	Characteristics of capital relationship (% ownership)	Method of consolidation	The entity auditing financial statements	Type of opinion	Balance sheet date of preparation of financial statements
KOPEX-EX-COAL Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014
STA-Odlewnie Sp. z o.o.	Indirect subsidiary (100%)	Full	Spółka nie podlegała badaniu	not applicable	31 December 2014
HS Lubań Sp. z o.o.	Indirect subsidiary (100%)	Full	BZS Sp. z o.o	unreservedly	31 December 2014
KOPEX MACHINERY S.A.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	unreservedly	31 December 2014

- i. During the financial year the following changes in the composition of the Group occurred:
- Shares in companies were purchased:
 - Air Reliant (Pty) Ltd;
 - Shares in companies were embraced:
 - Taian Kopex Coal Mining Equipment Service Co.;
 - KOPEX HOLDINGS (Pty) Ltd. (RSA);
 - Shares in companies were sold:
 - Hansen Electric spol. s.r.o. (Czech Republic);
 - KOPEX-FAMAGO Sp. z o.o.;
 - KOPEX MIN – Usługi d.o.o. (Serbia);
 - Hansen & Reinders CS spol.s.r.o. (Czech Republic);
 - Kopex GmbH
- j. The Parent 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 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 report on the audit of Consolidated Financial Statements for the fiscal year from January 1 to December 31, 2014.

I. Information regarding conducted audit

- a. The audit of the consolidated 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.

KOPEX S.A. Capital Group
The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.

II. Characteristics of the results, financial situation of the Group and crucial issues of the consolidated financial statement

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014 (selected items)

	31.12.2014 thous. PLN	31.12.2013 thous. PLN	Change		Structure	
			thous. PLN	(%)	31.12.2014 (%)	31.12.2013 (%)
ASSETS						
Fixed assets	2.374.188	2.351.375	22.813	1,0	67,4	67,7
Current assets	1.147.330	1.123.889	23.441	2,1	32,6	32,3
Fixed assets held for sale	1	1	-	-	-	-
Total assets	3.521.519	3.475.265	46.254	1,3	100,0	100,0
LIABILITIES AND EQUITY						
Shareholders equity	2.617.807	2.516.509	101.298	4,0	74,4	72,4
Long-term liabilities	92.458	122.383	(29.925)	(24,5)	2,6	3,5
Current liabilities	811.254	836.373	(25.119)	(3,0)	23,0	24,1
Shareholders' equity and liabilities total	3.521.519	3.475.265	46.254	1,3	100,0	100,0

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the fiscal year from January 1 to December 31, 2014 (selected items)

	2014 thous. PLN	2013 thous. PLN	Change		Structure	
			thous. PLN	(%)	2014 (%)	2013 (%)
Revenues from sales of products, goods and materials	1.433.931	1.390.944	42.987	3,1	100,0	100,0
Cost of products, goods and materials	(1.155.620)	(1.156.105)	485	-	(80,6)	(83,1)
Gross profit on sales	278.311	234.839	43.472	18,5	19,4	16,9
Consolidated net profit	102.733	66.403	36.330	54,7	7,2	4,8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the fiscal year from January 1 to December 31, 2014 (selected items)

	2014 thous. PLN	2013 thous. PLN	Change		Structure	
			thous. PLN	(%)	2014 (%)	2013 (%)
Consolidated net profit	102.733	66.403	36.330	54,7	7,2	4,8
Other comprehensive income after tax	682	(11.605)	12.287	(105,9)	-	(0,9)
Total comprehensive income	103.415	54.798	48.617	88,7	7,2	3,9

KOPEX S.A. Capital Group
The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.

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

Wybrane wskaźniki charakteryzujące sytuację majątkową i finansową oraz wyniki finansowe Grupy

Działalność gospodarczą Grupy, jej wynik finansowy za rok obrotowy oraz sytuację majątkową i finansową na dzień bilansowy w porównaniu do okresów poprzedzających charakteryzują następujące wskaźniki:

	2014 r.	2013 r.	2012 r.
Wskaźniki aktywności			
- szybkość obrotu należności	89 dni	107 dni	98 dni
- szybkość obrotu zapasów	83 dni	110 dni	113 dni
Wskaźniki rentowności			
- rentowność sprzedaży netto	7%	5%	3%
- rentowność sprzedaży brutto	9%	5%	11%
- ogólna rentowność kapitału	4%	3%	2%
Wskaźniki zadłużenia			
- stopa zadłużenia	26%	28%	34%
- szybkość obrotu zobowiązań	49 dni	54 dni	55 dni
	31.12.2014 r.	31.12.2013 r.	31.12.2012 r.
Wskaźniki płynności			
- wskaźnik płynności I	1,4	1,3	1,4
- wskaźnik płynności II	1,1	1,0	1,0

Przedstawione powyżej wskaźniki wyliczono na podstawie zbadanego skonsolidowanego sprawozdania finansowego.

Celem badania nie było przedstawienie Grupy w kontekście wyników działalności i osiągniętych wskaźników. Szczegółowa interpretacja wskaźników wymaga pogłębionej analizy działalności Grupy i jej uwarunkowań.

KOPEX S.A. Capital Group
The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.

III. Characteristics of the results, financial situation of the Group and crucial issues of the consolidated 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 consolidated financial statements.

In the audited period, the following factors had a significant impact on the financial result and the financial position of the Group:

- At the end of the financial year the Group's assets totaled PLN 3,521,519 thousand. During the year, total assets increased by PLN 46,254 thousand, ie. by 1.3% mainly due to growth in loans and assets under contracts for construction services.
- Indicators and the structure of the Group's debt have changed. Debt ratio decreased from 28% at the end of last year to 26% at the end of current year.
- Total revenues from sales amounted to PLN 1,433,931 thousand and they increased by PLN 42,987 thousand, ie. by 3.1% compared to the previous year.
- The largest item of operating expenses were costs of materials and energy, in the audited financial period amounting to PLN 443,454 thousand, which accounted for 33.3% of operating expenses. Costs of materials and energy compared with the previous year increased by PLN 71,753 thousand, ie. by 19.3%.
- Profitability measured by net profit amounted to 7% and was higher by 2 percentage points than that achieved in the previous year.

The consolidated financial statements have been prepared in accordance with the going concern principle.

KOPEX S.A. Capital Group
The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.

III. Findings of the independent chartered auditor

- a. The Board of the Parent 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 Group had documentation describing the accounting principles (policy) which was current, approved by the Board. The Group '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 Group, with the prudence principle. It was to the accounting policies and methods compared with the previous period.
- d. In all material respects consolidation of equity and the determination of non-controlling interests were carried out properly.
- e. Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities have been made in all material respects, in accordance with IFRS as adopted by the European Union.
- f. The losses unrealized by the consolidated entities included in the value of assets and in respect of dividends were made in all material respects, in accordance with IFRS as adopted by the European Union.
- g. The effects of the sale of all or part of shares in subsidiaries are recognized in all material respects, in accordance with IFRS as adopted by the European Union.
- h. The consolidation documentation was complete and correct, and the manner of its storage offering adequate protection.
- i. The consolidated financial statements of the Group for the financial year from 1 January to 31 December 2013 were approved by Resolution No. 6 of the General Meeting of Shareholders held on June 18, 2014 filed with the National Court Register in Katowice on 25 June 2014.
- j. Consolidated financial statements for the prior year were audited by PricewaterhouseCoopers Sp. z o.o. The auditor issued an unqualified opinion.
- k. Additional information shows all the relevant information required by IFRS as adopted by the European Union.
- l. The information contained in the statement of activities of the Group 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.

KOPEX S.A. Capital Group
The report on the audit of Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2014.

IV. Final information and comments

This report has been prepared in connection with the examination of the consolidated financial statements of KOPEX S.A. Capital Group, whose parent company is KOPEX S.A. 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 consolidated financial statements. Opinion on the consolidated 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 consolidated 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