



**CONSOLIDATED HALF-YEAR REPORT OF
THE KOPEX GROUP
FOR THE PERIOD JANUARY 1ST 2017– JUNE 30TH 2017**

KATOWICE, SEPTEMBER 29TH 2017

Note		Page
1.	CONSOLIDATED FINANCIAL HIGHLIGHTS.....	3
2.	SEPARATE FINANCIAL HIGHLIGHTS.....	4
	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KOPEX GROUP FOR THE PERIOD JANUARY 1ST 2017- JUNE 30TH 2017.....	5
3.	INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE KOPEX.....	6
4.	INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE KOPEX GROUP.....	7
5.	INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE KOPEX GROUP.....	8
6.	INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE KOPEX GROUP.....	10
7.	INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE KOPEX GROUP.....	11
8.	GENERAL INFORMATION.....	12
9.	SIGNIFICANT ACCOUNTING POLICIES.....	14
9.1	BASIS OF PREPARATION.....	14
9.2	ACCOUNTING POLICIES.....	14
9.3	CHANGES IN ESTIMATES.....	15
9.4	SEASONALITY OR CYCLICALITY OF THE KOPEX GROUP'S OPERATIONS.....	15
10.	DISCONTINUED OPERATIONS.....	15
11.	OPERATING SEGMENTS.....	16
12.	EXPLANATORY NOTES TO SELECTED ITEMS OF INCOME AND EXPENSES.....	18
13.	EXPLANATORY NOTES TO SELECTED ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE KOPEX GROUP.....	20
14.	CHANGES IN CONTINGENT LIABILITIES AND ASSETS PLEDGED.....	22
15.	CLAIMS AND DISPUTES.....	22
16.	MATURITY OF FINANCIAL RECEIVABLES AND LIABILITIES AT THE KOPEX.....	24
17.	FAIR VALUE.....	25
18.	EVENTS AFTER THE REPORTING DATE.....	25
19.	RELATED-PARTY TRANSACTIONS.....	26
20.	REPRESENTATION BY THE MANAGEMENT BOARD OF KOPEX S.A.....	27
	INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF KOPEX S.A. FOR THE PERIOD JANUARY 1ST 2017- JUNE 30TH 2017	28
21.	INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS OF KOPEX.....	29
22.	INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME OF KOPEX.....	30
23.	INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION OF KOPEX.....	31
24.	INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY OF KOPEX.....	33
25.	INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS OF KOPEX S.A.....	34
26.	GENERAL INFORMATION.....	35
27.	SIGNIFICANT ACCOUNTING POLICIES.....	36
27.1	BASIS OF PREPARATION.....	36
27.2	ACCOUNTING POLICIES.....	36
27.3	CHANGES IN ESTIMATES.....	37
27.4	RECONCILIATION OF COMPARATIVE DATA.....	37
27.5	SEASONALITY OR CYCLICALITY OF KOPEX S.A.'S OPERATIONS.....	38
28.	OPERATING SEGMENTS.....	38
29.	EXPLANATORY NOTES TO SELECTED ITEMS OF INCOME AND EXPENSES.....	40
30.	EXPLANATORY NOTES TO SELECTED ITEMS OF THE STATEMENT OF FINANCIAL POSITION OF KOPEX S.A.....	42
31.	CHANGES IN CONTINGENT LIABILITIES AND ASSETS PLEDGED AS SECURITY.....	43
32.	CLAIMS AND DISPUTES.....	44
33.	MATURITY OF FINANCIAL RECEIVABLES AND LIABILITIES AT KOPEX S.A.....	45
34.	RELATED-PARTY TRANSACTIONS.....	46

35.	FAIR VALUE.....	47
36.	EVENTS AFTER THE REPORTING DATE.....	47
37.	REPRESENTATION BY THE MANAGEMENT BOARD OF KOPEX S.A.....	48

1. CONSOLIDATED FINANCIAL HIGHLIGHTS

	PLN '000		EUR '000	
	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
CONTINUING OPERATIONS:				
Net revenue from sale of products, merchandise and material	445,843	427,090	104,968	97,498
Operating profit/(loss)	57,609	-440,984	13,563	-100,670
Profit/(loss) before tax	58,419	-472,851	13,754	-107,945
Consolidated net profit/(loss) from continuing operations	44,600	-535,570	10,501	-122,262
Total consolidated net profit/(loss)	41,839	-572,055	9,850	-130,591
Net profit/(loss) attributable to owners of the parent	41,264	-572,494	9,715	-130,691
Net cash from operating activities	74,622	19,964	17,569	4,557
Net cash from investing activities	70,936	-34,438	16,701	-7,862
Net cash from financing activities	-118,205	47,428	-27,830	10,827
Total net cash flows	27,353	32,954	6,440	7,523
Number of shares	74,056,038	74,056,038	74,056,038	74,056,038
Earnings per ordinary share (PLN/EUR)	0.56	-7.73	0.13	-1.76

	PLN '000		EUR '000	
	as at Jun 30 2017	as at Dec 31 2016	as at Jun 30 2017	as at Dec 31 2016
Total non-current assets	373,346	470,979	88,335	106,460
Total current assets	608,691	734,503	144,018	166,027
Total assets	1,005,197	1,264,529	237,832	285,834
Liabilities and provisions for liabilities	747,430	1,028,439	176,844	232,468
Non-current liabilities	492,270	598,743	116,472	135,340
Current liabilities	144,252	338,297	34,130	76,469
Equity	245,525	202,428	58,092	45,757
Share capital	74,333	74,333	17,587	16,802
Number of shares	74,332,538	74,056,038	74,332,538	74,056,038
Book value per share (PLN/EUR)	3.30	2.73	0.78	0.62

The financial highlights were translated using the following exchange rates:

- Items of assets and equity and liabilities were translated at the EUR/PLN mid rate quoted by the National Bank of Poland for the reporting date:
 - as at June 30th 2017: 4.2265
 - as at December 31st 2016: 4.4240
- Items of the statement of profit or loss and the statement of cash flows were translated at a rate representing the arithmetic mean of EUR/PLN exchange rates as at the end of each month in the reporting period:
 - in H1 2017: 4.2474
 - in H1 2016: 4.3805
- Maximum rates during the period:
 - in H1 2017: 4.3308
 - in H1 2016: 4.4405
- Minimum rates during the period:
 - in H1 2017: 4.1737
 - in H1 2016: 4.2684

2. SEPARATE FINANCIAL HIGHLIGHTS

	PLN '000		EUR '000	
	Jan 1–Jun 30 2017	Jan 1–Jun 30 2016	Jan 1–Jun 30 2017	Jan 1–Jun 30 2016
Net revenue from sale of products, merchandise and material	293,997	267,171	69,218	60,991
Operating profit/(loss)	44,318	-213,177	10,434	-48,665
Profit/(loss) before tax	41,754	-297,442	9,830	-67,901
Total net profit/(loss)	41,690	-365,172	9,815	-83,363
Net cash from operating activities	73,430	-14,995	17,288	-3,423
Net cash from investing activities	71,265	-13,731	16,778	-3,135
Net cash from financing activities	-126,263	22,356	-29,727	5,104
Total net cash flows	18,432	-6,370	4,340	-1,454
Number of shares	74,056,038	74,056,038	74,056,038	74,056,038
Earnings per ordinary share (PLN/EUR)	0.56	-4.93	0.13	-1.13

	PLN '000		EUR '000	
	as at Jun 30 2017	as at Dec 31 2016 restated amounts	as at Jun 30 2017	as at Dec 31 2016 restated amounts
Total non-current assets	588,855	672,106	139,325	151,923
Total current assets	391,869	566,785	92,717	128,116
Total assets	993,249	1,257,037	235,005	284,140
Liabilities and provisions for liabilities	645,056	953,622	152,622	215,557
Non-current liabilities	482,773	586,250	114,225	132,516
Current liabilities	75,707	286,847	17,912	64,839
Equity	348,193	303,415	82,383	68,584
Share capital	74,333	74,333	17,587	16,802
Number of shares	74,332,538	74,056,038	74,332,538	74,056,038
Book value per share (PLN/EUR)	4.68	4.10	1.11	0.93

The financial highlights were translated using the following exchange rates:

- Items of assets and equity and liabilities were translated at the EUR/PLN mid rate quoted by the National Bank of Poland for the reporting date:
 - as at June 30th 2017: 4.2265
 - as at December 31st 2016: 4.4240
- Items of the statement of profit or loss and the statement of cash flows were translated at a rate representing the arithmetic mean of EUR/PLN exchange rates as at the end of each month in the reporting period:
 - in H1 2017: 4.2474
 - in H1 2016: 4.3805
- Maximum rates during the period:
 - in H1 2017: 4.3308
 - in H1 2016: 4.4405
- Minimum rates during the period:
 - in H1 2017: 4.1737
 - in H1 2016: 4.2684



CONSOLIDATED HALF-YEAR REPORT OF
THE KOPEX GROUP
(all amounts in PLN '000)

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS OF
THE KOPEX GROUP
FOR THE PERIOD JANUARY 1ST 2017– JUNE 30TH 2017**

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE KOPEX GROUP

Note	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016	Apr 1– Jun 30 2017	Apr 1– Jun 30 2016
CONTINUING OPERATIONS:				
	445,843	427,090	196,812	226,321
	366,340	410,142	152,490	232,040
	79,503	16,948	44,322	-5,719
	Gross profit/(loss)			
12.1	41,663	5,593	39,875	3,532
	12,879	11,555	7,757	5,043
	37,764	34,132	20,332	16,061
12.2	24,475	98,963	20,161	93,462
12.3	10,344	10,857	10,320	12,450
12.4	1,217	-329,732	213	-329,860
	57,609	-440,984	46,480	-434,163
	Operating profit/(loss)			
12.5	8,489	4,069	4,860	2,281
12.6	7,679	37,525	2,931	32,645
	-	1,589	-	731
	Share in net profit/(loss) of equity-accounted subordinated entities			
	58,419	-472,851	48,409	-463,796
	Profit/(loss) before tax			
12.7	13,819	62,719	10,966	61,389
	44,600	-535,570	37,443	-525,185
	Consolidated net profit/(loss) from continuing operations			
	-2,761	-36,485	-3,235	-27,066
	Consolidated net loss from discontinued operations			
	41,839	-572,055	34,208	-552,251
	Total consolidated net profit/(loss)			
	575	439	411	262
	Net profit attributable to non-controlling interests			
	41,264	-572,494	33,797	-552,513
	Net profit/(loss) attributable to owners of the parent, including:			
	44,025	-536,009	37,032	-525,447
10.	-2,761	-36,485	-3,235	-27,066
	Weighted average number of ordinary shares			
	74,056,038	74,056,038	74,056,038	74,056,038
	Total net earnings/(loss) per ordinary share attributable to owners of the parent			
	0.56	-7.73	0.46	-7.46

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE KOPEX GROUP

	Jan 1–Jun 30 2017	Jan 1–Jun 30 2016	Apr 1–Jun 30 2017	Apr 1–Jun 30 2016
Consolidated net profit/(loss)	41,839	-572,055	34,208	-552,251
Other comprehensive income that will not be reclassified to profit or loss	1,192	111	791	281
Actuarial gains from defined benefit plans	936	-	336	-
Income tax on actuarial gains	-178	-	-65	-
Other income	434	111	520	281
Other comprehensive income/(loss) that may be reclassified to profit or loss	-2,913	2,400	-4,564	1,590
Currency translation differences	-2,913	4,145	-4,564	1,553
Cash flow hedges	-	-2,154	-	46
Income tax on cash flow hedges	-	409	-	-9
Total other comprehensive income, net of tax	-1,721	2,511	-3,773	1,871
Total comprehensive income/(loss)	40,118	-569,544	30,435	-550,380
Attributable to non-controlling interests	698	379	514	297
Attributable to shareholders of KOPEX S.A.	39,420	-569,923	29,921	-550,677

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

5. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE KOPEX GROUP

Note	ASSETS	Jun 30 2017	Dec 31 2016
	Non-current assets	373,346	470,979
	Intangible assets	11,397	21,421
13.1	Property, plant and equipment	264,260	298,526
	Investment property	30,615	31,971
	Long-term lease receivables	7,391	19,407
13.2	Other non-current assets	47,687	83,348
13.3	Deferred tax assets	11,996	16,306
	Current assets	608,691	734,503
	Inventories	109,720	110,854
	Short-term trade receivables	248,687	221,333
13.4	Other short-term receivables	45,947	138,315
	Short-term lease receivables	22,245	19,235
	Short-term loans	8,005	8,040
	Current income tax assets	2,068	8,136
	Other financial assets	19,021	30,019
13.5	Amounts due from customers for contract work	16,940	89,836
	Cash and cash equivalents	136,058	108,735
13.11	Non-current assets held for sale	23,160	59,047
	Total assets	1,005,197	1,264,529

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

Note	EQUITY AND LIABILITIES	Jun 30 2016	Dec 31 2016
	Equity	245,525	202,428
	Share capital	74,333	74,333
	Treasury shares	-	-2,979
	Share premium	-	417,330
	Revaluation reserve	-169	-169
13.6	Translation reserve	14,147	17,158
	Retained earnings/(accumulated losses)	154,527	-305,234
	Non-controlling interests	2,687	1,989
	Non-current liabilities	511,043	615,522
13.7	Long-term bank borrowings and other debt instruments	475,451	574,438
	Other non-current liabilities	57	95
	Long-term lease liabilities	16,762	24,210
	Deferred tax liability	3,048	1,700
	Long-term employee benefit obligations	12,871	13,675
13.8	Other long-term provisions for liabilities	2,854	1,025
	Non-current accruals and deferred income	-	379
	Current liabilities	236,387	412,917
	Short-term bank borrowings and other debt instruments	-	641
	Short-term trade payables	83,170	79,401
13.9	Other current liabilities	42,404	240,812
	Short-term lease liabilities	14,127	15,653
	Short-term tax liabilities	4,551	546
	Other financial liabilities	-	1,244
13.10	Short-term employee benefit obligations	21,059	14,298
	Other short-term provisions for liabilities	46,017	45,751
	Current accruals and deferred income	25,059	14,571
13.11	Liabilities related to non-current assets held for sale	12,242	33,662
	Total equity and liabilities	1,005,197	1,264,529
	Book value	245,525	202,428
	Number of shares	74,056,038	74,056,038
	Book value per share (PLN)	3.32	2.73

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

6. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE KOPEX GROUP

	Share capital	Treasury shares	Share premium	Revaluation reserve			Translation reserve	Retained earnings/(accumulated losses)	Total	Equity attributable to non-controlling interests	Total equity
				Hedging instruments	Available-for-sale financial assets	Deferred tax					
Balance as at Jan 1 2017	74,333	-2,979	417,330	-	-169	-	17,158	-305,234	200,439	1,989	202,428
Total comprehensive income	-	-	-	-	-	-	-3,011	42,431	39,420	698	40,118
Distribution of profit / Coverage of loss	-	-	-417,330	-	-	-	-	417,330	-	-	-
Sale of treasury shares	-	2,979	-	-	-	-	-	-	2,979	-	2,979
Balance as at Jun 30 2017	74,333	-	-	-	-169	-	14,147	154,527	242,838	2,687	245,525
Balance as at Jan 1 2016	74,333	-2,979	1,054,942	2,496	-196	-475	8,396	-42,528	1,093,989	8,370	1,102,359
Total comprehensive income	-	-	-	-2,154	-	409	4,199	-572,377	-569,923	379	-569,544
Dividends	-	-	-	-	-	-	-	-	-	-750	-750
Coverage of loss	-	-	-637,612	-	-	-	-	637,612	-	-	-
Combination of entities under common	-	-	-	-	-	-	-	82	82	-	82
Grants	-	-	-	-	-	-	-	-122	-122	-	-122
Balance as at Jun 30 2016	74,333	-2,979	417,330	342	-196	-66	12,595	22,667	524,026	7,999	532,025
Balance as at Jan 1 2016	74,333	-2,979	1,054,942	2,496	-196	-475	8,396	-42,528	1,093,989	8,370	1,102,359
Total comprehensive income	-	-	-	-2,496	27	475	8,762	-900,177	-893,409	-1,130	-894,539
Dividends	-	-	-	-	-	-	-	-20	-20	-5,251	-5,271
Coverage of loss	-	-	-637,612	-	-	-	-	637,612	-	-	-
Combination of entities under common	-	-	-	-	-	-	-	1	1	-	1
Grants	-	-	-	-	-	-	-	-122	-122	-	-122
Balance as at Dec 31 2016	74,333	-2,979	417,330	-	-169	-	17,158	-305,234	200,439	1,989	202,428

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

7. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE KOPEX GROUP

	Jan 1–Jun 30 2017	Jan 1–Jun 30 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	58,419	-472,851
Adjustments for:		
Depreciation and amortisation	57,559	96,858
Share in net profit/(loss) of equity-accounted subordinated entities	-	-1,589
Foreign exchange (gains)/losses	-1,975	-8,268
Interest and share of profit (dividends)	5,287	7,219
Gain/(loss) on investing activities	465	-1,108
Change in provisions	7,627	10,269
Change in inventories	1,134	12,373
Change in trade and other receivables	58,927	23,124
Change in short-term trade and other payables	-193,272	9,373
Change in accruals and deferred income	10,107	-16,096
Change in amounts due from customers for contract work	72,896	11,454
Income taxes paid	-940	180
Impairment losses on non-current assets	-831	243,317
Impairment losses on other financial assets	-500	24,622
Valuation of companies held for sale	-	28,905
Impairment losses on assets of companies intended for liquidation	-	52,148
Foreign currency transactions	-1,245	59
Other adjustments	964	-25
Net cash from operating activities	74,622	19,964
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of intangible assets and property, plant and equipment	3,401	6,040
Disposal of shares in related entities and treasury shares	9,699	7,392
Loans repaid	10,920	3,002
Interest received	691	173
Purchase of intangible assets and property, plant and equipment*	-14,678	-50,584
Sale of financial assets	80,000	-
Loans	-97	-
Purchase of financial assets	-19,000	-461
Net cash from investing activities	70,936	-34,438
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings and other debt instruments**	75,000	119,151
Commission fees received on sureties	5	79
Dividends and other distributions paid to owners	-2,736	-136
Repayment of bank borrowings and other equity instruments**	-176,581	-48,170
Payment of finance lease liabilities	-8,808	-15,759
Interest paid	-4,050	-6,835
Commission fees paid on borrowings and sureties	-1,070	-912
Other	35	10
Net cash from financing activities	-118,205	47,428
TOTAL NET CASH FLOWS	27,353	32,954
Net change in cash	27,323	33,199
Effect of exchange rate changes	-30	245
Cash at beginning of period	108,735	54,625
Cash at end of period, including:	136,058	87,824
- restricted cash	10,238	27,829

* Includes internally generated property, plant and equipment.

**Amounts borrowed under a working capital facility are disclosed in net amounts.

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

8. GENERAL INFORMATION

KOPEX S.A. (*the Company*) of Katowice is a joint-stock company registered on January 3rd 1994 with the District Court in Katowice, 8th Commercial and Registry Division, under entry number RHB 10375. Pursuant to a decision by the District Court in Katowice, Commercial Division of the National Court Register, on July 12th 2001, KOPEX S.A. was entered into the Business Register under No. (KRS) 0000026782. The Company was incorporated for an indefinite term. Its registered office is located at ul. Grabowa 1, Katowice, Poland.

KOPEX S.A. is the parent of the KOPEX Group (*the Group*) and prepares the Group's consolidated financial statements.

The consolidated financial statements of KOPEX S.A. were consolidated by the parent FAMUR S.A. The direct parent of KOPEX S.A. is FAMUR S.A., while the ultimate parent of the entire Group is TDJ S.A.

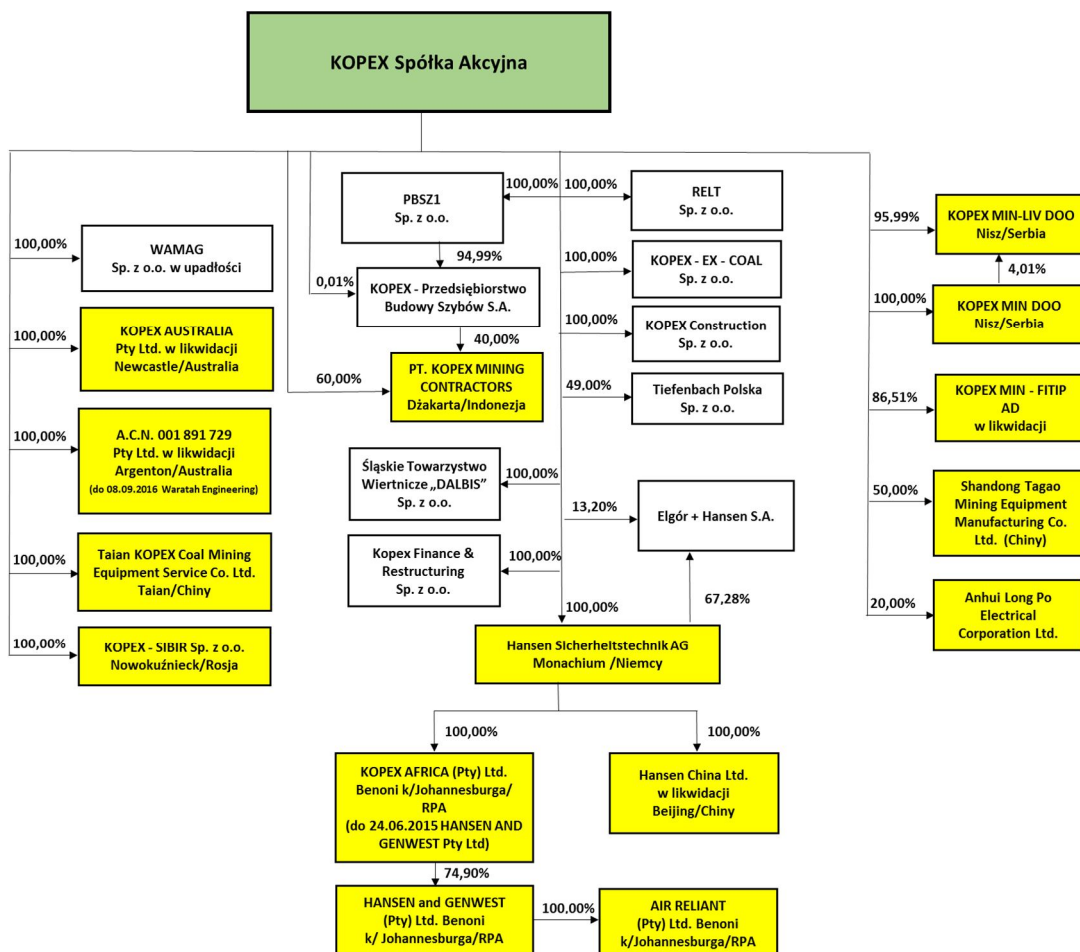
As at June 30th 2017 and as at the date of authorisation and issue of these financial statements, the Company was controlled by Tomasz Domogała, who held a majority interest in the Company through TDJ Spółka Akcyjna and its subsidiaries.

The Group's and the Company's principal business activity is the manufacture and supply of mining machinery and equipment, services for the mining industry, and sale of coal.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future. As at the date of authorisation of these financial statements for issue, no circumstances were identified which would indicate any threat to the Group companies' ability to continue as going concerns.

The currency of these financial statements is the Polish złoty (PLN). Unless stated otherwise, all amounts are given in PLN '000.

ORGANISATIONAL CHART OF THE KOPEX GROUP AS AT JUN 30 2017



The interim condensed consolidated financial statements as at June 30th 2017 include the following entities:

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

<i>Name of subsidiary</i>	<i>Consolidation method</i>
KOPEX S.A.	Full
KOPEX CONSTRUCTION Sp. z o.o.	Full
KOPEX PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Full
RELT Sp. z o.o. (formerly PBSz INWESTYCJE Sp. z o.o.)	Full
HANSEN SICHERHEITSTECHNIK AG (Germany)	Full
ELGOR+HANSEN S.A.	Full
KOPEX AFRICA (Pty) Ltd (South Africa)	Full
HANSEN and GENWEST (Pty) Ltd (South Africa)	Full
HANSEN CHINA Ltd (China)	Full
KOPEX MIN (Serbia)	Full
KOPEX MIN-LIV (Serbia)	Full
PT KOPEX MINING CONTRACTORS (Indonesia)	Full
KOPEX SIBIR Sp. z o.o. (Russia)	Full
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	Full
KOPEX-EX-COAL Sp. z o.o.	Full
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE Co. Ltd (China)	Full
AIR RELIANT (Pty) Ltd (South Africa)	Full
KOPEX FINANCE & RESTRUCTURING Sp. z o. o.	Full
PBSZ1 Sp. z o. o.	Full

The following companies in liquidation or bankruptcy have not been consolidated:

WAMAG Sp. z o.o. w upadłości (in bankruptcy)
 BSKE Sp. z o.o. w upadłości (in bankruptcy)
 KOPEX AUSTRALIA Pty Ltd. w likwidacji (in liquidation) (Australia)
 A.C.N. 001 891 729 Pty Ltd. w likwidacji (in liquidation) (Australia)
 KOPEX MIN-FITIP AD (in liquidation) (Serbia)

Tiefenbach Polska Sp. z o.o. was reclassified to non-current assets held for sale as at December 31st 2016. On August 28th 2017, shares in the company were sold.

Anhui Long Po Electrical Corporation Ltd (China) was reclassified to non-current assets held for sale as at December 31st 2016.

As at December 31st 2016, shares in Shandong Tagao Mining Equipment Manufacturing Co Ltd (China) were reclassified to assets held for sale due to the inability to effectively influence the company.

In January 2017, the Company sold 22,050 shares in KOPEX Foundry Sp. z o.o. The shares represented the entire share capital of KOPEX Foundry Sp. z o.o. and conferred 22,050 voting rights at its general meeting, i.e. 100% of all votes.

Consideration received: PLN 7,000 thousand.

Net assets sold: PLN 6,719 thousand.

Net result on the loss of control: PLN 281 thousand.

Net result on the loss of control is disclosed under consolidated net loss from discontinued operations.

Except for the aforementioned transaction, the Group's structure did not change compared with December 31st 2016.

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

9. SIGNIFICANT ACCOUNTING POLICIES

9.1 BASIS OF PREPARATION

Pursuant to Art. 55.5 of the Accounting Act of September 29th 1994 (Dz. U. of 2016, item 1047, as amended), since January 1st 2005 the KOPEX Group has applied the International Financial Reporting Standards as endorsed by the European Union (IAS/IFRS).

These financial statements are interim condensed statements. These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed the European Union. These interim condensed consolidated financial statements of the Group cover the period of six months ended June 30th 2017 and contain the following comparative data:

- interim condensed consolidated statement of financial position with explanatory notes 13: as at December 31st 2016;
- interim condensed consolidated statement of profit or loss with explanatory notes 12, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows: for the six months ended June 30th 2016.

In addition, the interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income include data for the three months ended June 30th 2017 and comparative data for the three months ended June 30th 2016.

These interim condensed consolidated financial statements do not include all the information and disclosures required in full-year financial statements and thus should be read in conjunction with the Company's consolidated financial statements for the financial year ended December 31st 2016, prepared in compliance with IAS/IFRS.

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except for derivative financial instruments and financial instruments, which are measured at fair value.

These interim condensed consolidated financial statements have been reviewed by an auditor.

These interim condensed consolidated financial statements for the six months ended June 30th 2017 were authorised for issue by the Management Board on September 29th 2017.

9.2 ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies and computation methods as those applied to prepare the most recent full-year consolidated financial statements.

After the issue date of the consolidated financial statements for 2016, the following standards and interpretations have been published which are not yet effective:

- IFRS 17 *Insurance Contracts* – the standard is effective for annual periods beginning on or after January 1st 2021. As at the date of authorisation of these financial statements, it was not endorsed by the European Union.
- IFRIC 23 *Uncertainty over Income Tax Treatments* – the interpretation is effective for annual periods beginning on or after January 1st 2019. As at the date of authorisation of these financial statements, it was not endorsed by the European Union.

The Group plans to apply them as of the periods prescribed, subject to their endorsement by the European Union.

The Group is currently analysing the impact of standards endorsed by the European Union but not yet effective, i.e. IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, on its consolidated financial statements.

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

9.3 CHANGES IN ESTIMATES

Preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the management to make significant estimates and judgements as to the accounting principles applied by the Company and the Group. In H1 2017, there were no material changes to estimates or estimation methods in relation to data presented in the consolidated financial statements for 2016 which would affect the current period.

9.4 SEASONALITY OR CYCLICALITY OF THE KOPEX GROUP'S OPERATIONS

The Group's operations are not subject to seasonality or cyclicity.

10. DISCONTINUED OPERATIONS

One of the objectives of the restructuring programme is to reduce the size of the Group, and to sell redundant, non-core assets and assets that fail to bring the expected return on investment.

The following are revenues, expenses and cash flows related to discontinued operations, which comprise operations in Australia and Serbia, foundry operations, and manufacturing for the construction market.

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
DISCONTINUED OPERATIONS		
Net revenue from sale of products, merchandise and material	14,416	37,806
Cost of sales	11,975	41,049
Gross profit/(loss)	2,441	-3,243
Other income	199	761
Distribution costs	217	723
Administrative expenses	2,427	10,573
Other expenses	522	20,151
Other gains / (losses)	-4,341	208
(Impairment losses)/reversal of impairment losses on non-financial assets	632	-1,863
Operating profit/(loss)	-4,235	-35,584
Financing activities	1,449	-1,471
Profit/(loss) before tax	-2,786	-37,055
Income tax	-25	-570
Consolidated net profit/(loss) from discontinued operations	-2,761	-36,485

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

Statement of cash flows for discontinued operations	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Cash flows from operating activities	-225	-5,236
Cash flows from investing activities	-66	-804
Cash flows from financing activities	84	4,108
Total cash flows from discontinued operations	-207	-1,932

11. OPERATING SEGMENTS

On June 27th 2017, FAMUR S.A. obtained control of the KOPEX Group, as a result of which new business segments were established at the Group, as compared with December 31st 2016. The new segment structure was aligned with the segment structure of FAMUR S.A., the parent.

BUSINESS SEGMENTS

UNDERGROUND SEGMENT

involving the following equipment:

- Longwall systems. A typical longwall system consists of a shearer, conveyor and powered roof support, and is designed to meet the customer's specific needs to ensure the most efficient and safe production from a given seam.
- Roadheading systems. Roadheaders are self-propelled machines used primarily to drill galleries and tunnels. Loaders, dinting loaders, drills and drilling rigs.
- Transport and handling systems. These are modern underground railway units designed to transport personnel and equipment, as well as various belt conveyors for further transport of the coal output. The systems may also be used for transport of other bulk materials.

SURFACE SEGMENT

including:

- Underground operations involving assembly of machines and equipment, as well as turn-key delivery and construction of mine shaft hoists.
- Loading and hoisting equipment.
- Design, construction and engineering services for the mining industry at large.

POWER ENGINEERING SEGMENT

including:

- Design and manufacture of power supply and switchgear equipment.
- Design and manufacture of electronic components.
- Development and deployment of IT solutions.
- Implementation of industrial automation systems.
- Development of engineering designs of systems and equipment.
- Integration of power and automation systems.

SERVICES FOR MINING INDUSTRY

including:

- Mining construction services, such as:
 - shaft and sub-shaft sinking; - deepening of existing shafts and sub-shafts; - shaft equipping, shaft lining, mounting shaft inset equipment, pipelines and cables; - comprehensive upgrades of mine shaft hoists; - construction of coal bunkers and reservoirs, - repairs of shaft casings and inlets, shaft equipment and bunkers; - drilling galleries in rock and in rock and coal.
- Design services for mining construction, including conceptual and design documentation (technical, technological, detailed design, as-built).

**CONSOLIDATED HALF-YEAR REPORT OF
THE KOPEX GROUP
(all amounts in PLN '000)**

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

- Drilling services, including surface and underground drilling.
- Coal trading.

Because the Group operates in many geographical regions, the management considered it necessary to additionally present revenue by geography to properly reflect the complexity of the Group's geographical presence. The tables below present the consolidated operating segments by business line and geography.

CONSOLIDATED OPERATING SEGMENTS BY BUSINESS LINE

	UNDERGROUND		SURFACE		POWER ENGINEERING		SERVICES FOR MINING		TOTAL	
	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016
CONTINUING OPERATIONS										
REVENUE FROM SALE OF PRODUCTS, MERCHANDISE AND MATERIALS	241,980	234,657	11,285	4,734	53,068	40,795	139,510	146,904	445,843	427,090
COST OF SALES	188,222	241,278	11,467	5,652	39,153	32,938	127,498	130,274	366,340	410,142
SEGMENT'S GROSS PROFIT	53,758	-6,621	-182	-918	13,915	7,857	12,012	16,630	79,503	16,948
DISTRIBUTION COSTS	8,255	5,372	-32	741	3,248	3,885	1,408	1,557	12,879	11,555
ADMINISTRATIVE EXPENSES	26,276	20,447	593	818	4,500	4,652	6,395	8,215	37,764	34,132
SEGMENT'S PROFIT/(LOSS) ON SALES	19,227	-32,440	-743	-2,477	6,167	-680	4,209	6,858	28,860	-28,739

CONSOLIDATED REVENUE BY GEOGRAPHY

	UNDERGROUND		SURFACE		POWER ENGINEERING		SERVICES FOR MINING		TOTAL	
	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Q1-Q2 2017	Q1-Q2 2016
POLAND	102,640	191,649	11,285	1,091	29,983	17,488	92,672	102,370	236,580	312,598
RUSSIA AND CIS	22,107	31,329	-	-	164	1,128	-	-	22,271	32,457
EUROPEAN UNION	4,371	11,303	-	-	53	416	46,838	44,534	51,262	56,253
OTHER EUROPE	1,059	5	-	3,643	-	-	-	-	1,059	3,648
OTHER (AMERICA, ASIA, AFRICA)	111,803	371	-	-	22,868	21,763	-	-	134,671	22,134
TOTAL	241,980	234,657	11,285	4,734	53,068	40,795	139,510	146,904	445,843	427,090

POLAND	102,640	191,649	11,285	1,091	29,983	17,488	92,672	102,370	236,580	312,598
EXPORTS	139,340	43,008	-	3,643	23,085	23,307	46,838	44,534	209,263	114,492
TOTAL	241,980	234,657	11,285	4,734	53,068	40,795	139,510	146,904	445,843	427,090

Major external customers that account for 10% or more of total revenue generated by the Group, i.e. PLN 44,584 thousand or more.

Between January and June 2017, the above criterion for recognising a customer as a major account was satisfied by two customers. Revenue from sales to one of them totalled PLN 108,460 thousand, reported in the UNDERGROUND segment. KOPEX S.A. has no formal links with the customer. The other customer accounted for revenue of PLN 62,626 thousand, reported in the following segments: UNDERGROUND; POWER ENGINEERING; SERVICES FOR MINING. KOPEX S.A. has no formal links with the customer.

89.7% of the Group's non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets and rights under insurance contracts) are located in the country of the Company's registered office.

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

12. EXPLANATORY NOTES TO SELECTED ITEMS OF INCOME AND EXPENSES

12.1 OTHER INCOME

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Reversal of impairment losses on receivables from previous years	37,784	-
Grants	1,772	1,259
Compensation/damages, penalties, legal costs	639	1,933
Reversal of provisions from previous years	-	977
Other	1,468	1,424
Total	41,663	5,593

In H1 2017, the Group reversed impairment losses on receivables in a total amount of PLN 37,784 thousand, related mainly to receivables from its customer AO Ugolnaya Kompaniya Severny Kuzbas, in connection with partial payment and with the provision of an unconditional and irrevocable bank guarantee issued by Sberbank of Russia to the Company's subsidiary – KOPEX Sibir OOO, securing payments resulting from court settlement and an annex to the contract of April 1st 2017. The balance of the impairment loss was used in connection with costs incurred to sign the court settlement agreement and the annex. For detailed information on the dispute with the Berezovsky mine, refer to Note 15. On September 12th 2017, AO Ugolnaya Kompaniya Severny Kuzbas paid the receivable in full.

12.2 OTHER EXPENSES

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Compensation and severance pay for employees	8,541	6,879
Scrapping of current assets	3,126	-
Provision recognised for litigation risk	2,987	-
Provision recognised for expected liabilities	2,467	-
Other provisions recognised	3,222	-
Impairment losses on receivables	-	85,064
Compensation/damages, penalties, legal costs	-	4,040
Other	4,132	2,980
Total	24,475	98,963

Compensation and severance pay for employees includes compensation and severance payments already made, as well as provisions recognised for that purpose in connection with the ongoing restructuring, including workforce optimisation.

The cost of scrapping current assets results from the ongoing divestment of redundant, below par assets.

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

12.3 OTHER GAINS/(LOSSES)

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Exchange differences (except for bank borrowings and other debt)	9,356	8,599
Gain/(loss) on sale or retirement of property, plant and equipment	1,549	1,489
Valuation of foreign currency transactions (not subject to hedge accounting)	1,191	368
Revaluation of investments (valuation of borrowings, long-term receivables and payables, shares)	58	639
Gain/(loss) on sale of financial assets (shares, bonds)	-1,810	-1
Gain/(loss) on foreign currency transactions (not subject to hedge accounting)	-	-226
Other	-	-11
Total	10,344	10,857

12.4 (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Impairment losses on shares	1,362	-
Inventory write-downs	386	-5,364
Impairment losses on development work	21	-54,124
Impairment losses on other intangible assets	-	-6,498
Impairment losses on investment property	-	-10,170
Impairment loss on goodwill	-	-129,846
Impairment losses on assets of companies held for sale	-	-28,905
Impairment losses on assets of companies intended for liquidation	-	-52,148
Impairment losses on property, plant and equipment	-552	-42,677
Total	1,217	-329,732

12.5 FINANCE INCOME

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Interest	5,544	3,717
Reversal of impairment losses on financial receivables	1,598	-
Reversal of provisions for finance costs	1,097	-
Other	250	352
Total	8,489	4,069

Interest income consists mainly of interest paid on long-term receivables.

The reversal of provisions for finance costs was related to the expiry of certain sureties and guarantees provided by the Group in respect of Famago Sp. z o.o. w upadłości (in bankruptcy).

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

12.6 FINANCE COSTS

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Interest	7,086	8,914
Impairment losses on financial receivables	-	24,638
Provisions recognised for finance costs	-	3,121
Other	593	852
Total	7,679	37,525

12.7 INCOME TAX

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Current portion	8,184	3,211
Deferred portion	5,635	59,508
Total	13,819	62,719

13. EXPLANATORY NOTES TO SELECTED ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

13.1 PROPERTY, PLANT AND EQUIPMENT

In H1 2017, the Group did not enter into any material transactions to purchase or sell any property, plant or equipment.

13.2 OTHER NON-CURRENT ASSETS

	Jun 30 2017	Dec 31 2016
Non-current available-for-sale financial assets	7,784	7,784
Other long-term receivables	39,371	25,556
Non-current prepayments and accrued income	527	-
Long-term loans	5	8
Other non-current financial assets	-	50,000
Total	47,687	83,348

The increase in other long-term receivables relates to a contract bond of PLN 19,000 thousand, posted as security for a completed contract.

The decrease in other non-current financial assets results from their termination.

13.3 DEFERRED TAX ASSETS

The decrease in deferred tax assets from PLN 16,306 thousand to PLN 11,996 thousand is mainly attributable to the reversed impairment loss on the receivable from AO Ugolnaya Kompaniya Severny Kuzbas of Russia.

13.4 OTHER SHORT-TERM RECEIVABLES

The decrease in other receivables from PLN 138,315 thousand to PLN 45,947 thousand as at December 31st 2016 resulted mainly from the settlement of receivables in relation to deliveries made.

13.5 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Amounts due from customers for contract work fell from PLN 89,836 thousand as at December 31st 2016 to PLN 16,940 thousand. In its most recent full-year consolidated financial statements the Group disclosed an amount due under contracts with an Argentine customer of PLN 84,396 thousand. In H1 2017, the balance of the contractual deliveries were made and relevant invoices were issued.

13.6 TRANSLATION RESERVE

For the purpose of preparing the consolidated financial statements in the KOPEX Group's presentation currency, i.e. in PLN, individual items of the financial statements of foreign operations whose functional currencies are different than PLN are translated as follows:

- assets and liabilities – at the mid rate applicable at the end of the reporting period, as quoted for a given currency by the National Bank of Poland.
- items of the statement of profit or loss, statement of comprehensive income and statement of cash flows – at a rate computed as the arithmetic mean of mid rates quoted by the National Bank of Poland for the end of each month during the reporting period.

Foreign exchange differences on translation of the financial statements of foreign operations are recognised in other comprehensive income.

13.7 LONG-TERM BANK BORROWINGS AND OTHER DEBT INSTRUMENTS

Long-term bank borrowings and other debt instruments went down from PLN 574,438 thousand to PLN 475,451 thousand.

Thanks to the measures undertaken by the KOPEX Group, such as process optimisation and divestment of non-core assets, as well as the TDJ Group's financial support and gradual collection of receivables, KOPEX was able to secure funds for early repayment of Tranche C debt of nearly PLN 143m.

13.8 OTHER LONG-TERM PROVISIONS FOR LIABILITIES

Other long-term provisions for liabilities rose from PLN 1,025 thousand to PLN 2,854 thousand. The main reason was the recognition of a provision for warranty repairs related to contracts completed in H1 2017.

13.9 OTHER CURRENT LIABILITIES

Other current liabilities decreased from PLN 240,812 thousand to PLN 42,404 thousand, mainly on account of the settlement of liabilities in relation to deliveries made.

13.10 SHORT-TERM EMPLOYEE BENEFIT OBLIGATIONS

Short-term employee benefit obligations increased from PLN 14,298 thousand to PLN 21,059 thousand, mainly on recognition of a provision for compensation and severance pay for terminated employees in connection with the restructuring process, including employment optimisation.

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

13.11 NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES

Non-current assets held for sale decreased from PLN 59,047 thousand as at December 31st 2016 to PLN 23,160 thousand, and related liabilities went down from PLN 33,662 thousand to PLN 12,242 thousand due to the divestment process.

14. CHANGES IN CONTINGENT LIABILITIES AND ASSETS PLEDGED AS SECURITY

The Group	As at Jun 30 2017	Increase (+) decrease (-)	As at Dec 31 2016
Total contingent liabilities, including:	57,390	-2,523	59,913
1. To other related entities	-	-	-
2. To other entities	57,390	-2,523	59,913
- for KOPEX Group companies	55,720	5,107	50,613
- for other companies	636	-7,563	8199
- for other entities	609	-28	637
- for companies held for sale	425	-39	464

The following types of security were created over the Group's assets in favour of its financial creditors in accordance with the Restructuring Agreement:

- mortgage over properties with a net carrying amount as at June 30th 2017: PLN 19,385 thousand,
- pledge over movables and rights with a net carrying amount as at June 30th 2017: PLN 169,028 thousand.

15. CLAIMS AND DISPUTES

KOPEX S.A. of Katowice (formerly KOPEX S.A. and TAGOR S.A.) is a party to a legal dispute with FAMUR S.A. (formerly Fabryka Zmechanizowanych Obudów Ścianowych Fazos S.A. of Tarnowskie Góry and then Zakład Maszyn Górniczych GLINIK Sp. z o.o.) for payment of PLN 51,875,600.00. In the course of the proceedings, the amount claimed was reduced to PLN 33,705,361.31 (without waiving the claim). On June 29th 2016, the Regional Court in Katowice dismissed the claim in its entirety. The case was appealed against to the Court of Appeals in Katowice. According to the law firm previously representing KOPEX S.A., the probability of the claimant prevailing in court was lower than that of the claimant losing the case as there were no contractual grounds for the claims and no proximate cause. In view of the foregoing and in accordance with IAS 37, KOPEX S.A. concluded that it did not have any present obligation arising from past events and thus did not recognise any provision.

KOPEX S.A. (on August 2nd 2017) and FAMUR S.A. (on August 1st 2017) submitted requests to suspend the proceedings upon a joint motion of the parties, together with a request for cancellation of the hearing set for September 7th 2017 given that FAMUR S.A. now holds a controlling interest (65.83%) in KOPEX S.A. and has become its parent, which – in the opinion of the parties – implies the need for amicable settlement of the dispute.

On August 11th 2017, KOPEX S.A. received a decision of the Court of Appeals to suspend the proceedings, along with a notice of cancellation of the hearing scheduled for September 7th 2017.

On July 21st 2016, AO Ugolnaya Kompaniya Severny Kuzbas of Russia filed a counterclaim against OOO KOPEX Sibir, seeking to reduce the price for a shearer loader to EUR 13,814 thousand (PLN 58,384 thousand) on the grounds that the delivered machine allegedly failed to meet the contract specifications, claiming *lucrum cessans* compensation of RUB 157,730 thousand (EUR 2,190 thousand, PLN 9,256 thousand), and petitioning the court to summon KOPEX Machinery S.A. (currently KOPEX S.A.) as a third party to the proceedings. OOO KOPEX Sibir (and KOPEX S.A.) did not recognise the counterclaim and demanded payment of the entire claim amount. On April 1st 2017, KOPEX Sibir and AO Ugolnaya Kompaniya Severny Kuzbas settled in court and amended the contract. Pursuant to the settlement and the amended contract, Severny Kuzbas paid EUR 2.5m (PLN 10.5m) to KOPEX Sibir on account of the outstanding contract price, and waived all of the claims asserted against KOPEX Sibir and KOPEX S.A. The balance of the price is to be paid in instalments and is secured with a lien over the delivered equipment, subject to possible other liens in the future. On its part, KOPEX Sibir agreed to lower the price by 8% and increase the discount if additional liens are created or the liabilities are paid as scheduled. As a result of the annex and settlement, the court case was finalised by a decision of the Kemerovsky District Court of Arbitration on April 5th 2017. On August 21st 2017, the Berezovsky mine provided an unconditional and

**Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017**

irrevocable bank guarantee issued by Sberbank of Russia in favour of the Company's subsidiary OOO KOPEX-Sibir securing payments due from the Berezovsky mine to the subsidiary under the court settlement and annex to the contract of April 1st 2017. As a result, the Company reversed the impairment loss on the receivable from the Russian customer. On September 12th 2017, AO Ugolnaya Kompaniya Severny Kuzbas paid the receivable in full.

Due to a suspected breach by the Company, KOPEX Machinery S.A. of Zabrze and Fabryka Maszyn i Urządzeń TAGOR S.A. of Tarnowskie Góry (the Company's subsidiaries merged with the Company on December 8th 2016 under Art. 492.1.1 of the Commercial Companies Code) of the restrictions on electricity supply and consumption imposed on August 10th–31st 2015, the President of the Energy Regulatory Office ('URE President'), acting pursuant to Art. 56.1.3a of the Energy Law of April 10th 1997 (Dz. U. of 2012, No. 0, item 1059, as amended, initiated two *ex-officio* administrative proceedings to impose fines on the Company. The Company Management Board submitted relevant explanations to the URE President within the prescribed deadline indicating a lack of grounds of the charges. According to the law firm representing the Company in both proceedings, there are no grounds, whether in law or in fact, for imposing a fine on the Company. Accordingly, the Company did not recognise a provision for that purpose.

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

16. MATURITY OF FINANCIAL RECEIVABLES AND LIABILITIES AT THE KOPEX GROUP

As at Jun 30 2017	Total	Past due	Not past due, maturing/repayable in:					
			Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	From 3 to 5 years
Financial receivables:								
Loans	8,010	8,001	-	1	1	2	5	-
Trade receivables	248,687	19,896	58,712	79,861	44,188	24,964	20,968	98
Lease receivables	29,636	21	1,371	3,085	5,718	12,050	7,391	-
Other financial receivables	44,684	469	3,182	449	590	623	31,907	7,464
Total	331,017	28,387	63,265	83,396	50,497	37,639	60,271	7,562
Financial liabilities:								
Bank borrowings and other	475,451	-	-	-	-	-	88,000	387,451
Trade payables	83,170	6,560	35,470	32,893	7,146	1,101	-	-
Lease liabilities	30,889	-	1,352	2,889	3,427	6,459	12,104	4,658
Other financial liabilities	11,248	35	5,734	1,006	1,161	3,255	57	-
Total	600,758	6,595	42,556	36,788	11,734	10,815	100,161	392,109

As at Dec 31 2016	Total	Past due	Not past due, maturing/repayable in:					
			Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	From 3 to 5 years
Financial receivables:								
Loans	8,048	8,001	35	1	1	2	8	-
Trade receivables	221,333	52,366	58,827	79,855	26,779	1,199	2,267	40
Lease receivables	38,642	-	1,300	4,210	3,706	10,019	19,407	-
Other financial receivables	30,915	576	1,680	1,599	491	984	3,234	22,351
Total	298,938	60,943	61,842	85,665	30,977	12,204	24,916	22,391
Financial liabilities:								
Bank borrowings and other	575,079	-	-	-	641	-	62,386	512,052
Trade payables	79,401	8,535	26,732	38,576	4,031	450	1,077	-
Lease liabilities	39,863	-	1,510	3,302	3,794	7,047	24,210	-
Other financial liabilities	28,380	1,781	25,235	1,269	-	-	94	1
Total	722,723	10,316	53,477	43,147	8,466	7,497	87,767	512,053



CONSOLIDATED HALF-YEAR REPORT OF
THE KOPEX GROUP
(all amounts in PLN '000)

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

17. FAIR VALUE

Financial assets and liabilities measured at fair value:

Class of financial instruments	Fair value hierarchy	
	Level 1	Level 3
As at Jun 30 2017		
Shares in companies at fair value through profit or loss	21	-
Available-for-sale financial assets	-	7,784
As at Dec 31 2016		
Shares in companies at fair value through profit or loss	19	-
Available-for-sale financial assets	-	7,784

Methods and assumptions used by the Group in determining fair values:

The following valuation levels were applied for financial instruments measured at fair value through profit or loss:

- Level 1: prices quoted on an active market for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1, which are observable on the market either directly (prices) or indirectly (data based on market prices),
- Level 3: inputs for the valuation of an asset or liability other than based on observable market data. The Company recognised available-for-sale financial assets at cost less impairment losses, if any. The Company is not able to reliably determine the fair value of its holdings in companies not listed on active markets due to insufficient data.

18. EVENTS AFTER THE REPORTING DATE

PLANNED DEMERGER

On June 29th 2017, the Company Management Board passed a resolution to split off an organised part of business from KOPEX S.A., including in particular the operating assets and shares in companies engaged in the manufacture, maintenance and distribution of mining machinery, as well as selected production or investment processes ('Machinery Business'), and transfer it in whole to FAMUR S.A. (the Company's parent). At the same time, the Management Boards of KOPEX S.A. and FAMUR S.A. agreed on a demerger plan. As a consequence of the planned demerger, KOPEX S.A. ('Demerged Company') will focus its activities in the trading and services business, which includes: KOPEX-Przedsiębiorstwo Budowy Szybów S.A. ('PBSz'), Śląskie Towarzystwo Wiertnicze Dalbis sp. z o.o. ('Dalbis') and coal trading operations ('Service and Trading Business'). All assets and liabilities related to the Machinery Business will be transferred to FAMUR S.A. ('Acquiring Company'). The demerger of KOPEX S.A. will involve a reduction of the Company's share capital and will affect the level of consolidated revenue generated by the KOPEX Group. The Machinery Business is currently operating within the organisational structure of the Demerged Company in the form of companies under commercial law and self-accounting branches (operating under the following names: KOPEX S.A. Kombajny Zabrzeńskie, Przenośniki RYFAMA Oddział w Zabrzu, KOPEX S.A. Hydraulika Oddział w Zabrzu, KOPEX S.A. Obudowy TAGOR Oddział w Zabrzu), and includes also real properties and other shares in Polish and foreign companies which are not a part of the Service and Trading Business.

On July 28th 2017, the Management Board of KOPEX S.A. published a written opinion issued by a qualified auditor of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. on the audit of the Demerger Plan of KOPEX Spółka Akcyjna.

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

19. RELATED-PARTY TRANSACTIONS

OUTSTANDING BALANCES	Trade and other receivables, net	Receivables under loans, net	Impairment losses on doubtful receivables recognised in the period	Impairment losses on doubtful receivables	Trade and other payables	Liabilities under borrowings, assumed debt, bond issues
As at Jun 30 2017						
ultimate parent – TDJ S.A.	-	-	-	-	-	-
parent – FAMUR S.A.	65,095	-	-	-	3,590	-
other related parties	928	-	-	-	5,320	71,145
As at Dec 31 2016						
ultimate parent – TDJ S.A.	-	-	-	-	122	-
other related parties	107,661	-	-	-	1,043	55,884

TRANSACTIONS DURING THE PERIOD	Revenue from sale of products, services, merchandise and materials	Other income (including dividends)	Sale of property, plant and equipment (gain on the sale)	Finance income	Purchase of goods and services	Purchase of property, plant and equipment and intangible assets	Finance costs
In H1 2017							
ultimate parent – TDJ S.A.	-	-	4	-	1,831	-	26
parent – FAMUR S.A.	45,146	12	38	-	7,025	-	156
other related parties	865	31	414	64	6,246	-	346
In H1 2016							
associates	1,114	451	-	48	2,924	-	258
other related parties	3,969	66	-	2,809	2,647	474	90

Interim condensed consolidated financial statements
for the period from January 1st to June 30th 2017

20. REPRESENTATION BY THE MANAGEMENT BOARD OF KOPEX S.A.

These interim condensed consolidated financial statements and comparative data have been prepared in accordance with the applicable accounting standards, and give a true, fair and clear view of the KOPEX Group's assets, its financial condition and results of operations.

The auditing firm engaged to review the half-year consolidated financial statements was appointed in accordance with the applicable provisions of law.

Both the auditing firm and the auditor who performed the review met the conditions required to issue an objective and independent review report, in accordance with the applicable provisions of Polish law.

Vice President of the
Management Board

President of the
Management Board

Bartosz Bielak

Beata Zawiszowska

Person responsible
for maintaining accounting records:

Head of
the Accounting and Tax Office

Alina Mazurczyk

Katowice, September 29th 2017

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

**INTERIM CONDENSED
SEPARATE FINANCIAL STATEMENTS
OF KOPEX S.A.
FOR THE PERIOD JANUARY 1ST 2017– JUNE 30TH 2017**

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

21. INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS OF KOPEX S.A.

Note	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016 restated amounts	Apr 1– Jun 30 2017	Apr 1– Jun 30 2016 restated amounts
Net revenue from sale of products, merchandise and material	293,997	267,171	109,619	146,692
Cost of sales	246,638	282,939	81,157	166,016
Gross profit/(loss)	47,359	-15,768	28,462	-19,324
29.1 Other income	44,551	28,899	39,972	27,061
Distribution costs	7,951	7,087	5,093	1,512
Administrative expenses	25,246	26,283	13,683	14,038
29.2 Other expenses	21,051	70,441	16,360	69,889
29.3 Other gains / (losses)	5,701	6,207	4,510	5,700
29.4 Impairment losses (-)/reversal of impairment losses (+) on non-financial assets	955	-128,704	73	-128,832
Operating profit/(loss)	44,318	-213,177	37,881	-200,834
29.5 Finance income	4,682	3,496	2,169	1,766
29.6 Finance costs	7,246	87,761	2,807	83,145
Profit/(loss) before tax	41,754	-297,442	37,243	-282,213
Income tax	64	67,730	196	67,465
Total net profit/(loss)	41,690	-365,172	37,047	-349,678
Weighted average number of ordinary shares	74,056,038	74,056,038	74,056,038	74,056,038
Net earnings/(loss) per ordinary share	0.56	-4.93	0.50	-4.72

* reconciliation of the restated data is included in Note 27.4

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

22. INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME OF KOPEX S.A.

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016 restated amounts	Apr 1– Jun 30 2017	Apr 1– Jun 30 2016 restated amounts
Net profit/(loss)	41,690	-365,172	37,047	-349,678
Other comprehensive income that will not be reclassified to profit or loss	664	-	179	-
Actuarial gains from defined benefit plans	820	-	221	-
Income tax on actuarial gains	-156	-	-42	-
Other comprehensive income/(loss) that may be reclassified to profit or loss	-555	-1,745	-555	-7,949
Cash flow hedges	-	-2,154	-	-9,813
Income tax on cash flow hedges	-	409	-	1,864
Revaluation gains/(losses)	-555	-	-555	-
Total other comprehensive income/(loss), net of tax	109	-1,745	-376	-7,949
Total comprehensive income/(loss)	41,799	-366,917	36,671	-357,627

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

23. INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION OF KOPEX S.A.

Note	ASSETS	Jun 30 2017	Dec 31 2016 restated amounts
	Non-current assets	588,855	672,106
	Intangible assets	6,457	14,576
30.1	Property, plant and equipment	139,284	167,531
	Investment property	27,256	22,127
	Long-term lease receivables	7,733	19,789
30.2	Other non-current assets	408,125	448,083
	Current assets	391,869	566,785
	Inventories	76,167	76,790
	Short-term trade receivables	155,526	136,148
30.3	Other short-term receivables	74,078	185,900
	Short-term lease receivables	22,382	19,728
	Short-term loans	8,005	15,682
	Current income tax assets	783	4,955
	Other financial assets	21	30,019
30.4	Amounts due from customers for contract work	9,445	70,610
	Cash and cash equivalents	45,462	26,953
30.5	Non-current assets held for sale	12,525	18,146
	Total assets	993,249	1,257,037

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

Note	EQUITY AND LIABILITIES	Jun 30 2017	Dec 31 2016 restated amounts
	Equity	348,193	303,415
	Share capital	74,333	74,333
	Treasury shares	-	-2,979
	Share premium	-	417,330
	Revaluation reserve	260,204	260,759
	Retained earnings/(accumulated losses)	13,656	-446,028
	Non-current liabilities	493,104	596,042
30.6	Long-term bank borrowings and other debt instruments	475,750	574,438
	Other non-current liabilities	57	95
	Long-term lease liabilities	6,966	11,717
	Deferred tax liability	483	263
	Long-term employee benefit obligations	8,053	8,485
30.7	Other long-term provisions for liabilities	1,795	664
	Accruals and deferred income	-	380
	Current liabilities	151,952	357,580
	Short-term bank borrowings and other debt instruments	17	6,922
	Short-term trade payables	49,905	50,061
30.8	Other current liabilities	17,402	220,200
	Short-term lease liabilities	8,383	8,420
	Other financial liabilities	-	1,244
30.9	Short-term employee benefit obligations	9,323	6,420
	Other short-term provisions for liabilities	43,370	52,267
30.10	Accruals and deferred income	23,552	12,046
	Total equity and liabilities	993,249	1,257,037
	Book value	348,193	303,415
	Number of shares	74,332,538	74,056,038
	Book value per share (PLN)	4.68	4.10

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

24. INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY OF KOPEX S.A.

	Share capital	Treasury shares	Share premium	Revaluation reserve			Retained earnings/(accumulated losses)	Total equity
				Hedging instruments	Revaluation gains	Deferred tax		
Balance as at Jan 1 2017, based on approved financial statements	74,333	-2,979	417,330	-	-	-	-446,028	42,656
Change in accounting policy (Note 27.2)	-	-	-	-	260,759	-	-	260,759
Balance as at Jan 1 2017 after restatement	74,333	-2,979	417,330	-	260,759	-	-446,028	303,415
Total comprehensive income/(loss)	-	-	-	-	-555	-	42,354	41,799
Coverage of loss	-	-	-417,330	-	-	-	417,330	-
Sale of treasury shares	-	2,979	-	-	-	-	-	2,979
Balance as at Jun 30 2017	74,333	-	-	-	260,204	-	13,656	348,193
Balance as at Jan 1 2016, based on approved financial statements	74,333	-2,979	1,054,942	2,496	-	-474	-190,424	937,894
Change in accounting policy (Note 27.2)	-	-	-	-	248,728	-	-	248,728
Balance as at Jan 1 2016 after restatement	74,333	-2,979	1,054,942	2,496	248,728	-474	-190,424	1,186,622
Total comprehensive income/(loss)	-	-	-	-2,154	-	409	-365,172	-366,917
Coverage of loss	-	-	-637,612	-	-	-	637,612	-
Grants	-	-	-	-	-	-	-122	-122
Balance as at Jun 30 2016	74,333	-2,979	417,330	342	248,728	-65	81,894	819,583
Balance as at Jan 1 2016, based on approved financial statements	74,333	-2,979	1,054,942	2,496	-	-474	-190,424	937,894
Change in accounting policy (Note 27.2)	-	-	-	-	248,728	-	-	248,728
Balance as at Jan 1 2016 after restatement	74,333	-2,979	1,054,942	2,496	248,728	-474	-190,424	1,186,622
Total comprehensive income/(loss)	-	-	-	-2,496	12,031	474	-893,092	-883,083
Coverage of loss	-	-	-637,612	-	-	-	637,612	-
Grants	-	-	-	-	-	-	-124	-124
Balance as at Dec 31 2016	74,333	-2,979	417,330	-	260,759	-	-446,028	303,415

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

25. INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS OF KOPEX S.A.

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016 restated amounts
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	41,754	-297,442
Adjustments for:		
Depreciation and amortisation	45,387	81,035
Foreign exchange (gains)/losses	-111	25
Interest and share of profit (dividends)	5,393	-19,055
Gain/(loss) on investing activities	1,152	-217
Change in provisions	-5,721	14,831
Change in inventories	623	10,117
Change in trade and other receivables	103,457	-10,551
Change in short-term trade and other payables	-193,598	23,724
Change in accruals and deferred income	11,125	-11,529
Change in amounts due from customers for contract work	61,165	12,388
Income taxes paid	4,172	2,437
Derivative financial instruments	-1,245	59
Impairment losses on non-current assets	-955	124,692
Impairment losses on loans	-17	54,613
Grants	-	-122
Other	849	-
Net cash from operating activities	73,430	-14,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of intangible assets and property, plant and equipment	2,371	4,226
Disposal of shares in related entities and treasury shares	9,484	-
Dividends and other profit distributions received	-	17,757
Interest received	621	424
Repayment of borrowings	7,920	3,902
Disposal of financial instruments	80,000	-
Purchase of intangible assets and property, plant and equipment	-8,650	-27,969
Purchase of financial assets	-19,900	-5
Loans	-581	-12,066
Net cash from investing activities	71,265	-13,731
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings and other debt instruments*	75,000	97,737
Commission fees received on sureties	7	106
Repayment of bank borrowings and other equity instruments*	-182,815	-56,471
Payment of finance lease liabilities	-4,641	-11,143
Interest paid	-4,171	-7,004
Commission fees paid on borrowings and sureties	-269	-869
Payment of other financial liabilities	-9,374	-
Net cash from financing activities	-126,263	22,356
TOTAL NET CASH FLOWS	18,432	-6,370
Net change in cash, including:	18,509	-6,385
- effect of exchange rate changes	77	-15
Cash at beginning of period	26,953	38,672
Cash at end of period, including:	45,462	32,287
- restricted cash	10,238	3,785

*Amounts borrowed under a working capital facility are disclosed in net amounts.

26. GENERAL INFORMATION

KOPEX S.A. (*the Company*) of Katowice is a joint-stock company registered on January 3rd 1994 with the District Court in Katowice, 8th Commercial and Registry Division, under entry number RHB 10375. Pursuant to a decision by the District Court in Katowice, Commercial Division of the National Court Register, on July 12th 2001, KOPEX S.A. was entered into the Business Register under No. (KRS) 0000026782. The Company was incorporated for an indefinite term. Its registered office is located at ul. Grabowa 1, Katowice, Poland.

The Company consists of internal organisational units – self-accounting branches, each preparing a separate set of accounts, included in the financial statements of the Company.

KOPEX S.A. is the parent of the KOPEX Group (*the Group*) and prepares the Group's consolidated financial statements.

The consolidated financial statements of KOPEX S.A. were consolidated by the parent FAMUR S.A. The direct parent of KOPEX S.A. is FAMUR S.A., while the ultimate parent of the entire Group is TDJ S.A.

As at June 30th 2017 and as at the date of authorisation and issue of these financial statements, the Company was controlled by Tomasz Domogała, who held a majority interest in the Company through TDJ Spółka Akcyjna and its subsidiaries.

The Company's principal business activity is the supply of mining machinery and equipment, services for the mining industry, and sale of coal.

These interim condensed separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of authorisation of these financial statements for issue, no circumstances were identified which would indicate any threat to the Company's ability to continue as a going concern.

The currency of these financial statements is the Polish złoty (PLN). Unless stated otherwise, all amounts are given in PLN '000.

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

27. SIGNIFICANT ACCOUNTING POLICIES

27.1 BASIS OF PREPARATION

Pursuant to Art. 55.5 of the Accounting Act of September 29th 1994 (Dz. U. of 2016, item 1047, as amended), since January 1st 2005 the Company has applied the International Financial Reporting Standards as endorsed by the European Union (IAS/IFRS).

These separate financial statements are interim condensed statements. These interim condensed separate financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union. These interim condensed separate financial statements of KOPEX S.A. cover the period of six months ended June 30th 2017 and include the following comparative data:

- interim condensed separate statement of financial position with explanatory notes 30: as at December 31st 2016;
- interim condensed separate statement of profit or loss with explanatory notes 29, interim condensed separate statement of comprehensive income and interim condensed separate statement of cash flows: for the six months ended June 30th 2016.

In addition, the interim condensed separate statement of profit or loss and the interim condensed separate statement of comprehensive income include data for the three months ended June 30th 2017 and comparative data for the three months ended June 30th 2016.

These interim condensed separate financial statements do not include all the information and disclosures required in full-year financial statements and thus should be read in conjunction with the Company's and the Group's consolidated and separate financial statements for the financial year ended December 31st 2016, prepared in compliance with IAS/IFRS.

These interim condensed separate financial statements have been prepared in accordance with the historical cost principle, except for derivative financial instruments, financial instruments, and shares in subsidiaries, which are measured at fair value.

These interim condensed separate financial statements have been reviewed by an auditor.

These interim condensed separate financial statements for the six months ended June 30th 2017 were authorised for issue by the Management Board on September 29th 2017.

27.2 ACCOUNTING POLICIES

These interim condensed separate financial statements have been prepared in accordance with the same accounting policies and computation methods as those applied to prepare the most recent full-year separate financial statements, save for a changed policy applied to the valuation of shares in subsidiaries, joint ventures and associates, and of shares in companies classified as non-current financial assets available for sale. In previous years, such shares were measured at cost.

The Company Management Board decided to change the applicable accounting policy with effect as of January 1st 2017. The above assets are now recognised by the Company in its separate financial statements in accordance with IAS 39, i.e. at fair value plus any transaction costs that may be directly attributable to the acquisition of a given financial asset. If available-for-sale financial assets are not listed on an active market and if their fair value cannot be reliably determined using alternative methods, they are measured at cost less impairment losses. A positive or negative difference between the fair value of available-for-sale assets (if they are listed on an active regulated market or if their fair value can be reliably measured using alternative methods) and their cost are recognised under other comprehensive income. Impairment losses on available-for-sale assets are recognised as cost.

In the Management Board's opinion, the value of shares in subsidiaries, joint ventures and associates measured at cost does not fully represent their current value and thus does not fully reflect the Company's financial condition.

In view of the considerable difference between the value of these financial assets measured at cost and their fair value, the Management Board decided to change the applicable accounting policy.

The Management Board is of the opinion that the change will result in the Company's separate financial statements providing information that is more reliable and more useful in assessing the Company's financial condition.

In connection with the foregoing, comparative data in KOPEX S.A.'s separate financial statements has been restated. The restatement has resulted in the following changes to assets and items of equity:

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

In the statement of financial position as at January 1st 2016:

Other non-current financial assets: + PLN 248,728 thousand
Revaluation capital reserve: + PLN 248,728 thousand

In the statement of financial position as at December 31st 2016:

Other non-current financial assets: + PLN 260,759 thousand
Revaluation capital reserve: + PLN 260,759 thousand

After the issue date of KOPEX S.A.'s financial statements for 2016, the following standards and interpretations have been published which are not yet effective:

- IFRS 17 *Insurance Contracts* – the standard is effective for annual periods beginning on or after January 1st 2021. As at the date of authorisation of these financial statements, it was not endorsed by the European Union.
- IFRIC 23 *Uncertainty over Income Tax Treatments* – the interpretation is effective for annual periods beginning on or after January 1st 2019. As at the date of authorisation of these financial statements, it was not endorsed by the European Union.

The Company plans to apply them as of the periods prescribed, subject to their endorsement by the European Union.

The Company is currently analysing the impact of standards endorsed by the European Union but not yet effective, i.e. IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, on its separate financial statements.

27.3 CHANGES IN ESTIMATES

Preparation of interim condensed separate financial statements in accordance with IAS 34 requires the management to make significant estimates and judgements as to the accounting principles applied by the Company. In H1 2017, there were no material changes to estimates or estimation methods in relation to data presented in the full-year financial statements for 2016 which would affect the current period, except for the change described in Note 27.2.

27.4 RECONCILIATION OF COMPARATIVE DATA

Given that on December 8th 2016 KOPEX S.A. (as the acquiring company) merged with KOPEX MACHINERY S.A., ZABRZAŃSKIE ZAKŁADY MECHANICZNE – MASZYNY GÓRNICZE Sp. z o.o., FABRYKA MASZYN I URZĄDZEŃ TAGOR S.A. and KOPEX HYDRAULIKA SIŁOWA Sp. z o.o. (acquirees), the comparative data has been appropriately restated. The merger was accounted for using the predecessor method, i.e. individual items of the relevant assets, liabilities, equity, income and expenses of the combined entities as at the merger date were aggregated, while the share capitals of the acquirees, mutual liabilities and receivables, income and expenses as well as profits and losses of the combined entities were eliminated. The table below shows a reconciliation of restated data from KOPEX S.A.'s statement of profit or loss.

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

Separate statement of profit or loss of KOPEX S.A. – reconciliation of comparative data for H1 2016:

	Most recent issued report for H1 2016	Data of acquirees for H1 2016	Eliminations on merger	Total restated data for H1 2016
Net revenue	57,329	275,171	-65,329	267,171
Cost of sales	48,293	297,208	-62,562	282,939
Gross profit/(loss)	9,036	-22,037	-2,767	-15,768
Other income	25,774	3,249	-124	28,899
Distribution costs	3,473	3,670	-56	7,087
Administrative expenses	12,665	18,303	-4,685	26,283
Other expenses	20,083	50,453	-95	70,441
Other gains/(losses)	3,322	2,949	-64	6,207
Impairment loss on non-financial assets	-107,319	-118,933	97,548	-128,704
Operating profit/(loss)	-105,408	-207,198	99,429	-213,177
Finance income	2,535	4,084	-3,123	3,496
Finance costs	63,693	26,599	-2,531	87,761
Profit/(loss) before tax	-166,566	-229,713	98,837	-297,442
Income tax	15,016	52,714	-	67,730
Net loss	-181,582	-282,427	98,837	-365,172

27.5 SEASONALITY OR CYCLICALITY OF KOPEX S.A.'S OPERATIONS

The Company's operations are not subject to seasonality or cyclicity.

28. OPERATING SEGMENTS

On June 27th 2017, FAMUR S.A. obtained control of the Company, as a result of which new business segments were established at KOPEX S.A., as compared with December 31st 2016. The new segment structure was aligned with the segment structure of FAMUR S.A., the parent.

BUSINESS SEGMENTS

UNDERGROUND SEGMENT

involving the following equipment:

- Longwall systems. A typical longwall system consists of a shearer, conveyor and powered roof support, and is designed to meet the customer's specific needs to ensure the most efficient and safe production from a given seam.
- Roadheading systems. Roadheaders are self-propelled machines used primarily to drill galleries and tunnels. Loaders, dinting loaders, drills and drilling rigs.
- Transport and handling systems. These are modern underground railway units designed to transport personnel and equipment, as well as various belt conveyors for further transport of the coal output. The systems may also be used for transport of other bulk materials.

SURFACE SEGMENT

including:

- Underground operations involving assembly of machines and equipment, as well as turn-key delivery and construction of mine shaft hoists.

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

- Loading and hoisting equipment.
- Design, construction and engineering services for the mining industry at large.

SERVICES FOR MINING INDUSTRY

including:

- Mining construction services, such as:
 - shaft and sub-shaft sinking; - deepening of existing shafts and sub-shafts; - shaft equipping, shaft lining, mounting shaft inset equipment, pipelines and cables; - comprehensive upgrades of mine shaft hoists; - construction of coal bunkers and reservoirs; - repairs of shaft casings and inlets, shaft equipment and bunkers; - drilling galleries in rock and in rock and coal.
- Design services for mining construction, including conceptual and design documentation (technical, technological, detailed design, as-built).
- Drilling services, including surface and underground drilling.
- Coal trading.

Because the Company operates in many geographical regions, the management considered it necessary to additionally present revenue by geography to properly reflect the complexity of the Company's geographical presence. The tables below present the operating segments by business line and geography.

OPERATING SEGMENTS BY BUSINESS LINE

	UNDERGROUND		SURFACE		SERVICES FOR MINING		TOTAL	
	Q1-Q2 2017	Q1-Q2 2016*	Q1-Q2 2017	Q1-Q2 2016*	Q1-Q2 2017	Q1-Q2 2016*	Q1-Q2 2017	Q1-Q2 2016*
REVENUE FROM SALE OF PRODUCTS, MERCHANDISE AND MATERIALS	240,172	221,892	11,285	4,734	42,540	40,545	293,997	267,171
COST OF SALES	196,211	240,583	11,467	5,652	38,960	36,704	246,638	282,939
SEGMENT'S GROSS PROFIT	43,961	-18,691	-182	-918	3,580	3,841	47,359	-15,768
DISTRIBUTION COSTS	7,566	5,825	-32	741	417	521	7,951	7,087
ADMINISTRATIVE EXPENSES	23,244	21,899	593	818	1,409	3,566	25,246	26,283
SEGMENT'S PROFIT/(LOSS) ON SALES	13,151	-46,415	-743	-2,477	1,754	-246	14,162	-49,138

* restated

REVENUE BY GEOGRAPHY

	UNDERGROUND		SURFACE		SERVICES FOR MINING		Total	
	Q1-Q2 2017	Q1-Q2 2016*	Q1-Q2 2017	Q1-Q2 2016*	Q1-Q2 2017	Q1-Q2 2016*	Q1-Q2 2017	Q1-Q2 2016*
POLAND	102,377	190,159	11,285	1,091	-	-	113,662	191,250
RUSSIA AND CIS	9,764	16,143	-	-	-	-	9,764	16,143
EUROPEAN UNION	4,371	11,303	-	-	42,540	40,545	46,911	51,848
OTHER EUROPE	1,059	5	-	3,643	-	-	1,059	3,648
OTHER (AMERICA, ASIA)	122,601	4,282	-	-	-	-	122,601	4,282
TOTAL	240,172	221,892	11,285	4,734	42,540	40,545	293,997	267,171

POLAND	102,377	190,159	11,285	1,091	-	-	113,662	191,250
EXPORTS	137,795	31,733	-	3,643	42,540	40,545	180,335	75,921
TOTAL	240,172	221,892	11,285	4,734	42,540	40,545	293,997	267,171

* restated

Major external customers that account for 10% or more of total revenue generated by the Company, i.e. PLN 29,400 thousand.

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

Between January and June 2017, the above criterion for recognising a customer as a major account was satisfied by two customers. Revenue from sales to one of them totalled PLN 122,246 thousand, reported in the UNDERGROUND segment. KOPEX S.A. has no equity links with the customer. The other customer accounted for revenue of PLN 33,998 thousand, reported in the UNDERGROUND segment. KOPEX S.A. has no equity links with the customer.

All of the Company's non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets and rights under insurance contracts) are located in the country of the Company's registered office.

29. EXPLANATORY NOTES TO SELECTED ITEMS OF INCOME AND EXPENSES

29.1 OTHER INCOME

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Reversal of impairment losses on receivables from previous years	41,345	-
Grants	1,772	991
Compensation/damages, penalties, legal costs	587	1,693
Dividends	-	25,119
Other	847	1,096
Total	44,551	28,899

In H1 2017, the Company reversed impairment losses on receivables in a total amount of PLN 41,345 thousand, related mainly to receivables from its subsidiary KOPEX Sibir OOO, in connection with partial payment and in connection with the provision of an unconditional and irrevocable bank guarantee issued by Sberbank of Russia to the Company's subsidiary KOPEX Sibir OOO, securing payments from its customer AO Ugolnaya Kompaniya Severny Kuzbas resulting from court settlement and an annex to the contract of April 1st 2017. The balance of the impairment loss was used in connection with costs incurred to sign the court settlement agreement and the annex. For detailed information on the dispute with the Berezovsky mine, refer to Note 32. On September 13th 2017, the Company's subsidiary KOPEX-Sibir OOO paid the receivable in full to the Company, after it had received the full amount of the receivable from its customer AO Ugolnaya Kompaniya Severny Kuzbas.

29.2 OTHER EXPENSES

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Compensation and severance pay for employees	8,065	6,663
Scrapping of current assets	3,126	-
Provision recognised for litigation risk	2,987	-
Provision recognised for expected liabilities	2,467	8,723
Other provisions recognised	1,004	-
Compensation/damages, penalties, legal costs	863	318
Impairment losses on receivables	-	53,768
Other	2,539	969
Total	21,051	70,441

Compensation and severance pay for employees includes compensation and severance payments already made, as well as provisions recognised for that purpose in connection with the ongoing restructuring, including workforce optimisation.

The cost of scrapping current assets results from the ongoing divestment of redundant, below par assets.

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

29.3 OTHER GAINS/(LOSSES)

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Exchange differences (except for bank borrowings and other debt instruments)	5,613	5,094
Valuation of foreign currency transactions (not subject to hedge accounting)	1,191	368
Gain/(loss) on sale or retirement of property, plant and equipment	659	217
Revaluation of investments (valuation of borrowings, long-term receivables and payables,	48	769
Gain/(loss) on foreign currency transactions (not subject to hedge accounting)	-	-226
Gain/(loss) on sale of organised part of business	-	-15
Gain/(loss) on sale of financial assets (shares, bonds)	-1,810	-
Total	5,701	6,207

29.4 (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Impairment losses on shares	1,362	-15,098
Impairment losses on property, plant and equipment	-407	-42,139
Inventory write-downs	-	-4,013
Impairment losses on development work	-	-53,627
Impairment losses on other intangible assets	-	-6,501
Impairment losses on investment property	-	-7,326
Total	955	-128,704

29.5 FINANCE INCOME

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Reversal of provisions for finance costs	1,776	-
Interest	1,655	3,290
Reversal of impairment losses on financial receivables	1,115	-
Other	136	206
Total	4,682	3,496

The reversal of provisions for finance costs was related to the expiry of sureties provided by the Company in respect of Famago Sp. z o.o. w upadłości (in bankruptcy) and the Serbian subsidiary KOPEX Min AD.

29.6 FINANCE COSTS

	Jan 1– Jun 30 2017	Jan 1– Jun 30 2016
Interest	6,876	8,926
Commission fees paid on sureties, guarantees and borrowings	65	9,456
Impairment losses on financial receivables	-	54,613
Provisions recognised for finance costs	-	13,559
Other	305	1,207
Total	7,246	87,761

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

30. EXPLANATORY NOTES TO SELECTED ITEMS OF THE STATEMENT OF FINANCIAL POSITION OF KOPEX S.A.

30.1 PROPERTY, PLANT AND EQUIPMENT

In H1 2017, the Company did not enter into any material transactions to purchase or sell any property, plant or equipment.

30.2 OTHER NON-CURRENT ASSETS

	Jun 30 2017	Dec 31 2016 restated amounts
Non-current available-for-sale financial assets	7,619	7,619
Other long-term receivables	16,058	25,358
Long-term loans	5	8
Shares in related entities	384,443	365,098
Other non-current financial assets	-	50,000
Total	408,125	448,083

The change in other long-term receivables is a result of partial refund of bank deposits serving as security for the financial creditors' exposure under guarantees and letters of credit, in accordance with the Restructuring Agreement of December 1st 2016.

The decrease in other non-current financial assets results from their termination.

30.3 OTHER SHORT-TERM RECEIVABLES

The decrease in other receivables from PLN 185,900 thousand to PLN 74,078 thousand as at December 31st 2016 resulted mainly from the settlement of receivables in relation to deliveries made.

30.4 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Amounts due from customers for contract work fell from PLN 70,610 thousand as at December 31st 2016 to PLN 9,445 thousand. The decrease in amounts due from customers for contract work resulted from the completion in H1 2017 of contracts with an Argentine customer.

30.5 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale fell from PLN 18,146 thousand to PLN 12,525 thousand in connection with the divestment process.

30.6 LONG-TERM BANK BORROWINGS AND OTHER DEBT INSTRUMENTS

Long-term bank borrowings and other debt instruments went down from PLN 574,438 thousand to PLN 475,750 thousand. Thanks to the measures undertaken by the Company, such as process optimisation and divestment of non-core assets, as well as the TDJ Group's financial support and gradual collection of receivables, KOPEX was able to secure funds for early repayment of Tranche C debt of nearly PLN 143m.

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

30.7 OTHER LONG-TERM PROVISIONS FOR LIABILITIES

Other long-term provisions for liabilities rose from PLN 664 thousand to PLN 1,795 thousand. The main reason was the recognition of a provision for warranty repairs related to contracts completed in H1 2017.

30.8 OTHER CURRENT LIABILITIES

Other current liabilities decreased from PLN 220,200 thousand to PLN 17,402 thousand, mainly on account of the settlement of liabilities in relation to deliveries made.

30.9 SHORT-TERM EMPLOYEE BENEFIT OBLIGATIONS

Short-term employee benefit obligations increased from PLN 6,420 thousand to PLN 9,323 thousand, mainly on recognition of a provision for compensation and severance pay for terminated employees in connection with the restructuring process, including employment optimisation.

30.10 CURRENT ACCRUALS AND DEFERRED INCOME

Current accruals and deferred income increased from PLN 12,046 thousand to PLN 23,552 thousand. In H1 2017, items recognised on an accrual basis included costs associated with contracts with the Argentine customer completed in that period and costs related to collection of receivables from the Russian customer.

31. CHANGES IN CONTINGENT LIABILITIES AND ASSETS PLEDGED AS SECURITY

	As at Jun 30 2017	Increase (+) decrease (-)	As at Dec 31 2016
Total contingent liabilities, including:	30,430	-12,257	42,687
1. To subsidiaries	-	-	-
- for other related entities	-	-	-
2. To other entities	30,430	-12,257	42,687
- for companies held for sale	279	-533	812
- for other companies	1,689	-6,510	8199
- for other entities	609	-28	637
- other contingent liabilities	27,853	-5,186	33,039

The following types of security were created over the Company's assets in favour of its financial creditors in accordance with the Restructuring Agreement:

- mortgage over properties with a net carrying amount as at June 30th 2017: PLN 23,830 thousand.
- pledge over shares in subsidiaries with a net carrying amount as at June 30th 2017: PLN 277,529 thousand.

32. CLAIMS AND DISPUTES

KOPEX S.A. of Katowice (formerly KOPEX S.A. and TAGOR S.A.) is a party to a legal dispute with FAMUR S.A. (formerly Fabryka Zmechanizowanych Obudów Ścianowych Fazos S.A. of Tarnowskie Góry and then Zakład Maszyn Górniczych GLINIK Sp. z o.o.) for payment of PLN 51,875,600.00. In the course of the proceedings, the amount claimed was reduced to PLN 33,705,361.31 (without waiving the claim). On June 29th 2016, the Regional Court in Katowice dismissed the claim in its entirety. The case was appealed against to the Court of Appeals in Katowice. According to the law firm previously representing KOPEX S.A., the probability of the claimant prevailing in court was lower than that of the claimant losing the case as there were no contractual grounds for the claims and no proximate cause. In view of the foregoing and in accordance with IAS 37, KOPEX S.A. concluded that it did not have any present obligation arising from past events and thus did not recognise any provision.

KOPEX S.A. (on August 2nd 2017) and FAMUR S.A. (on August 1st 2017) submitted requests to suspend the proceedings upon a joint motion of the parties, together with a request for cancellation of the hearing set for September 7th 2017 given that FAMUR S.A. now holds a controlling interest (65.83%) in KOPEX S.A. and has become its parent, which – in the opinion of the parties – implies the need for amicable settlement of the dispute.

On August 11th 2017, KOPEX S.A. received a decision of the Court of Appeals to suspend the proceedings, along with a notice of cancellation of the hearing scheduled for September 7th 2017.

On July 21st 2016, AO Ugolnaya Kompaniya Severny Kuzbas of Russia filed a counterclaim against OOO KOPEX Sibir seeking to reduce the price for a shearer loader to EUR 13,814 thousand (PLN 58,384 thousand) on the grounds that the delivered machine allegedly failed to meet the contract specifications, claiming *lucrum cessans* compensation of RUB 157,730 thousand (EUR 2,190 thousand, PLN 9,256 thousand) and petitioning the court to summon KOPEX Machinery S.A. (currently KOPEX S.A.) as a third party to the proceedings. OOO KOPEX Sibir (and KOPEX S.A.) did not recognise the counterclaim and demanded payment of the entire claim amount. On April 1st 2017, KOPEX Sibir and AO Ugolnaya Kompaniya Severny Kuzbas settled in court and amended the contract. Pursuant to the settlement and the amended contract, Severny Kuzbas paid EUR 2.5m (PLN 10.5m) to KOPEX Sibir on account of the outstanding contract price, and waived all of the claims asserted against KOPEX Sibir and KOPEX S.A. The balance of the price is to be paid in instalments and is secured with a lien over the delivered equipment, subject to possible other liens in the future. On its part, KOPEX Sibir agreed to lower the price by 8% and increase the discount if additional liens are created or the liabilities are paid as scheduled. As a result of the annex and settlement, the court case was finalised by a decision of the Kemerovsky District Court of Arbitration on April 5th 2017. On August 21st 2017, the Berezovsky mine provided an unconditional and irrevocable bank guarantee issued by Sberbank of Russia in favour of the Company's subsidiary OOO KOPEX-Sibir securing payments due from the Berezovsky mine to the subsidiary under the court settlement and annex to the contract of April 1st 2017. As a result, the Company reversed the impairment loss on the receivable from the Russian customer. On September 13th 2017, the Company's subsidiary KOPEX-Sibir OOO paid the receivable in full to the Company, after it had received the full amount of the receivable from its customer AO Ugolnaya Kompaniya Severny Kuzbas.

Due to a suspected breach by the Company, KOPEX Machinery S.A. of Zabrze and Fabryka Maszyn i Urządzeń TAGOR S.A. of Tarnowskie Góry (the Company's subsidiaries merged with the Company on December 8th 2016 under Art. 492.1.1 of the Commercial Companies Code) of the restrictions on electricity supply and consumption imposed on August 10th–31st 2015, the President of the Energy Regulatory Office ('URE President'), acting pursuant to Art. 56.1.3a of the Energy Law of April 10th 1997 (Dz. U. of 2012, No. 0, item 1059, as amended) initiated two *ex-officio* administrative proceedings to impose fines on the Company. The Company Management Board submitted relevant explanations to the URE President within the prescribed deadline indicating a lack of grounds of the charges. According to the law firm representing the Company in both proceedings, there are no grounds, whether in law or in fact, for imposing a fine on the Company. Accordingly, the Company did not recognise a provision for that purpose.

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

33. MATURITY OF FINANCIAL RECEIVABLES AND LIABILITIES AT KOPEX S.A.

As at Jun 30 2017	Total	Past due	Not past due, maturing/repayable in:						
			Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	From 3 to 5 years	
Financial receivables:									
Loans	8,010	8,001	-	1	1	2	5	-	
Trade receivables	155,526	13,034	20,668	48,985	23,781	26,828	22,130	100	
Lease receivables	30,115	20	1,350	3,042	5,654	12,316	7,733	-	
Other financial receivables	55,028	449	531	358	581	37,050	12,735	3,324	
Total	248,679	21,504	22,549	52,386	30,017	76,196	42,603	3,424	
Financial liabilities:									
Bank borrowings and other	475,767	-	17	-	-	-	88,299	387,451	
Trade payables	49,905	3,315	23,616	16,065	5,954	940	15	-	
Lease liabilities	15,349	-	686	1,378	2,085	4,234	6,966	-	
Other financial liabilities	6,670	11	1,567	910	894	3,231	57	-	
Total	547,691	3,326	25,886	18,353	8,933	8,405	95,337	387,451	

As at Dec 31 2016	Total	Past due	Not past due, maturing/repayable in:						
			Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	From 3 to 5 years	
Financial receivables:									
Loans	15,690	8,001	45	1	7,633	2	8	-	
Trade receivables	136,148	40,690	39,788	39,038	14,073	833	1,726	-	
Lease receivables	39,517	-	1,418	4,467	3,777	10,066	19,789	-	
Other financial receivables	79,670	576	1,393	50,994	393	955	3,205	22,154	
Total	271,025	49,267	42,644	94,500	25,876	11,856	24,728	22,154	
Financial liabilities:									
Bank borrowings and other	581,360	-	6,922	-	-	-	62,386	512,052	
Trade payables	50,061	6,322	15,503	24,551	1,684	698	1,303	-	
Lease liabilities	20,137	-	1,510	1,350	2,042	3,518	11,717	-	
Other financial liabilities	23,577	-	23,482	-	-	-	95	-	



CONSOLIDATED HALF-YEAR REPORT OF
THE KOPEX GROUP
(all amounts in PLN '000)

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

Total	675,135	6,322	47,417	25,901	3,726	4,216	75,501	512,052
-------	---------	-------	--------	--------	-------	-------	--------	---------

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

34. RELATED-PARTY TRANSACTIONS

OUTSTANDING BALANCES	Trade and other receivables, net	Receivables under loans, net	Impairment losses on doubtful receivables recognised in the period	Impairment losses on doubtful receivables	Trade and other payables	Liabilities under borrowings, assumed debt, bond issues	
As at Jun 30 2017							
subsidiaries	70,052	-	-	140,695	3,954	38,299	
ultimate parent – TDJ S.A.	-	-	-	-	-	-	
parent – FAMUR S.A.	48,203	-	-	-	2,632	-	
other related parties	471	-	-	-	5,314	33,145	
As at Dec 31 2016							
subsidiaries	53,562	7,642	136,511	213,659	17,116	6,921	
associates	-	-	-	-	-	-	
ultimate parent – TDJ S.A.	-	-	-	-	122	-	
other related parties	95,715	-	-	-	2,433	53,611	
TRANSACTIONS DURING THE PERIOD	Revenue from sale of products, services, merchandise and materials	Other income (including dividends)	Sale of property, plant and equipment (gain on the sale)	Finance income	Purchase of goods and services	Purchase of property, plant and equipment and intangible assets	Finance costs
In H1 2017							
subsidiaries	9,953	-	49	726	17,494	6 253	1,125
ultimate parent – TDJ S.A.	-	-	4	-	1,831	-	26
parent – FAMUR S.A.	27,491	12	17	-	5,463	-	156
other related parties	406	31	405	38	6,236	-	346
In H1 2016							
subsidiaries	7,751	25,119	-	1,253	4,143	23	523
other related parties	447	66	-	2,130	220	459	-

**Interim condensed separate financial statements
for the period from January 1st to June 30th 2017**

35. FAIR VALUE

Financial assets and liabilities measured at fair value:

Class of financial instruments	Fair value hierarchy	
	Level 1	Level 3
As at Jun 30 2017		
Shares in companies at fair value through profit or loss	21	-
Shares in subsidiaries	-	384,443
Available-for-sale financial assets	-	7,619
As at Dec 31 2016		
Shares in companies at fair value through profit or loss	19	-
Shares in subsidiaries	-	365,098
Available-for-sale financial assets	-	7,619

Methods and assumptions used by the Company in determining fair values:

The following valuation levels were applied for financial instruments measured at fair value through profit or loss:

- Level 1: prices quoted on an active market for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1, which are observable on the market either directly (prices) or indirectly (data based on market prices),
- Level 3: inputs for the valuation of an asset or liability other than based on observable market data.
 - Shares in subsidiaries were recognised by the Company at fair value resulting from their independent valuations. The valuations were performed using the income-based approach and a combination of the income-based and comparables methods, whichever was more appropriate for a particular subsidiary. Assumptions underlying the valuations: discount rate based on the weighted average cost of capital from 10.06% to 10.8%, average annual increase in forecast revenue from 3% to 5.6%, and average annual increase in forecast operating profit from 2.8% to 22.3%.
 - The Company recognised available-for-sale financial assets at cost less impairment losses, if any. The Company is not able to reliably determine the fair value of its holdings in companies not listed on active markets due to insufficient data.

36. EVENTS AFTER THE REPORTING DATE

PLANNED DEMERGER

On June 29th 2017, the Company Management Board passed a resolution to split off an organised part of business from KOPEX S.A., including in particular the operating assets and shares in companies engaged in the manufacture, maintenance and distribution of mining machinery as well as selected production or investment processes ('Machinery Business'), and transfer it in whole to FAMUR S.A. (the Company's parent). At the same time, the Management Boards of KOPEX S.A. and FAMUR S.A. agreed on a demerger plan. As a consequence of the planned demerger, KOPEX S.A. ('Demerged Company') will focus its activities in the trading and services business, which includes: KOPEX-Przedsiębiorstwo Budowy Szybów S.A. ('PBSz'), Śląskie Towarzystwo Wiertnicze Dalbis sp. z o.o. ('Dalbis') and coal trading operations ('Service and Trading Business'). All assets and liabilities related to the Machinery Business will be transferred to FAMUR S.A. ('Acquiring Company'). The demerger of KOPEX S.A. will involve a reduction of the Company's share capital and will affect the level of consolidated revenue generated by the KOPEX Group. The Machinery Business is currently operating within the organisational structure of the Demerged Company in the form of companies under commercial law and self-accounting branches (operating under the following names: KOPEX S.A. Kombajny Zabrzeńskie, Przenośniki RYFAMA Oddział w Zabrzu, KOPEX S.A. Hydraulika Oddział w Zabrzu, KOPEX S.A. Obudowy TAGOR Oddział w Zabrzu), and includes also real properties and other shares in Polish and foreign companies which are not a part of the Service and Trading Business. On July 28th 2017, the Management Board of KOPEX S.A. published a written opinion issued by a qualified auditor of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. on the audit of the Demerger Plan of KOPEX Spółka Akcyjna.

Interim condensed separate financial statements
for the period from January 1st to June 30th 2017

37. REPRESENTATION BY THE MANAGEMENT BOARD OF KOPEX S.A.

These interim condensed separate financial statements and comparative data were prepared in accordance with the applicable accounting standards, and give a true and fair view of the assets, financial condition and results of operations of KOPEX S.A.

The auditing firm engaged to review the interim condensed separate financial statements was appointed in accordance with the applicable provisions of law.

Both the auditing firm and the auditor who performed the review met the conditions required to issue an objective and independent review report, in accordance with the applicable provisions of Polish law.

Vice President of the
Management Board

President of the
Management Board

Bartosz Bielak

Beata Zawiszowska

Person responsible
for maintaining accounting records:

Head of
the Accounting and Tax Office

Alina Mazurczyk

Katowice, September 29th 2017