Consolidated financial statement of KOPEX S.A. Capital Group

for the period
from 1 January 2010 to 31 December 2010

Katowice , April 2011

Consolidated Statement of Financial Position of the Capital KOPEX S.A. Group drawn up as for 31 December 2010 in thousand zlotys.

Assets	31 December 2010	31 December 2009
Fixed assets	**2 120 261**	**1 960 391**
Intangible assets	52 821	38 829
Company's value of the subordinated entities	1 241 228	1 195 544
Tangible assets	721 790	633 290
Investment real estates	1 559	5 372
Investments calculated with the property rights method	8 854	10 495
Long-term financial assets available for sale	1 520	2 818
Long-term receivables from supplies and services	4 961	32
Long-term other receivables	12 334	10 773
Long-term loans granted	687	293
Other long-term financial assets	5 541	563
Deferred income tax assets	63 766	60 011
Long-term accruals	5 200	2 371
Current assets	**1 523 240**	**1 371 474**
Inventories	635 362	477 791
Short-term receivables from supplies and services	439 389	391 237
Short-term other receivables	81 006	78 347
Short-term loans granted	83 949	54 926
Current income tax receivables	8 342	1 880
Short-term financial assets available for sale		
Derivative financial instruments	1 362	8 586
Evaluation of equitable financial assets from financial result		
Money assets and their equivalents	165 191	143 665
Short-term accruals	108 639	215 042
Fixed assets assigned to trading	**883**	**1 511**
Total assets	**3 644 384**	**3 333 376**

Liabilities		
Equity	**2 377 464**	**2 314 982**
Share capital	74 333	74 333
Own shares	-2 979	-2 979
Supplementary capital	2 105 432	2 083 555
Capital from updating evaluation	34 869	8 307
Other reserve capitals	55 409	36 841
Exchange rate differences from conversion	26 490	20 185
Retained profit	13 868	39 031
Minority shareholders capital	70 042	55 709
Long-term liabilities	**172 946**	**266 801**
Long-term credits and loans	84 234	206 079
Long-term liabilities from supplies and services	9 386	1 975
Long-term other liabilities	32 991	6 948
Deferred income tax reserve	27 609	29 995
Long-term pension reserve	15 413	14 783
Other long-term reserves for liabilities	1 051	3 339
Long-term accruals	2 262	3 682
Short-term liabilities	**1 093 974**	**751 593**
Short-term credits and loans	563 892	298 371
Short-term liabilities from supplies and services	343 351	218 556
Short-term other liabilities	121 202	109 954
Current income tax liabilities	6 786	10 541
Derivative financial instruments	3 028	35 810
Evaluation of equitable financial assets from financial result		
Short-term pension reserve	5 138	6 588
Other short-term reserves for liabilities	37 715	41 238
Short-term accruals	12 862	30 535
Total liabilities	**3 644 384**	**3 333 376**

Book value	**2 377 464**	**2 314 982**
Number of shares	**74 056 038**	**67 639 372**
Book value per share(BVSP) in [PLN]	**32.10**	**34.25**

Consolidated Separate Income Statement of the KOPEX S.A. Capital Group drawn up for the period 01 January 2010 to 31 December 2010 in thousand zlotys

	01 January 2010 to 31 December 2010	01 January 2009 to 31 December 2009
Net income from sale of products, goods and materials, incl:	**2 365 194**	**2 299 132**
From related parties		*3*
Net income from sale of products	1 488 115	1 437 534
Net income from sale of goods and materials	877 079	861 598
Costs of products, goods and materials sold, incl:	**2 016 021**	**1 957 328**
From related parties		
Manufacture cost of products sold	1 150 322	1 144 873
Value of goods and materials sold	865 699	812 455
Gross profit (loss) on sales	**349 173**	**341 804**
Other income	**42 246**	**33 078**
Selling costs	**47 619**	**46 067**
Overheads	**183 223**	**173 843**
Other costs	**60 490**	**34 491**
Operating profit (loss)	**100 087**	**120 481**
Financial income, incl:	**28 623**	**42 598**
Dividends and share in profits		8
Interest	11 442	13 278
Income from investments sold	1 493	1 733
Revaluation of investment	8 905	26 332
Exchange rate differences		
Other	6 783	1 247
Financial costs, incl.	**69 744**	**86 071**
Interest	35 794	31 346
Value of investment sold	1 058	1 264
Revaluation of investment	137	
Exchange rate differences	21 786	45 556
Other	10 969	7 905
Profit (loss) on sale of total number or part of shares of the affiliated entities		**436**
Company' value contribution of the affiliated entities		
Share surplus in the net equitable assets value of the entity being taken over, above fusion cost		**7 427**
Loss of control over a subsidiary	**-1 975**	
Profit (loss) from multi-stage investment takeovers	**-835**	
Gross profit (loss), incl.	**56 156**	**84 871**
Income tax, incl:	**15 000**	**8 648**
current	28 898	31 085
deferred	-13 898	-22 437
Share in profit (loss) of the subordinated entities evaluated by ownership rights method	**41**	**-431**
Net consolidated profit (loss)	**41 197**	**75 792**
Profit (loss) of the minority shareholders	**7 938**	**8 528**
Profit (loss) on a controlling company shareholder	**33 259**	**67 264**
Average weighed number of common shares	**74 056 038**	**67 639 372**
Profit (loss) per one common share [PLN]	**0.45**	**0.99**

Total Income Statement of the KOPEX S.A. Capital Group drawn up for the period 01 January 2010 to 31 December 2010 in thousand zlotys

	01 January 2010 to 31 December 2010	01 January 2009 to 31 December 2009
Consolidated net profit (loss)	**41 197**	**75 792**
Other total incomes:		
Essential error correction	-150	-9 584
Exchange rate differences from conversion	5 539	-1 377
Financial assets available for sale	7	0
Safeguarding cash flow	30 377	14 094
Changes in revaluation surplus	99	2 385
Other incomes	-841	1 447
All other total incomes after taxation	**35 031**	**6 965**
Total incomes:	**76 228**	**82 757**
attributable to minority shareholders	8 588	7 177
attributable to KOPEX S.A. shareholders	67 640	75 580

IConsolidated Changes in Equity Statement of KOPEX S.A. Capital Group drawn up for the period 1 January 2010 to 31 December 2010 in thousand zlotys

	Share capital	Own shares	Supple mentary capital	Capital from updating evaluation				Other reserve capital	Exchange rate differences from conversion	Retained earnings	Total	Equity falling on minority shareholders	Total equity
				Safeguar ding instru ments	Financial assets available for sale	Revaluation surplus	Deferred income tax						
Balance as for 1 January 2009	**67 633**	**-400**	**1 848 742**	**-54 817**	**-6**	**47 702**	**1 257**	**23 524**	**20 750**	**77 437**	**2 031 822**	**63 155**	**2 094 977**
Essential error corrections					**-1**				**-659**	**-8 573**	**-9 233**	**-351**	**-9 584**
Exchange rate differences from conversion									94		94	-1 471	-1 377
Financial assets available for sale											0		0
Safeguarding cash flow				17 401			-3 307				14 094		14 094
Revaluation earnings			709			-104	182	-62		1 443	2 168	217	2 385
Other incomes			980					-484		697	1 193	254	1 447
Net profit (loss)										67 264	67 264	8 528	75 792
Total incomes	**0**	**0**	**1 689**	**17 401**	**-1**	**-104**	**-3 125**	**-546**	**-565**	**60 831**	**75 580**	**7 177**	**82 757**
Share issue	6 700		147 764								154 464		154 464
Buy back of own shares		-2 579	2 579					-2 579			-2 579		-2 579
Profit distribution			78 862					20 371		-99 222	11	-11	0
Dividends										-15	-15	-3 306	-3 321
Acquisition of a subsidiary											0	-11 268	-11 268
Other			3 919					-3 929			-10	-38	-48
Balance as for 31 December 2009	**74 333**	**-2 979**	**2 083 555**	**-37 416**	**-7**	**47 598**	**-1 868**	**36 841**	**20 185**	**39 031**	**2 259 273**	**55 709**	**2 314 982**
Balance as for 1 January 2010	**74 333**	**-2 979**	**2 083 555**	**-37 416**	**-7**	**47 598**	**-1 868**	**36 841**	**20 185**	**39 031**	**2 259 273**	**55 709**	**2 314 982**
Essential error corrections									**77**	**-227**	**-150**		**-150**
Exchange rate differences from conversion									4 891		4 891	648	5 539
Financial assets available for sale					7						7		7
Safeguarding cash flow				37 503			-7 126				30 377		30 377
Revaluation earnings			615			-2 518	454			1 546	97	2	99
Other incomes			25							-866	-841		-841
Income tax from other components											0		0
Net profit (loss)										33 259	33 259	7 938	41 197
Total incomes	**0**	**0**	**640**	**37 503**	**7**	**-2 518**	**-6 672**	**0**	**4 968**	**33 712**	**67 640**	**8 588**	**76 228**
Share issue											0		0
Buy back of own shares											0		0
Profit distribution			43 624					18 568		-62 192	0		0
Dividends											0	-598	-598
Other			-172							172	0		0
Acquisition of a company/ purchase of some more shares			-19 491								-19 491	8 205	-11 286
Sale of shares/ loss of control			-2 724		4	-1 957	195		1 337	3 145	0	-1 862	-1 862
Balance as for 31 December 2010	**74 333**	**-2 979**	**2 105 432**	**87**	**4**	**43 123**	**-8 345**	**55 409**	**26 490**	**13 868**	**2 307 422**	**70 042**	**2 377 464**

Consolidated Statement on Cash Flow of the KOPEX S.A. Capital Group
drawn up for the period 1 January 2010 to 31 December 2010 in thousand zlotys

	01 January 2010 to 31 December 2010	01 January 2009 to 31 December 2009
CASH FLOW FROM OPERATING ACTIVITY		
Gross profit (loss)	56 156	84 871
Corrections by:		
Depreciation	84 484	71 722
Deduction of the company's value or surplus of net equitable assets value of the entity being taken above fusion costs	0	-7 427
(Profit) loss from exchange rates differences	-1 888	-4 082
Interest and share in profits (dividends)	38 918	28 308
(Profit) loss from investment activity	-6 985	144
Change in reserves	-6 631	12 492
Change in inventories	-157 571	32 616
Change in receivables from supplies, services and other receivables	-67 578	22 766
Change in short-term liabilities from supplies, services and other receivables	132 324	-136 959
Change in accruals	84 528	-50 231
Income tax paid	-30 859	-22 150
Other corrections	55 690	-3 582
Net cash flow from operating activity	**180 588**	**28 488**
CASH FLOW FROM INVESTMENT ACTIVITY		
Sale of intangible, legal and material fixed assets	5 064	5 752
Sale of investments in real property and intangible assets		
Sale of financial assets	2 968	13 711
Dividends and share in profits received		165
Interest received	1 751	98
Other investment receipts	177 749	13 234
Acquisition of intangible, legal and material fixed assets	-143 451	-123 269
Investments in real property and intangible assets	-32	-75
Acquisition of financial assets	-103 059	-44 028
Other investment expenses	-194 331	-63 960
Net cash flow from investment activity	**-253 341**	**-198 372**
CASH FLOW FROM FINANCIAL ACTIVITY		
Receipts from share issue, other capital instruments and capital surcharge		157 450
Credits and loans	393 135	283 310
Issue of indebted securities		
Other financial receipts	3 940	23
Acquisition of own shares		-2 579
Dividends and other payments for the benefit of owners	-159	-3 474
Other expenses, than payments for the benefit of owners, from profit distribution	-311	-7
Repayments of credits and loans	-268 929	-235 779
Repurchase of indebted securities		
Expenses on other financial liabilities		-13 258
Payments of liabilities from financial leasing agreements	-6 901	-960
Interest paid	-30 888	-29 078
Other financial expenses	1 591	-4 796
Net cash flow from financial activity	**91 478**	**150 852**
TOTAL NET CASH FLOW	**18 725**	**-19 032**
Balance change in cash and other money assets, incl:	**21 526**	**-20 468**
-change in cash and money assets from differences in exchange rates	2 581	-1 437
Money assets at the beginning of period	143 665	164 133
Money assets at the end of period, incl:	165 191	143 665
- of restricted possibility of commanding	4 786	1 051

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Additional information to the consolidated financial statement

ADDITIONAL INFORMATION
TO THE CONSOLIDATED FINANCIAL STATEMENT
OF THE CAPITAL GROUP OF KOPEX S.A.

1. General information

KOPEX S.A. with a seat in Katowice is a joint stock company registered on 3 January 1994 in the District Court in Katowice, VIII Economic Division under the number RHB 10375. By virtue of the decision of the District Court in Katowice, Economic Division dated 11 July 2001, KOPEX S.A. was entered into the Register of Companies under the number KRS - 0000026782.

The Company was constituted for an indefinite period.

The Company's seat is Grabowa 1 street.

The principal activity of the Company (code PKD 4521E) is an export, import of raw materials, products and services, including complete industrial plants, equipment and machinery, industrial and consumer goods (the company acts in this area as an intermediary both in domestic and foreign trade), as well as rendering a wide range of services including consulting, promotional activity and so on. The company is listed on the Stock Exchange in Warsaw in continuous trading and was classified into the sector of electromechanical industry.

The presented financial report is a consolidated financial statement and includes data for the period from 01.01.2010 to 31.12.2010 as well as comparative financial data for the period from 01.01.2009 to 31.12.2009.

The capital Group of KOPEX does not include the internal organizational units preparing their own financial statements.

The consolidated financial statement of KOPEX Group for 2010 has been prepared on the assumption that economic activity will be continued. There are no circumstances indicating a risk to interrupt the activity.

KOPEX S.A. is a dominant entity and prepares a consolidated financial statement.

Guidance notes to this consolidated financial statement form an integral part of this statement.

The currency used is Polish Zloty.

Data are presented in thousands of zlotys.

The aforementioned financial statement was signed by the Management Board on 29 April 2011.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP In thousand zloty

2. Management Board and Supervisory Board

the Management Board

the Management Board on the Day of 31 December 2010

Marian Kostempski	Chairman of the Board
Joanna Parzych	Vice Chairman of the Board
Józef Wolski	Vice Chairman of the Board

The Supervisory Board

The supervisory Board on the Day of 31 December 2010

Krzysztof Jędrzejewski	Chairman of the Board
Artur Kucharski	Vice Chairman of the Board
Michał Rogatko	Secretary of the Board
Marzena Misiuna	Member of the Board
Adam Kalkusiński	Member of the Board

3. Entity auditing the financial statement

The financial statement was audited by PKF Audyt Sp with a registered seat in 01-747 Warszawa, ul. Elbląska 15/17, Regional Office in Katowice, basing on the Agreement dated 23 March 2010. This agreement was concluded as a result of KOPEX S.A. Supervisory Board Resolution No 58/VI/2009 dated 27 November 2009.

4. Base of preparing the financial statement

The consolidated financial statement for 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union.

From January 1st , 2005, KOPEX S.A., in accordance with the Resolution No. 27 of the Ordinary General Meeting dated 21 April 2005(adopted under the art. 45 par. 1c of the Accounting Act – the content being in force since January 1st, 2005), prepares an individual and consolidated financial statement in accordance with International Accounting Standards.

5. List of subsidiaries of KOPEX Group as at 12/31/2010.

5.1. Entities included in the consolidated financial statement

Entity	*Consolidation method*
KOPEX S.A.	full
ZZM S.A.	full
TAGOR S.A.	full
DOZUT-TAGOR Sp. z o.o.	full
BREMASZ Sp. z o.o.	full
GRUPA ZARZĄDZAJĄCA HBS Sp. z o.o.	full
KOPEX EQUITY Sp. z o.o.	full
KOPEX GmbH (Germany)	full
KOPEX-ENGINEERING Sp. z o.o.	full
KOPEX-FAMAGO Sp. z o.o.	full
KOPEX CONSTRUCTION Sp. z o.o.	full
HSW ODLEWNIA Sp. z o.o.	full
WAMAG S.A.	full
KOPEX-PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	full
PBSz INWESTYCJE Sp. z o.o.	full
Grupa HANSEN (Germany)	full
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	full
KOPEX MIN-MONT A.D. (Serbia)	full
KOPEX MIN-OPREMA A.D. (Serbia)	full
KOPEX MIN-LIV A.D. (Serbia)	full
ZZM MASZYNY GÓRNICZE Sp. z o.o.	full
Grupa ZEG S.A.	full
KOPEX-EKO Sp. z o.o.	full
POLAND INVESTMENTS 7 Sp. z o.o.	full
KOPEX TECHNOLOGY Sp. z o.o.	full
KOPEX AUSTRALIA PTY Ltd (Australia)	full
PT KOPEX MINING CONTRACTORS (Indonesia)	full
EL-GÓR S.A.	full
KOPEX WARATAH Pty Ltd (Australia)	full
RYBNICKA FABRYKA MASZYN RYFAMA S.A.	full
KOPEX SIBIR Sp. z o.o. (Russia)	full
INBYE MINING SERVICES (Australia)	Proportional
WS BAILDONIT Sp. z o.o.	Of property rights
TIEFENBACH-POLSKA Sp. z o.o.	Of property rights
ODLEWNIA STALIWA ŁABĘDY Sp. z o.o.	Of property rights
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Of property rights

5.2. Entities excluded from the consolidation in 2010

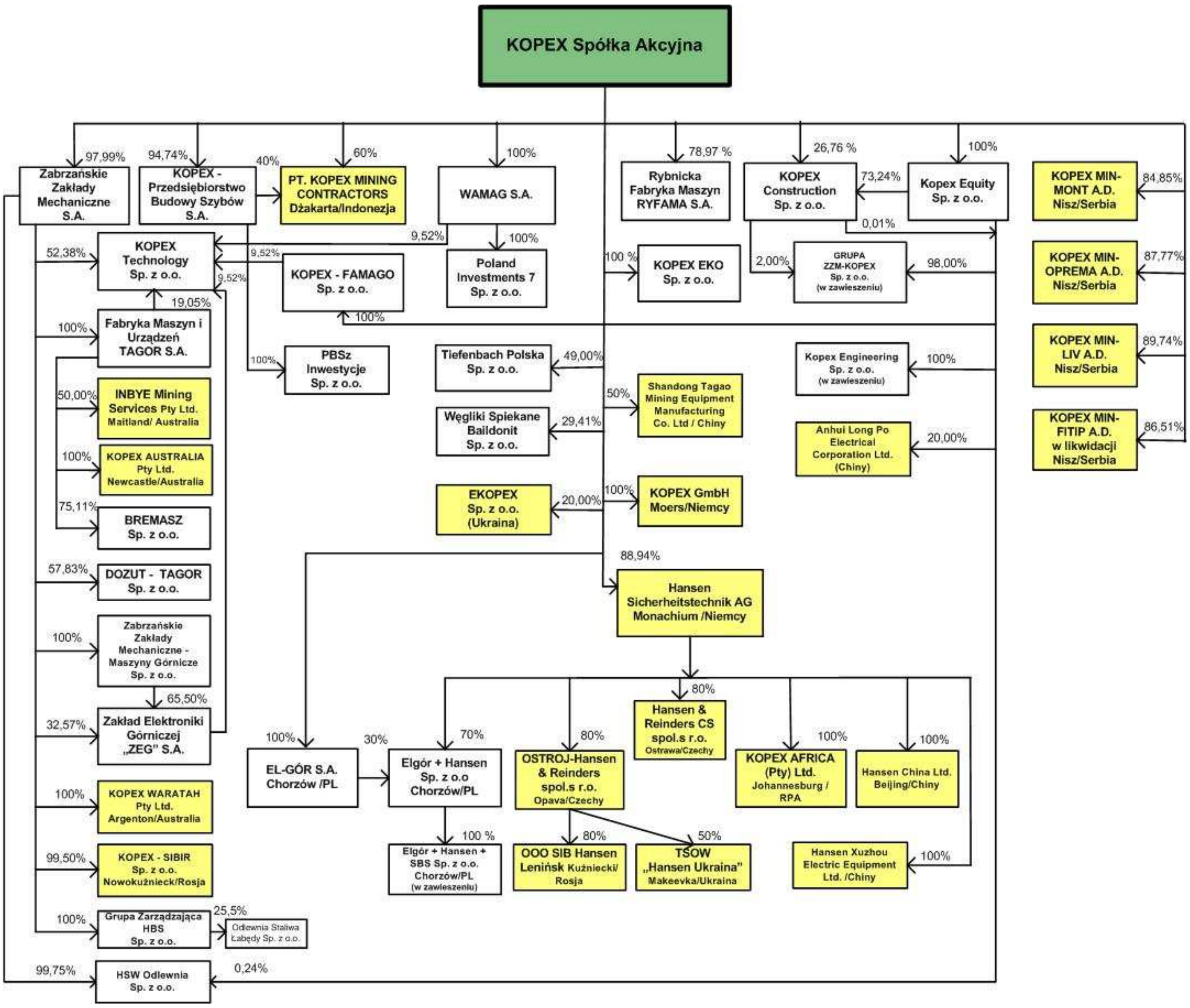
The entities : Autokopex Sp. z o.o., Autokopex Cars Sp. z o.o. ,Kopex Polskie Biogazownie S.A. have been excluded from consolidation in 2010 due to their sale. In the profit and loss account, all income and expenses of those Companies for the period until the loss of control have been included.

The company Kopex Min-Fitip (Serbia) – in 2010 loss of control took place due to the liquidation of the company.

5.3. Related entities excluded from the consolidation

Entity	*Character of relation (from a legal point of view)*	*Reason for exclusion from the consolidation*
ZZM-KOPEX Sp. z o.o.Group	Indirectly related	suspended, not active
EKOPEX Sp. z o.o.	Associated	Did not start its activity
KOPEX MIN-FITIP A.D. in liquidation	In liquidation process	Loss of control by the dominant entity

6. Organizational structure of KOPEX Group as at 31.12.2010



7. Relevant accounting rules

7.1. Statement of compliance

The consolidated financial statement of the Capital Group of KOPEX has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards approved by the European Union on 31 December 2010.

7.2. Applied accounting rules

The Capital Group of KOPEX uses the following rules for valuation of assets and liabilities, and the following rules for determining the financial result:

- Consolidation methods:

In accordance with the IAS, KOPEX S.A. is the dominant entity (controlling company) and conducts the consolidation, it means, combines the financial statements of KOPEX S.A. with those of its subsidiaries by summing up the relevant items from all statements, making allowances for all necessary exemptions and adjustments.
The consolidated financial statement is the financial report of KOPEX Group made in such way if it was a statement of a single economic entity.
In order to prepare the consolidated financial statement KOPEX S.A. undertakes the following actions consisting in:
- Excluding the carrying amount of its investments in each of the subsidiaries and this portion of the subsidiaries' equity which corresponds to the share that KOPEX has in them
- Determining minority interest in the net profit or loss of the consolidated subsidiaries for a given fiscal period and
- Identifying and presenting, separately from the equity, the minority interest in net assets of the consolidated subsidiaries.

Minority shares in net assets include:
- Value of minority shares from the date of the primary merger and
- Changes in equity attributable to minority shares starting from the date of merger

Minority shares are presented in the consolidated balance sheet within equity, separately from the equity of KOPEX S.A. The shares in a profit or loss of KOPEX Capital Group are also presented separately.
Balances of companies within KOPEX Capital Group, transactions, income and expenses are excluded in full.
The subsidiaries use the same rules (policy) of accounting as KOPEX S.A.
In separate items of the consolidated financial statement, KOPEX presents the shares in associated companies (those on which KOPEX S.A. has significant influence and in which it is a major investor). These shares are valued using the equity method.
The equity method is an accounting technique in which an investment is initially recognized at purchase price, and then, after the purchase, its value is adjusted proportionally to the change of the share of KOPEX in the company's net assets. The share of KOPEX SA in the profit or loss of the company in which the investment has been made, is reported in the profit or loss of KOPEX. Payments received by way of profits generated by the company in which an investment took place, reduce the carrying amount of investments. Adjustments of the carrying amount may also be necessary due to changes in the proportion of KOPEX shares in a company resulting from changes in the company's equity which have not been included in the profit and loss account. These changes may also result from the revaluation of fixed assets and exchange rates. The share of KOPEX SA in those changes is directly shown in its equity.

In the event that KOPEX SA ceases to have significant impact on the associated company, it starts to declare the investment in accordance with the IAS 39, starting from this date, provided that the associated company does not become a subsidiary or joint venture. The carrying amount of the investment on the date when it stops being an associated company shall be treated as the purchase price at the moment of its initial valuation as a component of financial assets.

- Intangible assets

Intangible assets are declared in the purchase price or in the cost of manufacture from which amortization and the total sum of depreciation charges related to the loss of value are deducted. Writing down the value of a component of intangible assets should be uniformly spread throughout the period of its useful life estimated as best as possible. Amortization should commence when the asset is ready for use. The used method reflects the way of consuming the economic benefits from the asset.
Intangible assets, excluding the goodwill, are amortized using straight line-method, as follows:
- Licenses for the use of computer software – 30%
- Computer software – 20%
- Other intangible assets - in accordance with the duration of the contract or the estimated useful life

Intangible assets with a low purchase price (original value of less than 3.5 thousand PLN) are subject to a single write - off into the costs. Other intangible assets are amortized using a straight-line method throughout the period of their usage estimated as best as possible.

The period and method of depreciation of intangible assets with a significant original value are reviewed at least at the end of each fiscal year.

Amortization of intangible assets is included in the following items of the profit and loss account: processing costs of products sold, costs of sale, overhead expenses.

Disclosure of information on intangible assets is made by dividing them into homogeneous groups and marking out those intangible assets which are manufactured by the company on its own.

The following items are not included in the intangible assets:
- Goodwill generated by the company on its own
- Trademarks, magazine titles, publication titles, customer lists and items of similar form generated by the company on its own
- Expenditures incurred on commencing the business activity, on advertising, promotion, training and restructuring the part or all the company.

- Goodwill

Goodwill is defined as the excess of the amount due to the purchase and the amounts of all non-controlled interests in the acquiree as well as fair value of shares in the capital of the acquiree held by the acquirer before takeover of control, over the net value of the identifiable acquired assets and the acquired subsidiary's liabilities as on the day of purchase. The net value both of the assets and liabilities is fixed at the date of takeover.
Goodwill resulting from a transaction that took place before January 1st 2010 is the excess of the purchase price over the fair value of the parent company's shares in the identifiable net assets of the acquired subsidiary or associated company as on the day of purchase. Goodwill is subject to impairment review.
In the balance sheet, the goodwill is shown as an asset reduced by cumulated deductions due to permanent impairment included in the profit and loss account.
Goodwill arising out of the purchase of a foreign entity is expressed in the currency of the foreign country and converted at the average exchange rate fixed by the NBP (National Polish Bank) on the balance sheet date.
The differences due to the exchange rate are recognized in equity in the item "Difference in exchange rates"
In the event of a negative value, the parent company shall immediately re-identify and valuate identifiable assets, liabilities and conditional liabilities of the acquiree as well as reevaluate the cost of business combination. The excess resulting from reevaluation is included in the profit.

At the time of sale (loss of control) over a subsidiary or the company commonly controlled, the goodwill attributable to this subsidiary/company is taken into account at the time of calculating the profit/loss due to sale.

- Costs of research and development works

Expenditures on research are recognized in the profit and loss account at the moment they were incurred.

Expenditures incurred on development projects are recognized when the criteria of activation are met. After initial recognition, the costs of development are reduced by accumulated depreciation write –offs and write-offs due to impairment.

Depreciation write – offs are made on a straight-line basis in the period of the expected revenue related to a given project, but not exceeding 5 years.

- Fixed assets.

The initial value of tangible fixed assets is determined as the purchase price and in case the asset is manufactured using own means – as a total production cost. Borrowing costs which arose as a result of and during the investment period increase the purchase price and the cost of production. The initial value of fixed assets is increased by expenditures incurred on their improvement, provided that they are expected to be used for a period longer than just one season and it is likely that economic benefits connected with a given asset will be gained. If the residual value of the tangible fixed asset reaches and increases the amount that is higher than or equal to its carrying amount, so the depreciation of this asset ceases until its residual value drops and is lower than its carrying value. The value of the fixed asset is subject to amortization, taking into account the planned usage period and recovery value in case of liquidation.

For the fiscal and balance sheet purposes, fixed assets having the initial value lower than 3.500 zlotys, , are depreciated only once at the moment of their receipt for use.

Fixed assets are subject to amortization using the straight-line method starting from the month following the month of receipt for use, the depreciation being performed during the period corresponding to the estimated period of their useful life. The residual value and useful lives are subject to annual reviews and they are amortized with the depreciation rate applicable in the subsequent periods.

For taxation purposes, the adopted depreciation rates shall be the rates under the Legal Persons Income Act dated 15 February 1992. The act determines the amount of depreciation constituting tax deductible costs.

The rates of depreciation for fixed assets are as follows:

- Buildings and structures – 2,5% - 4,5%,
- Technical equipment and machinery – 10% - 38,72%,
- Transport means – 20% - 33,06%,
- Others – 14% - 40%,
- the right of perpetual usufruct of land, purchased for the property
  - acquisition value up to 500 thousand PLN– 20%,
  - acquisition value over 500 thousands PLN – period of the contract

The right of perpetual usufruct of land obtained free of charge from the Treasury is recorded off-balance sheet.

Freehold lands are not subject to amortization.

- Fixed assets held for sale

  The fixed assets which are highly likely to be sold, for which, there is an active program to find a buyer and for which the plan of sales is expected to be completed within one year are classified as non-current assets held for sale and their depreciation ceases.

- Investment Properties

  Investment properties - held in order to achieve the revenue from the leasing and / or increase of their value - are measured as at the balance sheet day at the cost reduced by previous depreciation write -offs. The period and method of depreciation of the investment properties with a significant initial value are reviewed at least at the end of each financial year in terms of the expected utility.

  Investment properties are amortized using a straight-line method starting from the month following the month of receipt for use during the estimated period of their useful life

  The rates of depreciation for investment properties are as follows:

  - Buildings and structures – 2,5% - 4,5%,
  - the right of perpetual usufruct of land, purchased the property
    - acquisition value up to 500 thousand PLN– 20%,
    - acquisition value above 500 thousand PLN – the contract period

  Feehold lands are not subject to amortization.

- Fixed assets under construction

  On the balance sheet date, fixed assets under construction are measured in the total costs incurred on their direct purchase or on the production reduced by depreciation due to their permanent impairment.

- Long-term receivables

  Long-term receivables are receivables other ones than those due to supplies and services for which payment falls during a period of time longer than one year from the balance sheet day as well as those due to supplies and services which go beyond a normal operating cycle. The operating cycle is construed as a period between the acquisition of assets for processing and the execution thereof in the form of cash or cash equivalents. Long-term loans and receivables are measured at amortized cost using the method of the effective interest rate. As at the balance sheet day, long-term receivables in foreign currencies are measured at the average NBP rate for this day and exchange differences thus resulting are reported respectively in income or financial costs.

- Leasing

  Lease contract is classified as a finance lease, if all the risks and benefits, due to possessing the object of lease, have been transferred to the lessee.

  The leased object is recognized in the books on the commencement date of leasing at the lower of the two amounts: the fair value or the present value of minimum leasing fees.

  The leased object is amortized for a period of use. If it is not certain that the lessee obtains the title of ownership by the end of the lease period, the leased object shall be amortized for a shorter period of the two periods: lease term or term of its use.

  Lease contract is classified as an operating lease if all risks and benefits due to possessing the object of lease have not been transferred to the lessee.

- Finanacial instruments:

  The financial instruments include in particular:

  - Financial assets or financial liabilities measured at fair value with changes in the profit and loss account – they include assets and liabilities acquired principally to generate a profit from the change in price or margin, assets and financial liabilities classified as belonging to this group and derivatives (not used as hedging instruments),
  - Loans and receivables - financial assets which are not derivative instruments, with fixed or determinable payments, not quoted on an active market
  - Investments held to maturity day – these are no derivative financial assets with fixed or determinable payments and fixed maturity period and which the Company intends to hold and is able to hold until their maturity date
  - Assets available for sale

  Valuation of financial instruments:

  - assets are measured at fair value through profit or loss
  - loans and receivables are measured at amortized cost and the effects of this valuation are recognized at the financial result
  - Investments held to maturity date are measured at amortized cost and the effects of this valuation are recognized at the financial result
  - Financial assets available for sale are measured at fair value and the effects of this valuation are referred to equity.

- Hedge Accounting

  For some derivative instruments which can be classified as hedging instruments, hedge accounting is applied to recognize the effects of compensating changes in fair value of a hedging instrument and a hedged item which have impact on the profit and loss account.

  Fair value hedge is recognized in the following manner:

  - gains or losses resulting from revaluation of the fair value of the hedge instrument are recognized in the profit or loss account
  - gains or losses related to a hedged item resulting from a hedged risk shall adjust the carrying amount of the hedged item and are recognized in the profit or loss account.

  Cash flow hedge is recognized in the following manner:

  - the part of the gain or loss on the hedging instrument, that is an effective hedge, is recognized directly in equity by recollecting changes in equity. Gains or losses on the hedging instrument which refer to the equity are recognized in the profit and loss account in the same period where the hedged transaction affects the profit or loss.
  - the ineffective part of gains or losses on the hedging instrument is recognized in the profit and loss account as financial income / expenses.

  Result on cash flow hedging instruments is shown in the profit and loss account as other income/expenses.

  Net investment hedges in foreign companies are recognized similarly to cash flow hedges.

- Inventories

Inventories are measured at their cost or net value likely to obtain, depending on which of them is lower. On the balance sheet day, write – offs updating the value of inventories are made if there are reasons justifying the aforementioned depreciation. The write – offs are recognized in the balance sheet as other operating costs.

On the balance sheet date, inventories are stated at a purchase price reduced by depreciation made.

Outgoing of inventories is made by the Company in the following ways:

- materials according to FIFO method – outgoing of the asset is measured at prices of the components which the Company earlier acquired
- materials purchased for a specific order and goods acquired prior a specific identification of the real price of these components, irrespectively of the date of their purchase or manufacture,
- energy measured at average prices, it means, fixed in the amount of the weighted average price for a given period.

- Short – term receivables

For short-term receivables are classified all receivables from supplies and services, regardless of contractual due date and all the other titles that are payable within 12 months from the balance sheet date as well as all receivables from supplies and services payable over 12 months, which do not go beyond the normal operating cycle. The operating cycle is the time between the acquisition of the assets for processing and their realization in cash or cash equivalent. Short-term receivables include also the current portion of long-term receivables and granted prepayments and advances. Receivables are reported at net amounts, it means they are reduced by the revaluation write - offs, which are credited to other operating costs (except for deductions from receivables due to interests which are credited to financial costs.).

Revaluation write – offs on receivables are established:

- On the receivables from debtors in liquidation (except from the cases when the liquidation is conducted under the regulations on privatization of state-owned enterprises), under bankruptcy proceedings, the opening of arrangement proceedings – up to the amount of receivables not covered by the guarantee or other security instrument, notified to the liquidator or official receiver in bankruptcy or arrangement proceedings, or up to the amount of proposed redemption
- Receivables from debtors in case of dismissal of bankruptcy petition if the debtor's assets are insufficient to cover the costs of bankruptcy proceedings.
- receivables contested by debtors (controversial) to the amount not covered by the guarantee or other security instrument.
- On all receivables the due date of which did not expire before the closing balance sheet date (monthly, annual) or has already expired and the debtor’s economical and financial situation is unfavorable – up to the amount due
- On the total amount of unpaid interests on overdue payments.

Receivables denominated in foreign currencies are measured on the balance sheet date at the average exchange rate fixed for a given currency by the NBP (National Polish Bank) for this day. Exchange differences from receivables denominated in foreign currencies arising from the valuation date and the payment date are recognized in the balance sheet as follows: negative ones as financial costs and positive ones as financial income. In justified cases, they are recognized as the production cost of fixed assets or intangible assets (respectively, in order to increase or decrease these costs).

- Cash means of payment

Cash and cash equivalents are shown at nominal value. Denominated in foreign currencies, cash and cash equivalents are measured on the balance sheet date at the average exchange rate fixed for a given currency by the NBP for this day. Exchange differences relate to the income or financial costs.

- Prepaid expenses and accruals

Prepayments take place when the costs incurred relate to future reporting periods.

The following items are submitted to settlement over time:

- Rents for the lease of premises, machinery and equipment
- Energy paid for several months in advance,
- property insurance
- Annual fees for land taken in perpetuity,
- annual appropriation to the company’s social benefits fund
- Paid up magazine subscription for the next year
- Other costs related to the number of reporting periods if their activation has been evidenced with an appropriate document confirming that they were incurred
- excess of established from valuation cumulative revenues over recognized net advance payments is recorded in the balance sheet under short – term prepayments and presented in the assets.

Titles of prepayments that do not relate to the normal operating cycle of the company and their period of settlement exceeds 12 months from the balance sheet date, are recognized in the balance sheet as long – term prepayments.

Accruals are made in the amount of probable liabilities attributable to the current reporting period.

Accruals include:

- Reserve for guarantee service and warranty or reserve for sold goods of long – term use
- Estimated costs for auditing a financial statement
- Reserves for unpaid bonuses for employees, proxies and board members
- The value of services provided for the company that have not been invoiced, and under the contract the contractor was not obliged to invoice them
- Costs of pollution fees, costs related to the current reporting period evidenced with an invoice in the next reporting period
- reserve for future financial costs
- excess of the recognized net advance payments over the established from valuation cumulative revenues is recognized in the balance sheet as short-term accrual and presented in the liabilities at the item "liabilities arising from advances on supplies."

- Equities

Equity capital includes original capital (share capital), spare capital and reserve capital, net profit (loss) for a given period and undistributed profit from previous years.
Original capital is shown in the amount specified in the Articles of Association and entered in the trade register. Declared but not paid capital contributions are recognized as called up share capital. Shareholders may increase or decrease the equity in accordance with the Commercial Code. If the increase results from an increase in the share capital, it is booked only with a date on which the court registered the amendment.

Original capital (equity) can be reduced by redemption of shares only if the Articles of Association provides so. Original capital is valuated in liabilities at nominal value.

Treasury shares are recognized in the balance sheet at purchase price as a decrease in capital. In case of sale, issuance or redemption of treasury shares, no profits or losses are recognized in the profit or loss account.

- Provisions for liabilities

Provisions are liabilities whose amount and term of payment are not certain. Provision is created when the entity assumes the obligation arising from past events, it is likely that fulfilling this obligation will cause an outflow of resources representing economic benefits and we can accurately estimate the amount of that obligation.

If these conditions are not met, provisions are not created:

The amount of provisions should reflect the best estimated expenditures required to fulfill the existing obligation at the balance sheet date, it means:

- The amount – which according to rational premises, the Group would pay at the balance sheet date fulfilling the obligation or,
- The amount which the Group would pay to a third party in return for taking over the obligation in question at the same time.

Provisions are created for the following titles :

- Loss from business transactions
- Guarantees and waranties granted
- Results of pending litigation and appeal proceedings
- Future employee benefits – jubilee awards
- Value of unused annual employee leaves
- Severance payments on retirement
- Provision for financial costs
- Provision for the costs of contracts in order to preserve the commensurateness of revenues and expenses
- Future costs related to restructuring

Provisions for employee benefits are estimated by the actuary.

The company has chosen the method of immediate recognition of actuarial gains and losses both those being within the range described in the IAS 19, par. 92, as well as those going beyond it

- Assets and provision for income tax

In view of the temporary differences between the value of assets and liabilities shown in the books and their tax value and the tax loss that might be deducted in the future, the entity creates a provision and determines the assets for the deferred income tax of which it is a tax payer.

The Gross Profit calculated on the basis of accounting records, is converted into the tax income via the following:

- adding to the gross profit, the expenditures not being deductible expenses in accordance with the Law on Corporate Income Tax
- deducting, from the gross profit, the revenues not recognized as a tax revenue, according to the said law
- adding to the gross profit the so-called statistical revenues

Adjustments to the gross profit mentioned above can be as follows:

- permanent – these are additions and deductions which are not taken into account when measuring the income, for example: representation expenses, depreciation of passenger cars and their insurance above the amounts deemed boundary limits

- temporary - are those that can be treated as cost of revenues/deductible expenses or revenues under the Income Tax Act, but in a different period than the period foreseen in the Accounting Act.

The provision for a deferred income tax is established at the amount of income tax requiring payment in the future due to positive temporary differences, it means, the differences which will increase the basis for calculating income tax in the future. The provision is valued according to the tax rates which will be applied when the provision is released, taking for a base the tax rates (and tax regulations) that would be effective or were actually effective at the balance sheet date.

The current and deferred tax is recognized as income or expense that affects the net profit or loss of a given period, except from the taxes on the following transactions:

- Transactions or events that are recognized directly in equity, in the same or a different period or
- Business combination

Provision for a deferred income tax as well as for activated income tax must be analyzed and settled on a monthly basis, following the titles under which they were created. The deferred income tax should be recognized in the profit and loss account as "Income tax”.

Provision for a deferred income tax as well as for activated income tax is created only for temporary adjustments. Assets and provision for a deferred income tax related to the operations settled with equity refer also to the equity.

- <u>Liabilities</u>

Long-term liabilities include liabilities for which the due date falls at least one year after the balance sheet date. This item also contains long-term bank loans and borrowings as well as liabilities for supplies and services maturing above 12 months, going beyond the normal operating cycle. Long-term liabilities, beyond the normal operating cycle, are valuated on the balance sheet date at amortized cost using the effective interest rate.
Bank loans are recorded at the purchase price equal to the fair value of cash received and reduced by the costs of credit.
Short-term liabilities are all the liabilities for deliveries and services in the normal production cycle as well as other liabilities which are due within 12 months from the balance sheet date.
Liabilities are valuated at the amount payable.
Liabilities denominated in foreign currencies are valuated on the balance sheet date at the average exchange rate fixed for a given currency by the NBP for this day. Exchange differences from liabilities denominated in foreign currencies arising on the valuation date and the payment date are recognized in the balance sheet as follows: negative ones as financial costs and positive ones as financial income respectively.

- Revenues

Revenues are gross earnings in a given period, being a result of regular operations of a given company, and leading to an increase in equity other than the increase due to contributions made by shareholders. Income and expenses of the same transaction are recorded at the same time. Revenues are recognized when it is likely that the company will have the economic benefits from a given transaction and the amount of revenues may be accurately determined. Revenues are recognized after the value added tax deductions, discounts and reductions.
Revenues on sale of assets are recognized upon delivery thereof and when the significant risk and benefits resulting from ownership of the assets have been transferred to the purchaser.
Revenues from provision of services (excluding contracts of construction services) are recognized when providing services to a third party.
Dividend income is recognized when the company is granted the right to dividends.

- Goverment grants:

Government grants, including non-monetary grants at fair value are recognized when it is certain that:
– the Group will meet the conditions related to obtaining grants
– grants will be given

The concept of the government refers to government, governmental institutions, governmental agencies and other similar bodies whether local, national or international.

Government grants are recognized systematically as an income in particular periods in order to match them with the related costs which the grants ought to compensate. The grants do not increase directly in equity.
A government grant that becomes due as compensation for costs already incurred or losses or that is given to the company in order to provide an immediate financial support, without any future related costs, shall be recognized as an income in the period in which it becomes due.
Non-monetary government grants may have the form of transfer of non-monetary asset such as land, or other assets given to the company to use. In such cases, a non-monetary asset shall be valuated and booked at fair value.

Government grants to assets, including non-monetary grants at fair value, are presented in the balance sheet as a deferred income of the future periods or the amount of grants is subtracted in order to obtain the carrying amount of the assets.
The Company has adopted the method of presenting non-monetary grants related to the assets at fair value as deferred income of the future periods and recognizing them in the balance sheet as an income during the period of their utilization.

Grants are presented in the profit and loss account as other operating income.

Government grants being subject to repayments are recognized as a change in the estimated value. It means that the repayment of the grant is firstly referred to the unpaid balance of a deferred revenue. The remaining part is referred to the costs of the current period.

The standard does not resolve the matter of the EU subsidies. The Company treats the EU subsidies as government grants.

- Contracts of construction services

Income from contracts for the provision of construction services is valuated on the balance sheet date using the method of “services progress” (stage of completion of contracts in progress method), which is estimated as the relation between costs already incurred to planned, currently updated costs of contract execution, i.e. the rate of performance of the cost budget for the construction. Income from executed contracts is recorded with reference to the degree of contract execution

Excess of recorded cumulative revenues over the sum of losses and receivables conditioned by contract execution (partial invoices) is recognized in "short-term prepayments and accruals” and presented in the assets.

Excess of recorded losses and receivables conditioned by contract execution (partial invoices) over the cumulative revenues is recognized in “short-term accruals” and shown in the liabilities at "Advances liabilities on supplies”.

If the estimated total and final income as well as costs related to the contract of construction services which is being executed indicate a loss, in this case, the provision for the whole loss is created in the balance sheet and credited to costs.

- Net profit or loss

The financial results - net profit or loss of the Group is determined using the accrual basis of accounting and matching the revenues with the expenses.

7.1. The published standards and interpretations that entered into force on 1 January 2010 and their impact on the financial statement

- IFRS 2 – „Share-based Payment". Changes to the standard were published by the IASB on 18 June 2009. The standard did not cause any changes in the financial statement.
- IAS 32 – "Financial instruments: presentation" The change was published by the IASB on 8 October 2009 and concerns classification of the issue of subscription rights denominated in currencies other than the functional currency. The standard did not cause any changes in the financial statement.
- IFRIC 15 – "Agreements for the Construction of Real Estates"– did not cause any change in the financial statement.
- IFRS 3 – "Business Combinations"

The changed IFRS3 was published by the IASB on 10 January 2008. The revised standard provides with a detailed information on the conduct of merge of the companies and the settlement by using the purchase method. The standard is effective for annual periods beginning after 30 June 2009 and applies to business combinations created after that date. The amended standard did not cause any change in the separate financial statement

- IAS 27 – „Consolidated Financial Statement"

  The revised IAS 27 was published by the IASB on 10 January 2008. According to the amended standard, the change in percentage share in the subsidiary is recognized as a capital transaction and will not have influence on the goodwill ; the losses incurred by the subsidiary will be allocated between the shares of the controlling entity and non- controlling shares, even when the losses exceed the value of the non – controlling share. In the case of loss of control over a subsidiary, any retained shares will be remeasured to fair value, and the effect of this remeasurement will be included in the profit and loss account as a profit or loss on sale of a controlling share. The revised standard is effective to annual periods beginning on July 1st, 2009. The changes have impact on the consolidated financial statement of the company.

- IAS 39 – „Financial Instruments: Elements qualifying to hedge accounting"

The revised IAS 39 is effective to annual periods beginning on or after July 1, 2009. The standard was published on 31 July 2008. The standard deals with the issues related to recognition of inflation as a risk or part of a risk being subject to hedge as well as hedge in the form of options. The modification in the standard did not cause any change in the financial report.

- IFRIC 17 – "Distributions of Non-Cash Assets"

The standard is effective to annual periods beginning on or after July 1st, 2009. The interpretation was published by the IASB on 27 November 2008. The interpretation contains guidance for settlement of transmission of non-cash assets to the owners. The interpretation did not have any impact on the financial statement.

- IFRIC 18 – "Transfers of Assets from Customers"

The standard is effective to annual periods beginning on or after July 1st, 2009. The interpretation was published by the IASB on 29 January 2009. The standard refers mainly to a public sector. The interpretation did not have any impact on the financial statement.

- IAS 24 – "Related Party Disclosures" will be effective to annual periods beginning on or after January 1st 2011
- IFRIC 19 – "Extinguishing Financial Liabilities with Equity Instruments" is effective to annual periods beginning on or after July 1st 2010
- IFRIC 14 – " The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" will be effective to annual periods beginning on January 1st 2011

7.4. The published standards and interpretations that did not enter into force and were not accepted by the European Union.

- IFRS 9 – „Financial instruments". The standard was published by the IASB on 12 November 2009 and the amendment took place on 28 September 2010. The standard will be effective from January 1st, 2013.
- IFRS 1 – „First – time Adoption of International Financing Reporting Standards". The changes to the standard were published by the IASB on 20 December 2010 ad they are effective for annual periods beginning on July 1st, 2011
- IFRS 7 – „Financial instruments-Disclosures" – the amended standard was published by the IASB on 7 October 2010 and it will be effective for annual periods beginning on or after July 1st, 2011
- IAS 12 – „Income Tax". The amendments to this standard were published by the IASB on 20 December 2010 and they will be effective for annual periods beginning on or after January 1st 2012.

8. Financial Risk Management Policy and Hedging

Capital Group of KOPEX, as any other entity engaged in economic activities, consciously takes various risks, and in order to achieve measurable economic effects, it takes only this risk which is necessary to achieve previously determined objectives and to implement the Board - approved strategy.

Adoption of an appropriate financial risk management strategy allows to eliminate or reduce to the absolute minimum the risk of problems related to liquidity and changing of capital markets

The Group manages its capital in a way to ensure a smooth continuation of the activity and, at the same time, the maximum profitability for shareholders.

The capital structure of the Group as at 31.12.2010 includes:

credits (note No 29,37)

loans (note No 29,37)

cash and cash equivalents (note No 22)

Equity (notes 24-28)

Liabilities (notes No 30,31,32,38,39,40)

The Group seeks to maintain a liquidity ratio and a debt ratio at a safe level, and follows the so called "Golden rule of balance sheet" which means the maintenance of financial stability.

The Group implements an active policy of financial risk management, which includes processes of risk identification, measurement, monitoring and consequently, the choice of the most appropriate hedging instruments for the risks identified. Financial Risk Management in the KOPEX Group is coordinated by Financial Director - Member of the Board.

The Group does not trade with financial instruments. All of the described instruments are used to provide direct support for core operations.

The Group does not use financial instruments (including derivatives) for speculative purposes.

The companies within the Group are exposed primarily to the following groups of risk:

- Market risk, including price risk, interest rate risk and exchange rate risk (in particular, the latter one is a specific risk since it has direct influence on valuation of the items within assets and liabilities as well as on cash flows)

- liquidity risk

- credit risk

The detailed description of particular groups of risk (scope of occurrence, degree of concentration, hedging procedures, sensitivity analysis) is presented in the further part of the report.

The Group applies the procedures aiming to minimize the risk of not being paid for the sale of goods and services. Particular stages related to commencing a cooperation with a given contractor shall involve verification of that contractor's financial standing, then making the delivery conditional on obtaining an acceptable security for payment (letter of credit, guarantees, bills of exchange, etc.).

The Group prepares the following reports: daily reports on available cash, daily profit & loss reports for sales of energy, monthly controlling reports, monthly detailed reports on indebtedness and commitments in banks, including those on the use of guarantee lines, reports on overdue debts, reports on planned cash flows.

This information allows a current analysis of the financial standing of the Group, which enables to take the appropriate action aiming to minimize the identified groups of risk.

Price risk

The broadly understood price risk is observed in the implementation of long-term service contracts. Hedging policy consists on possibility of renegotiating the contract prices / escalator clauses /.

The Group has also adopted and implemented the principles related to central provision with goods and materials.

In order to minimize the price risk, the Group uses the principle of diversification of supplies, the principle of delivery from qualified suppliers and the principle of price negotiation for longer periods.

Interest rate risk

The Group is exposed to an interest rate risk related mainly to the bank loans which are characterized by a variable interest based on the WIBOR and a constant bank margin of lending banks during the period of crediting.

As at the 31.12.2010, the companies of the Group had liabilities / receivables associated with granted and received loans. Calculating the interests on the granted / received loans was carried out in the same way as in the case of credits (variable WIBOR 1M + margin).

Income from interests earned on loans varied due to changes in interest rates on which the interests were counted. For loans in the Polish currency, a calculated interest rate based on the variable WIBOR 1M + margin, for long-term loans – on WIBOR 1R + margin, and for loans in a foreign currency on EURIBOR 1M + margin or LIBOR 1M + margin.

As at the 31.12.2010, the Group did not have at its disposal financial instruments hedging the interest rate risk, reducing only the aforementioned risk to use of the variable WIBOR/EURIBOR for the loans granted by the companies within the Group and to continuous monitoring of the decisions taken by the Monetary Policy Council in the matter of the interest rate changes.

Foreign exchange risk

The companies within the KOPEX Group are exposed to foreign exchange risk arising mainly from the core business i.e. the sale and purchase of goods and services in foreign currencies (mainly EUR and USD).

The main financial instruments hedging the exchange risk are forward foreign exchange transactions and options.

In order to reduce the foreign exchange risk, the Group implemented a strategy which consists in application the procedure for actual cash flow hedging.

The Group is not engaged in speculative trading.

In 2005, the Group adopted the strategy of hedging the exchange risk and interest rate risk under which foreign exchange risk hedging transactions are made while signing a trade contract and in case of contracts for sale / purchase of coal / energy, the hedging transaction is made while placing an order for shipment of goods / purchase of energy.

The Group applies hedge accounting (for detailed description see the accounting rules), and natural hedging.

As at the day of 31.12.2010, the Group had open positions hedging the foreign exchange risk amounting to:

- 8 500 thousand USD

- 13 920 thousand EUR

As at the day of 31.12.2010, the fair value of the above mentioned forward transactions was estimated for the total amount of 1 666 thousand PLN (negative value) which is the valuation of unrealized transactions according to valuation models used by the banks in which the transactions were carried out.

The negative fair value of -1 666 thousand PLN includes:

- the amount of 87 thousand PLN (positive value) which was recognized as revaluation of shareholders' equity

- the amount of -1 753 thousand PLN (negative value) which was recorded in the profit and loss account, of which 522 thousand PLN (positive value) relates to the transaction for which hedging accounting is used.

Negative valuation of hedging transactions for the companies within KOPEX Group was carried out by the banks basing on the USD spot rate 2,9641 or EUR 3,9603.

In the second and fourth quarter of the year 2010, the realization of the planned transactions for which cash flow hedging had been previously applied, was no more longer expected. Therefore, the cumulated profits or losses on the hedging instruments, referenced and reported in equity for the period in which hedging was effective, were removed from equity and included in the profit and loss account at the item of financial activities as a loss of 12 546 thousand.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP In thousand zloty

Financial instruments

Carrying amount

As at the date of 31 December 2010
Categories of financial instruments-carrying amount

Classes of financial instruments	**Note**	Financial assets available for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Remaining financial liabilities: Financial liabilities measured at amortized cost	Remaining financial liabilities: Financial liabilities arising from factoring and liabilities excluded from the scope of IAS 39	Hedging instruments	**Total**
Shares	6	1 520								**1 520**
receivables from supplies and services (net)	7,15				444 350					**444 350**
Cash and deposits	22			165 191						**165 191**
Bonds and loans granted	10,18				84 636					**84 636**
Remaining financial assets (net)	8,9,16,17				93 340					**93 340**
Derivative financial instruments – currency	20,41			320		-2 594			608	**-1 666**
Liabilities for supplies and services	30,32,38,40						-352 737			**-352 737**
Credits and borrowings	29,37						-648 126			**-648 126**
Remaining financial liabilities	31,32,39,40						-154 193			**-154 193**
		1 520	**0**	**165 511**	**622 326**	**-2 594**	**-1 155 056**	**0**	**608**	**-367 685**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP In thousand zloty

Fair value

As at the date of 31 December 2010

Categories of financial instruments-fair value

Classes of financial instruments	**Note**	Financial assets available for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Remaining financial liabilities: Financial liabilities measured at amortized cost	Remaining financial liabilities: Financial liabilities arising from factoring and liabilities excluded from the scope of IAS 39	Hedging instruments	**Total**
Shares	6	1 520								**1 520**
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Credits and borrowings	29,37						-648 126			**-648 126**
Remaining financial liabilities	31,32,39,40						-154 193			**-154 193**
		1 520	**0**	**165 511**	**622 326**	**-2 594**	**-1 155 056**	**0**	**608**	**-367 685**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP In thousand zloty

Fair value hierarchy

Classes of financial instruments	Note	As at the date of 31 December 2010 Fair value hierarchy level 2	level 3
Shares	6	1 520	
Bonds and loans granted	10,18	84 636	
Derivative financial instruments – currency , in this	20,41	-1 666	
Assets		1 362	
liabilities		-3 028	
Credits and borrowings	29,37	-648 126	

Methods and assumptions adopted by the Group in determining fair values

Bonds and loans granted as well as obtained credits were measured using the method of amortized cost, i.e. the amount at which a financial asset or liability is measured at the moment of its initial recognition decreased by capital repayments and increased or decreased by amortization of any differences between the original value and the maturity value determined using an effective interest rate as well as decreased by any write- offs (directly or via a provision account) due to impairment or non-recovery.

Liabilities arising from derivative instruments outstanding at the date of ending the reporting period, were measured at fair value basing on forward prices per maturity date of each transaction (fair value measurement was done by the bank in which a forward transaction took place).

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP In thousand zloty

Fair value hierarchy – Level 2

As at the date of 31 December 2010

Categories of financial instruments – hierarchy of fair value LEVEL 2

Classes of financial instruments	Note	Financial assets available for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Other financial liabilities: Financial liabilities measured at amortized cost	Other financial liabilities: Financial liabilities arising from factoring and liabilities excluded from the scope of IAS 39	Hedging instruments	Total
Shares	6	1 520								**1 520**
Bonds and loans granted	10,18				84 636					**84 636**
Derivative financial instruments – currency	20,41			320		-2 594			608	**-1 666**
Credits and borrowings	29,37						-648 126			**-648 126**
		1 520	**0**	**320**	**84 636**	**-2 594**	**-648 126**	**0**	**608**	**-563 636**

Analysis of sensitivity

Assuming that the range of fluctuations in exchange rates at the day of 31.12.2010 might have achieved the level of + / - 10%, the Group's gross profit would have been lower or higher by 13.702 thousand PLN.

Assuming that the range of fluctuations in exchange rates at the day of 31.12.2010 might have achieved the level of + / - 1%, the Group's gross profit would have been lower or higher by 3.221 thousand PLN.

Analysis of sensitivity (in thousand PLN)

		Interest rate risk		Exchange rate risk			
		plus / minus 1%		plus 10% (price weakness PLN)		minus 10% (price rebound PLN)	
	Carrying amount	Profit /loss	Profit / loss	Profit / loss	Changes in equity	Profit or loss	Changes in equity
FINANCIAL ASSETS							
Cash in PLN	60457	605	-605				
Cash in USD per zloty	7247	72	-72	725		-725	
Cash in EUR per zloty	71780	718	-718	7178		-7178	
Receivables from supplies and services and remaining receivables	348901						
Loans granted plus interests in PLN	72226	722	-722				
Receivables form supplies and services and remaining receivables in EUR	105966			10597		-10597	
Loans granted plus interests in EUR	6154	62	-62	615		-615	
Receivables form supplies and services and remaining receivables in USD	29098			2910		-2910	
Loans granted plus interests in USD	19	0	0	2		-2	
Derivatives at fair value through profit and loss account	320			32		-32	
Derivatives remaining in hedging instruments	1042			82	22	-82	-22
Influence on financial assets before tax		**2179**	**-2179**	**22141**	**22**	**-22141**	**-22**
FINANCIAL LIABILITIES							
Credits in PLN	519367	-5194	5194				
Credits in EUR per zloy	20598	-206	206	-2060		2060	
Loans							
Loans received plus interests in PLN							
Liabilities for supplies and services and remaining liabilities in PLN	283553						
Liabilities for supplies and services and remaining liabilities in EUR	51772			-5177		5177	
Liabilities for supplies and services and remaining liabilities in USD	9125			-913		913	
Derivatives at fair value through profit and loss account	2594			-259		259	
Derivatives remaining in hedging instruments	434			-30	-13	30	13
Influence on financial liabilities before tax		**-5400**	**5400**	**-8439**	**-13**	**8439**	**13**

According to the Board of Management, the aforementioned sensitivity analysis is not representative for foreign exchange risk and interest rate risk due to the fact that exposure at the end of the year to the above mentioned risks does not reflect the risk exposure throughout the year. The volume of receivables, liabilities, valuation of derivative instruments change during the year.

In accordance with an adopted accounting policy The Group applies hedge accounting.

Liquidity risk

The Group manages the liquidity risk by maintaining an appropriate access to the source of funding using a wide range of banking services within the credit lines as well as banking and insurance guarantee limits that allow a smooth handling of transactions within the trade and non-trade obligations.

The Group prepares monthly cash flow predictions for the period of six – months (for the anticipated major settlements – for longer periods) in order to obtain information on the foreseen negative cash flows and to take relevant precautions aiming to obtain a positive cash flow.

The separate entity’s report on cash flow is combined with the reports of major companies from the Group in order to elaborate a consolidated cash flow, which permits the utilization of temporary surpluses generated in one company to cover the negative cash in the other companies. The conclusions resulting from the cash-flow, as well as information on temporary capital transfers within the Group are transmitted every time and consulted with the Management Board of the company.

The Group uses the method of mutual loans. Surpluses of funds are directed to the bank accounts type overnight bearing individual interest rates negotiated by the Group.

During the year 2010, the registered shares of series 13, 15, 19, 22, 23, 25, 27 of the total nominal value of PLN 186.500.000 emitted by Katowicki Holding Węglowy SA with the seat in Katowice were acquired by the Group.

Acquisition of the shares will be done through a non monetary performance in the form of supply of coal in 2010 and 2011. Supplies of coal within the redemption of the bond tranches of series 13 and 15 were executed in 2010.

Aging of receivables due to purchase of bonds

Series 13
- nominal value – 32,5million PLN, purchased at 30.03.2010
- bonds with 6 month redemption period
- term of repayment – from April 2010 to September 2010

Series 15
- nominal value – 45 million PLN, purchased at
- bonds with 6 month redemption period
- term of repayment – from June 2010 to November 2010

Series 19
- nominal value – 41million PLN, purchased at 28.07.2010
- bonds with 6 month redemption period
- term of repayment planned– from August 2010 to January 2011

Series 22
- nominal value – 20 million PLN, purchased at 30.08.2010
- bonds with 6 month redemption period
- term of repayment planned– from September 2010 to January 2011

Series 23
- nominal value – 21 million PLN, purchased at 28.10.2010
- bonds with 6 month redemption period
- term of repayment planned– from January 2010 to April 2011

Series 25
- nominal value – 17 million PLN, purchased at 30.11.2010
- bonds with 6 month redemption period
- term of repayment planned– from February 2011 to May 2011

Series 27
- nominal value – 10 million PLN, purchased at 29.12.2010
- bonds with 6 month redemption period
- term of repayment planned– from March 2011 to June 2011

The Group has available multi-purpose credit limits on the current account both for the current regulation of payments as well as for guarantees and letters of credit - allowing for flexible allocation of the particular products in order to ensure the smooth running of the activity by the Group. One of the credit lines is secured by a mortgage on the property of the Company, located in Katowice, ul. Grabowa 1.

The Group has available credit limits on guarantees and letters of credit

The credit lines preferred by the Group enable easy access to funds. Conditions negotiated with the banks allow the Group to rollover repayment of its credit liabilities.

The Group cooperates with many banks in order to disperse the risk. The cooperating banks are leading banks with a high rating operating on the Polish market.

The Group carries out a current analysis of liquidity and debt ratios – the principle is to maintain these ratios at a safe level.

There are no overdue liabilities – the Group has a full ability of debt servicing. It seeks to prolong the terms of payments, and shorten the maturities of receivables.

The liabilities for supplies and services as at 31.12.2010 together with their temporal structure are presented in the notes No. 30, 32, 38, 40. The book value of short-term liabilities for deliveries and services corresponds to their fair value due to their short-term nature.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP In thousand zloty

Contractual maturities of financial liabilities as at 31 December 2010

Financial liabilities	Contractual maturities from the end of reporting period				Total (without discount)	Carrying amount
	1 -12 months	1- 3 years	3- 5 years	over 5 years		
Liabilities for supplies and services	343 095	9 662	-	-	**352 757**	**352 737**
Credit and loans taken	563 892	84 234	-	-	**648 126**	**648 126**
Financial derivative instruments - currency	3 028	-	-	-	**3 028**	**3 028**
Remaining financial liabilities	121 202	28 301	3 670	1 086	**154 259**	**154 193**
Total financial liabilities in the various segments of maturity	**1 031 217**	**122 197**	**3 670**	**1 086**	**1 158 170**	

The occurrence of out of-balance sheet liabilities is closely related to the nature of activity the Group is engaged in, and collaterals in the form of promissory notes or guarantees are granted mainly against the companies within the Capital Group.

Ongoing monitoring and undertaken actions practically exclude the likelihood of using/ payment from a guarantee, a promissory note or warranty.

The Group's financial standing enables obtaining and using many forms of financing, including credit on current account, buyer credit, government credit, tied –aid credit, leasing, loans.

Cooperation with many banks, granted extensions of payments and increased credit limits available on favorable conditions prove that the Group is positively assessed by those banks.

Taking into account the accuracy and minuteness of the monitoring regularly conducted by banks, any potential risks would have been the indicator obliging the Group to normalize the situation.

<u>Credit risk</u>

Credit risk should be understood as the incapability of the Group's debtors to fulfill their obligations. The credit risk policy in the Group is of a particular importance.

The above mentioned credit risk may include various areas of the activity of the Group:

- credit risk of the customers with whom the transactions of sales of products are concluded.
- Credit risk of financial institutions which are a go-between in hedging transactions or with whom the aforementioned transactions are concluded
- credit risk of the entities in which investments are made, or whose shares are purchased

Credit risk policy in KOPEX Group regarding the credibility of contractors (to whom we sell our products and services) , and in particular, regarding the occurrence of transactions with new partners, is based primarily on:

- verification of a given contractor in the business intelligence

- obtaining updated documents illustrating the contractor's current financial situation

- requirement to submit by the above mentioned contractor, a payment security in favor of KOPEX Group in a form acceptable for the Group

A new contractor means the contractor with whom KOPEX Group has never traded, traded a long time ago or such one with whom the Group signed a contract of a significant value. The contractors to whom we sell goods and services on deferred payment terms are always judged in terms of credit risk.

The most popular collaterals for payment used by the Group include:

- for domestic trade : bank guarantees, insurance, mortgages, assignments, registered pledge, bill of exchange, warranties, mutual compensation.

- for foreign trade : letters of credit, confirmed letters of credit, bank guarantees, settlements under a buyer credit, repayment of debts under a government credit, mutual compensation.

Several years ago, the Group adopted the policy of limiting the credit risk associated with timing of repayments of debts.

Receivables turnover ratio for the Group expressed in days is 64 days.

Receivables from a large number of contractors with whom the Group cooperates are regularly monitored by respective financial departments in accordance with prepared written instructions and procedures for recovery of debts (both judicial and extrajudicial).

The issue of debts and debts recovery is subject of consultations between the people from respective sales and financial departments responsible for the transaction once a month. The aforementioned consultations help in making decisions about how to recover debts.

In relation to the financial crisis in the world and signals of possible difficulties related to customers' payments as well as announced bankruptcies, the Group has intensified, within its policy, the acts on supervising the status of receivables as well as has increased requirements concerning the necessary forms of hedging our receivables from the clients

The status of overdue receivables from deliveries and services is shown in the notes 15B and 15C

In accordance with the accounting policy applicable by the Group, revaluation write – offs due to impairment of receivables are made on an ongoing basis during the financial year.

In 2010, the level of the aforementioned write-offs in the total amount of overdue debts amounted to 26.33.% of the total overdue debts, while in 2009 it amounted to 19.85% in the total amount of overdue debts and the overdue debts in 2010 decreased significantly (129 387 thousand zlotys) compared with the year 2009 (233.681 thousand PLN)

The credit risk policy in the Group regarding the credibility of financial institutions the Group cooperates with, is manifested by cooperation only with banks or insurance companies with a good financial standing and high international rating.

The credit risk concerning derivative instruments is limited. The Group enters into agreements for derivative transactions and cooperates in this field only with the leading banks on the international financial market characterized by a significant equity and strong market position.

The Group applies a policy of framework agreements with the above mentioned banks and as well as a policy of limited credit concentration, cooperating, for this purpose, with many banks without being limited only to a single entity (a bank).

Credit risk associated with loans in KOPEX Group is limited due to the fact that loans are granted to the companies operating within the Group. Repayment of debts due to the above loan agreements is monitored on an ongoing basis by the financial and controlling department and , within the corporate governance, by the Supervisory Boards of the Companies, which enables the possession and control of the current information on financial standing and liquidity, and consequently reduces the above mentioned risk to minimum.

The maximum exposure to credit risk is represented by:

- gross value of receivables amounting to 567 974 thousand PLN

- value of received financial guarantees and sureties amounting to 26 072 thousand PLN in total

The concentration of receivables is as follows:

Trade receivables from deliveries and services for 2010 amounted to 444.350 thousand PLN which represents approximately 82.64% of total receivables.

Receivables from sales on domestic market : 269 009 thousand PLN

Receivables from sales abroad : 175 341 thousand PLN

Estimates

Due to the fact that a lot of information contained in the financial statement can not be precisely measured, elaboration of the financial statement requires from the Management Board to make estimates. The Management Board verifies the adopted estimates taking into account changing factors while making them, new information and experience from the past. That's why the estimates made as at 31 December 2010 may change in the future. The main estimates have been described in the relevant principles of accounting and presented in the following notes:

Note	Estimates	Type of information disclosed
9A, 17A	Revaluation write – offs on loans and receivables	The methodology adopted to determine the recoverable value – significant principles of accounting, point concerning short-term and long term receivables.
12,33	Income tax	Assumptions to identify assets due to deferred tax and reserves – significant principles of accounting, point concerning the assets and reserves on income tax
34,43	Employee benefits	Reserves estimated by an actuary – significant principles of accounting, point regarding reserves for liabilities
20B, 20C	Fair value of derivative instruments	Model and assumptions adopted for fair value – significant principles of accounting, point regarding financial instruments
44	Provisions	Provisions for benefits due to termination of the employment relationship, provisions for contracts : discount rates and other assumptions – significant principles of accounting, point regarding provisions for liabilities
1, 2	Utilization life of tangible and intangible assets	Utilization life and amortization method – significant principles of accounting, point concerning intangible and tangible assets

Subjective assessment

In the event that a given transaction is not regulated by any standard or interpretation, the Management Board guided by the subjective assessment, identifies and applies the accounting policy aiming to ensure that the financial statement will contain credible information and a coherent and genuine presentation of the financial position of the Company, the results from operating activity and cash flows. The subjective assessment is carried out in such a way so the statement might reflect an economic character of the transactions, contain complete objective data and be prepared in accordance with the principle of prudent valuation in all relevant aspects. The subjective assessment as at 31.12.2010 concerns provisions for claims and litigation, contract provisions and contingent liabilities.

9. information on conversion of selected financial data

- Assets and liabilities were calculated according to the average exchange rate fixed by the NBP (National Polish Bank) for the currency of EURO, being in force on the balance sheet date.
  - As at 31.12.2010 - 3,9603
  - As at 31.12.2009 - 4,1082

- Items of the profit and loss account and cash flows were calculated according to the arithmetic average of rates for the currency of EURO being in force at the end of each month during the reporting period.
  - in 2010 - 4,0044
  - in 2009 - 4,3406

- Maximum rates in the period
  - in 2010 - 4,1458
  - in 2009 - 4,7013

- Minimum rates in the period
  - in 2010 - 3,8622
  - in 2009 - 4,0998

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

10. Explanatory notes to the consolidated balance sheet of KOPEX S.A. Capital Group drawn up as of 31st December 2010 in PLN thousand

Note 1A

INTANGIBLE ASSETS	31.12.2010	31.12.2009
a) costs of completed R&D works	21 169	12 345
b) costs of R&D in progress	8 886	7 652
c) Goodwill	4 119	4 119
d) obtained concessions, patents, licences and other similar assets	5 600	6 470
e) other intangible assets	41	110
f) Construction-in-progress	13 006	8 133
Total intangible assets	**52 821**	**38 829**

Note 1B

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	31.12.2010	31.12.2009
a) own	52 739	38 829
- inc. those manufactured using own means	14 842	8 314
b) those used under rent, lease or other agreement, incl. Leasing contracts:	82	
Total intangible assets	**52 821**	**38 829**

Intangible assets do not constitute liability hedges.

Licence for Magmasoft system to the balance sheet value PLN 171 thousand is subject to limitations.

In 2010 the Group incurred expenses on research and development treated as period cost in the profit and loss account in the amount of PLN 198 thousand.

In 2009 the Group incurred expenses on research and development treated as period cost in the profit and loss account in the amount of PLN 233 thousand.

Useful life of intangible and legal assets is established except for the company's Goodwill

Items within the profit and loss account in which depreciation of intangible and legal assets was included	31.12.2010	31.12.2009
- costs of goods sold	1 310	1 503
- costs of sales	620	1 468
- costs of management	3 622	2 908
Total	**5 552**	**5 879**

Note 1C 31.12.2010

FLOW OF INTANGIBLE ASSETS

	Costs of completed R&D works	- Incl. Those manufactured using own means	costs of R&D in progress	Goodwill	obtained concessions, patents, licences and similar assets (including computer software)	Other intangible assets	Total intangible assets
a) gross value at the beginning of the period	**24 191**	**16 629**	**11 558**	**4 119**	**13 680**	**807**	**54 355**
- adjustment of opening balance sheet							
a') gross value at the beginning of the period after adjustment	**24 191**	**16 629**	**11 558**	**4 119**	**13 680**	**807**	**54 355**
b) increases:	**14 701**	**5 843**	**3 369**		**3 249**	**11**	**21 330**
- purchase	7 232		2 228		2 177		11 637
- production	4 546	4 546	1 141				5 687
- exchange rate differences	292				59	11	362
- purchase of the company	2 631	1 297			1 013		3 644
c) decreases:	**2 508**	**1 190**	**2 135**		**1 882**	**104**	**6 629**
- sale			207		2		209
- liquidation /finished with positive result/			878				878
- liquidations /finished with negative result/			211				211
- liquidation	1 318				466	104	1 888
- re-classification into fixed assets			839				839
- excluding the company from consolidation					1 194		1 194
- re-classification							
- reverse of redemption	1 190	1 190			220		1 410
d) gross value at the end of the period	**36 384**	**21 282**	**12 792**	**4 119**	**15 047**	**714**	**69 056**
e) exchange rate differences from translations	167				-364	-9	-206
f) gross value at the end of the period after translations	**36 551**	**21 282**	**12 792**	**4 119**	**14 683**	**705**	**68 850**
g) cumulated redemption at the beginning of the period	**9 396**	**7 259**			**7 210**	**697**	**17 303**
- adjustment of opening balance sheet							
g') redemption value at the beginning of the period after adjustment	**9 396**	**7 259**			**7 210**	**697**	**17 303**
h) redemptions for the period (due to)	**3 591**	**1 967**			**1 970**	**-26**	**5 535**
- depreciation	4 129	2 286			2 067	41	6 237
- sale					-2		-2
- liquidation	-1 207				-458	-103	-1 768
- exchange rate differences	92				35	8	135
- excluding a company from consolidation					-403		-403
- reverse of redemption	-1 190	-1 190			-220		-1 410
- re-classification					-28	28	
- purchase of a company	1 767	871			979		2 746
i) cumulated redemption at the end of the period	**12 987**	**9 226**			**9 180**	**671**	**22 838**
j) exchange rate differences from translations	-55				-97	-7	-159
k) cumulated redemptions at the end of the period after translations	**12 932**	**9 226**			**9 083**	**664**	**22 679**
l) write-offs due to permanent loss of value at the beginning of the period	**2 450**	**2 450**	**3 906**				**6 356**
- adjustment of opening balance sheet							
l) write-offs due to permanent loss of value at the beginning of the period after adjustment	**2 450**	**2 450**	**3 906**				**6 356**
- increases							
• included in the course of the period in the profit and loss account							
• related, during the period, directly into equity							
- decreases							
• included during the course of the period in the profit and loss account							
• related, during the period, directly into equity							
• use of revaluation write-off concerning sold fixed assets							
ł) write-offs due to permanent loss of value at the end of the year	**2 450**	**2 450**	**3 906**				**6 356**
m) net value at the beginning of the period	**12 345**	**6 920**	**7 652**	**4 119**	**6 470**	**110**	**30 696**
m') net value at the beginning of the period after adjustment	**12 345**	**6 920**	**7 652**	**4 119**	**6 470**	**110**	**30 696**
n') net value at the end of the period	**21 169**	**9 606**	**8 886**	**4 119**	**5 600**	**41**	**39 815**

Note 1C **31.12.2009**

FLOW OF INTANGIBLE ASSETS (according to type groups)

	Costs of completed R&D works	- Incl. those manufactured using own means	costs of R&D in progress	Goodwill	obtained concessions, patents, licences and similar assets (including computer software)	Other intangible assets	Total intangible assets
a) gross value at the beginning of the period	**20 418**	**15 962**	**9 331**	**4 119**	**11 043**	**760**	**45 671**
- adjustment due to .	**534**		**8**		**634**	**36**	**1 212**
a') gross value at the beginning of the period after adjustment	**20 952**	**15 962**	**9 339**	**4 119**	**11 677**	**796**	**46 883**
b) increases (due to)	**6 909**	**3 985**	**6 765**		**2 588**	**37**	**16 299**
- purchase	2 872		3 218		2 470	31	8 591
- production	3 985	3 985	3 547		84		7 616
- exchange rate differences	52				30	6	88
- purchase of a company					4		4
c) decreases (due to)	**3 585**	**3 318**	**4 546**		**277**	**20**	**8 428**
- sale			703		3		706
- liquidation	267		3 112		52		3 431
- liquidation - ended with negative result			731				731
- adjustment of purchase price					20		20
- reverse of redemptions	3 318	3 318			202	20	3 540
d) gross value at the end of the period	**24 276**	**16 629**	**11 558**	**4 119**	**13 988**	**813**	**54 754**
e) exchange rate differences from translation	-85				-308	-6	-399
f) gross value at the end of the period after translations	**24 191**	**16 629**	**11 558**	**4 119**	**13 680**	**807**	**54 355**
g) cumulated redemption at the beginning of the period	**9 085**	**7 659**			**5 149**	**542**	**14 776**
- adjustment due to	**143**	**143**			**348**	**29**	**520**
g') cumulated redemption at the beginning of the period after adjustment	**9 228**	**7 802**			**5 497**	**571**	**15 296**
h) redemption for the period (due to)	**203**	**-543**			**1 778**	**129**	**2 110**
- depreciation	3 697	2 775			2 032	149	5 878
- sale					-3		-3
- liquidation	-200				-50		-250
- exchange rate differences	24				9		33
- adjustment of redemption					-8		-8
- reverse of redemptions	-3 318	-3 318			-202	-20	-3 540
i) cumulated redemption at the end of the period	**9 431**	**7 259**			**7 275**	**700**	**17 406**
j) exchange rate differences from translations	-35				-65	-3	-103
k) cumulated redemption at the end of the period after translations	**9 396**	**7 259**			**7 210**	**697**	**17 303**
l) write-offs due to permanent loss of value at the beginning of the period				**22**			**22**
- increases	2 450	2 450	3 906	-22			6 334
* included during the course of the period in the profit and loss account	2 450	2 450	3 906	-22			6 334
- reverse of redemptions							
ł) write-offs due to permanent loss of value	**2 450**	**2 450**	**3 906**				**6 356**
m) net value at the beginning of the period	**11 333**	**8 303**	**9 331**	**4 097**	**5 894**	**218**	**30 873**
m') net value at the beginning of the period after adjustment	**11 724**	**8 160**	**9 339**	**4 097**	**6 180**	**225**	**31 565**
n) net value at the beginning of the period	**12 345**	**6 920**	**7 652**	**4 119**	**6 470**	**110**	**30 696**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 2

CHANGE OF GOODWILL OF THE COMPANY OF SUBORDINATED ENTITIES

	31.12.2010	31.12.2009
a) goodwill at the beginning of the period	1 195 544	1 176 883
- Goodwill - subsidiaries	1 195 544	1 176 883
- Goodwill - associated companies		
b) increases (due to)	49 390	19 428
- currency translation differences-subsidiaries		
- purchase of subsidiary	49 390	19 428
- purchase of associated company		
c) decreases (due to)	3 706	767
- currency translations differences-subsidiaries	3 003	767
- sale of subsidiary	703	
- sale of associated company		
h) Goodwill at the end of the period	**1 241 228**	**1 195 544**
- Goodwill - subsidiaries	1 241 228	1 195 544
- Goodwill - associated companies		

On the basis of IAS36 as of 31.12.2010 a test for loss of Goodwill was conducted. In accordance with MSR36 the test for loss of Goodwill is conducted once a year. The tests for loss of Goodwill were conducted on the basis of 5-year forecast of future cash flows of entities, at the settlement of whose purchase, the Goodwill was calculated, and discounted by a discount rate with taking into account risk in subsequent years at the level of about 9%. As a result of conducted test no reason for revaluation write-off on Goodwill was stated.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 3A

TANGIBLE ASSETS	31.12.2010	31.12.2009
a) Fixed assets, including:	698 362	588 873
- land (incl. perpetual usufruct right)	15 393	12 257
- buildings, premises and civil engineering objects	253 061	247 547
- technical equipment and machines	395 673	295 465
- means of transport	11 661	12 457
- other fixed assets	22 574	21 147
b) Construction-in-process	23 428	44 417
Total tangible assets	**721 790**	**633 290**

Fixed assets are encumbered by mortgage and pledge up to the amount of PLN 566 503 thousand

In the reporting period and in comparative periods there was no case in which means were borrowed without strict specification of the purpose, and then spent on obtaining an assets item subject to adjustment.

Note 3B

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	31.12.2010	31.12.2009
a) own	651 525	578 978
b) used under rental, lease or other agreement, incl. leasing contract:	46 837	9 895
- under leasing agreements-tech. equipment and machines	20 356	6 237
- under leasing agreements - means of transport	1 304	3 186
- under leasing agreements - other fixed assets (furniture)	25 177	472
Total balance sheet fixed assets	**698 362**	**588 873**

Note 3C

OFF-BALANCE SHEET FIXED ASSETS	31.12.2010	31.12.2009
- used under rental, lease or other agreement, incl. leasing contract:	4 382	4 304
- fixed assets in liquidation	1 230	805
- value of land under perpetual usufruct	6 909	7 617
Total off-balance sheet fixed assets	**12 521**	**12 726**

Note 3D

LESSEE'S INFORMATION FINANCIAL LEASING AGREEMENTS	31.12.2010	31.12.2009
a) total amount of future minimum leasing fees on the balance sheet date, incl.:	**40 593**	**4 652**
up to a year	10 548	2 227
a year to 5 years	30 045	2 425
over 5 years		
b) total amount of current minimum leasing fees on the balance sheet date, including:	**32 504**	**4 275**
up to a year	10 314	2 020
a year to 5 years	22 190	2 255
over 5 years		
Conditional leasing fees recognized as costs of the reporting period amount to		30

Decision by the Company to purchase the object of the leasing agreement may take place after the lapse of the leasing term at the price provided in the agreement (or other contractual provisions).

Note 3E **31.12.2010**

FLOW OF FIXED ASSETS (by types)

	own land, including perpetual usufruct right	buildings and bilding structures	technical equipment and machines	means of transport	other fixed assets	total fixed assets
a) gross value of fixed assets at the beginning of the period	**14 071**	**293 211**	**523 382**	**27 217**	**42 822**	**900 703**
- exchange rate differences from translations						
a') gross value of fixed assets at the beginning of the period after translations	**14 071**	**293 211**	**523 382**	**27 217**	**42 822**	**900 703**
- adjustment of the opening balance sheet						
a'') gross value of fixed assets at the beginning of the period after adjustments	**14 071**	**293 211**	**523 382**	**27 217**	**42 822**	**900 703**
b) increases	**7 302**	**38 311**	**225 235**	**8 039**	**8 824**	**287 711**
- purchase	1 645	13 464	89 827	3 478	4 065	112 479
- financial leasing			38 829	328	779	39 936
- acceptance from investment	231	3 438	341	99	410	4 519
- modernisation		2 934	3 416		30	6 380
- completion of own investments		106	25 419		2 725	28 250
- excluding a company for consolidation	5 211	11 597	66 064	3 917	673	87 462
- adjustment of the group		426	27			453
- exchange rate differences	215	1 294	1 171	217	142	3 039
- re-classification			141			141
- transfer of fixed assets to be sold		5 052				5 052
c) decreases	**3 445**	**27 798**	**43 648**	**5 131**	**6 403**	**86 425**
- sale		5 384	19 661	1 527	1 019	27 591
- liquidation		960	2 003	236	1 594	4 793
- liquidation due to random reasons			2			2
- transfer from register of fixed assets to investment property						
- end of leasing agreement			2 712	680		3 392
- transfer to fixed assets to be sold		1 466	88		201	1 755
- liquidation - scrap		11	7 748	6	3 085	10 850
- free of charge transfer						
- evaluation to fair value						
- excluding a company from consolidation	3 428	19 741	11 328	2 675	500	37 672
- deficiencies from inventory taking			106	7		113
- adjustments of the group	17	236			4	257
d) gross value of fixed assets at the end of the period	**17 928**	**303 724**	**704 969**	**30 125**	**45 243**	**1 101 989**
- exchange rate differences from translation	*-413*	*-2 214*	*2 425*	*-382*	*686*	*102*
d') gross value of fixed assets at the end of the period after translations	**17 515**	**301 510**	**707 394**	**29 743**	**45 929**	**1 102 091**
e) cumulated depreciation (redemption) at the beginning of the period	**1 814**	**45 664**	**227 917**	**14 760**	**21 675**	**311 830**
- exchange rate differences from translation						
e') cumulated depreciation (redemption) at the beginning of the period after translations	**1 814**	**45 664**	**227 917**	**14 760**	**21 675**	**311 830**
- adjustment of the opening balance sheet						
e'') cumulated depreciation (redemption) at the beginning of the period after adjustments	**1 814**	**45 664**	**227 917**	**14 760**	**21 675**	**311 830**
f) redemptions for the period (due to)	**308**	**3 633**	**83 210**	**3 550**	**1 485**	**92 186**
- depreciation	446	6 799	60 847	3 668	6 487	78 247
- sale		-4 668	-8 789	-807	-535	-14 799
- liquidation		-694	-1 632	-234	-1 449	-4 009
- liqudation due to random reasons			-2			-2
- end of leasing agreement		-194	-689	-244		-1 127
- transfer to fixed assets to be sold		-1 257	-23		-81	-1 361
- transfer from fixed assets to be sold		4 442				4 442
- liquidation - scrap		-2	-7 684	-6	-3 153	-10 845
- exchange rate differences		112	998	105	120	1 335
- free of charge transfer						
- adjustments of the group		-23	27		-4	
- deficiencies from inventory taking			-80	-4		-84
- including the company in consolidation		3 092	45 545	2 026	452	51 115
- excluding the company from consolidation	-138	-3 974	-5 308	-954	-352	-10 726
g) cumulated depreciation (redemption) at the end of the period	**2 122**	**49 297**	**311 127**	**18 310**	**23 160**	**404 016**
- exchange rate differences from translation		*-848*	*594*	*-228*	*195*	*-287*
g') cumulated depreciation (redemption) at the end of the period	**2 122**	**48 449**	**311 721**	**18 082**	**23 355**	**403 729**
h) write-offs due to permanent loss of value at the beginning of the year						
h') write-off due to permanent loss of value at the end of the year						
j) net value of fixed assets at the beginning of the period	**12 257**	**247 547**	**295 465**	**12 457**	**21 147**	**588 873**
j') net value of fixed assets at the beginning of the period after translations	**12 257**	**247 547**	**295 465**	**12 457**	**21 147**	**588 873**
j'') net value of fixed assets at the beginning of the period after adjustments	**12 257**	**247 547**	**295 465**	**12 457**	**21 147**	**588 873**
k) net value of fixed assets at the end of the period after translations	**15 393**	**253 061**	**395 673**	**11 661**	**22 574**	**698 362**

Note 3E. **31.12.2009**

FLOW OF FIXED ASSETS (acc. to type groups)

	own land, including perpetual usufruct right	buildings and bilding structures	technical equipment and machines	means of transport	other fixed assets	total fixed assets
a) gross value of fixed assets at the beginning of the period	**13 030**	**297 748**	**418 466**	**26 057**	**31 737**	**787 038**
- exchange rate differences from translations	*125*	*1 497*	*6 681*	*834*	*732*	*9 869*
a') gross value of fixed assets at the beginning of the period after translations	**13 155**	**299 245**	**425 147**	**26 891**	**32 469**	**796 907**
- adjustment of the opening balance sheet	*1 144*	*440*	*-742*	*24*	*145*	*1 011*
a'') gross value of fixed assets at the beginning of the period after adjustments	**14 299**	**299 685**	**424 405**	**26 915**	**32 614**	**797 918**
b) increases	**73**	**56 103**	**109 345**	**4 561**	**11 577**	**181 659**
- purchase	68	26 693	55 459	2 374	6 993	91 587
- financial leasing			2 552	1 371	61	3 984
- acceptance from investments		28 484	46	243		28 773
- modernisation		634	1 915			2 549
- completion of own investments			37 751		2 710	40 461
- including a company in consolidation			11 143	558	1 765	13 466
- adjustment of the group		236	33			269
- exchange rate differences	5	56	446	15	48	570
c) decreases	**1**	**61 905**	**8 740**	**3 956**	**1 335**	**75 937**
- sale		812	2 837	2 806	425	6 880
- liquidation	1	4 350	5 340	425	909	11 025
- liquidation due to random reasons				72		72
- transfer from register of fixed assets to investment property		239				239
- end of leasing agreement				653		653
- transfer to fixed assets to be sold		10 174	196			10 370
- liqudation - scrap			125		1	126
- free of charge transfer			6			6
- evaluation to fair value		46 297				46 297
- adjustments of the group		33	236			269
d) gross value of fixed assets at the end of the period	**14 371**	**293 883**	**525 010**	**27 520**	**42 856**	**903 640**
- exchange rate differences from translation	*-300*	*-672*	*-1 628*	*-303*	*-34*	*-2 937*
d') gross value of fixed assets at the end of the period after translations	**14 071**	**293 211**	**523 382**	**27 217**	**42 822**	**900 703**
e) cumulated depreciation (redemption) at the beginning of the period	**1 341**	**102 483**	**177 565**	**12 782**	**16 450**	**310 621**
- exchange rate differences from translation		*-303*	*1 231*	*376*	*264*	*1 568*
e') cumulated depreciation (redemption) at the beginning of the period after translations	**1 341**	**102 180**	**178 796**	**13 158**	**16 714**	**312 189**
- adjustment of the opening balance sheet		*182*	*-173*	*-59*	*-88*	*-138*
e'') cumulated depreciation (redemption) at the beginning of the period after adjustments	**1 341**	**102 362**	**178 623**	**13 099**	**16 626**	**312 051**
f) redemption for the period (due to)	**473**	**-55 247**	**49 885**	**1 952**	**5 071**	**2 134**
- depreciation	474	6 420	50 542	3 532	4 962	65 930
- sale		-437	-1 905	-1 241	-260	-3 843
- liquidation	-1	-3 523	-5 402	-340	-903	-10 169
- liquidation due to random reasons				-72		-72
- end of leasing agreement				-346		-346
- transfer to fixed assets to be sold		-8 720	-138			-8 858
- liquidation - scrap			-113		-1	-114
- exchange rate differences		23	448	16	47	534
- free of charge transfer			-6			-6
- evaluation to fair value		-49 010				-49 010
- including a company in consolidation			6 459	403	1 226	8 088
g) cumulated depreciation (redemption) at the end of the period	**1 814**	**47 115**	**228 508**	**15 051**	**21 697**	**314 185**
- exchange rate differences from translation		*-1 451*	*-591*	*-291*	*-22*	*-2 355*
g') cumulated depreciation (redemption) at the end of the period	**1 814**	**45 664**	**227 917**	**14 760**	**21 675**	**311 830**
h) write-offs due to permanent loss of value at the beginning of the year						
- increases						
• included during the curse of the period in profit and loss account						
- decreases						
• use of revaluation write-off concerning sold fixed assets						
h') write-offs due to permanent loss of value at the end of a year						
j) net value of fixed assets at the beginning of a period	**11 689**	**195 265**	**240 901**	**13 275**	**15 287**	**476 417**
j') net value of fixed assets at the beginning of a period after translations	**11 814**	**197 065**	**246 351**	**13 733**	**15 755**	**484 718**
j'') net value of fixed assets at the beginning of a period after adjustments	**12 958**	**197 323**	**245 782**	**13 816**	**15 988**	**485 867**
k) net value of fixed assets at the end of a period after translations	**12 257**	**247 547**	**295 465**	**12 457**	**21 147**	**588 873**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 4A

INVESTMENT PROPERTY

	31.12.2010	31.12.2009
a) investment property, including:	1 559	5 372
- land (including perpetual usufruct right)	1 527	1 540
- buildings, premises, civil engineering objects	32	3 832
Total investment property	**1 559**	**5 372**

Note 4B

INCOMES AND COSTS RELATED TO INVESTMENT PROPERTY

	31.12.2010	31.12.2009
a) income from rent relating to investment property j	30	110
b) direct operating costs under income from rent related to investment property	5	10
c) direct operational costs related to investment property which does not produce income from rent	5	5

Note 4C 31.12.2010

CHANGE OF INVESTMENT PROPERTY (according to type groups)

	a) land (including perpetual usufruct right)	b) buildings, premises and civil engineering objects	Total investment property
a) gross value at the beginning of the period	**1 595**	**3 968**	**5 563**
- exchange rate differences from translation			
a') gross value at the beginning of the period after translations	**1 595**	**3 968**	**5 563**
b) increases (due to)			
- purchase			
- re-qualification from fixed assets			
- disclosure			
c) decreases (due to)	**49**	**3 882**	**3 931**
- sale	49		49
- exclusion of the company from consolidation		3 882	3 882
d) gross value at the end of the period	**1 546**	**86**	**1 632**
- exchange rate differences from translations		*-10*	*-10*
d') gross value at the end of the period after translations	**1 546**	**76**	**1 622**
e) cumulated redemption at the beginning of the period	**55**	**136**	**191**
exchange rate differences from translations			
e') cumulated redemption at the beginning of the period after translations	**55**	**136**	**191**
f) redemptions for the period (due to)	**-36**	**-87**	**-123**
depreciation write-offs	13	129	142
sale	-49		-49
- excluding a company from consolidation		-216	-216
g) cumulated redemption at the end of the period	**19**	**49**	**68**
exchange rate differences from translation		*-5*	*-5*
g') cumulated redemption at the end of the period after redemptions	**19**	**44**	**63**
h) write-offs due to permanent loss of value at the beginning of the			
- increases (reverse of revaluation write-off)			
- decreases (revaluation write-offs due to loss of value)			
i) write-offs due to permanent loss of value at the end of the period			
j) net value at the beginning of the period	**1 540**	**3 832**	**5 372**
l) net value at the end of the period	**1 527**	**32**	**1 559**

Note 4C 31.12.2009

CHANGE OF INVESTMENT PROPERTY (according to type groups)

	a) land (including perpetual usufruct right)	b) buildings, premises and civil engineering objects	Total investment property
a) gross value at the beginning of the period	**1 335**	**3 843**	**5 178**
- *exchange rate differences from translations*	***1***	***2***	***3***
a') gross value at the beginning of the period after translations	**1 336**	**3 845**	**5 181**
b) increases (due to)	**259**	**239**	**498**
- purchase	259		259
- re-classification from fixed assets		239	239
- disclosure			
c) decreases (due to)		**109**	**109**
- sale		109	109
d) gross value at the end of the period	**1 595**	**3 975**	**5 570**
exchange rate differences from translations		*-7*	*-7*
d') gross value at the end of the period after translations	**1 595**	**3 968**	**5 563**
e) cumulated redemption at the beginning of the period	**49**	**89**	**138**
exchange rate differences from translations		*1*	*1*
e') cumulated redemption at the beginning of the period after translations	**49**	**90**	**139**
f) redemption for the period (due to)	**6**	**50**	**56**
depreciation write-offs	6	145	151
sale		-95	-95
redemption			
g) cumulated redemption at the end of the period	**55**	**140**	**195**
exchange rate differences from translations		*-4*	*-4*
g') cumulated redemption at the end of the period after translations	**55**	**136**	**191**
h) write-offs due to permanent loss of value at the beginning of the period			
- increases (reverse of revaluation write-off)			
- decreases (revaluation write-off due to loss of value)			
i) write-offs due to permanent loss of value at the end of the period			
j) net value at the beginning of the period	**1 287**	**3 755**	**5 042**
l) net value at the beginning of the period	**1 540**	**3 832**	**5 372**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 5A

INVESTMENTS SETTLED IN ACCORDANCE WITH THE OWNERSHIP RIGHTS METHOD	**31.12.2010**	**31.12.2009**
- situation as of the beginning of the period	10 495	10 239
- purchase of stocks or shares		
- revaluation write-offs		
- ownership rights evaluation	-1 641	256
- sale of shares		
- situation as of the end of the period	**8 854**	**10 495**

<u>Note 5B</u> 31.12.2010

INVESTMENTS SETTLED ACCORDING TO THE PROPERTY RIGHT METHOD

	a	b	c	d	e	f	g	h	i
No.	Company name	Official seat	% of owned initial capital	share in the total number of shares at the General meeting of shareholders	Other than j) or k) basis for control / semicontrol / significant influence	total assets	liabilities	incomes	profit
1.	WS Baildonit Sp. z o.o.	Katowice	29,41%	29,41%		10 168	1 694	16 513	-1 245
2.	Anhui Long Po Electrical Corporation Ltd	Chiny	20,00%	20,00%		22 146	11 469	13 636	1 065
3.	Tifenbach Polska Sp. z o.o.	Radzionków	49,00%	49,00%		13 839	11 353	21 044	670
4.	Odlewnia Staliwa Łabędy Sp. z o.o.	Gliwice	25,50%	25,50%		12 510	2 493	22 069	-4 130
5.	Grupa Hansen	Germany	b.d.	b.d.		b.d.	b.d.	b.d.	b.d.
	Total					**58 663**	**27 009**	**73 262**	**-3 640**

Note 5B. **31.12.2009**

INVESTMENTS SETTLED ACCORDING TO THE PROPERTY RIGHT METHOD

	a	b	c	d	e	f	g	h	i
No.	Company name	Official seat	% of owned initial capital	share in the total number of shares at the General meeting of shareholders	Other than j) or k) basis for control / semicontrol / significant influnence	total assets	liabilities	incomes	profit
1.	WS Baildonit Sp. z o.o.	Katowice	29,41%	29,41%		10 942	1 123	12 444	-2 376
2.	Anhui Long Po Electrical Corporation Ltd	Chiny	20,00%	20,00%		16 219	6 563	15 522	3 792
3.	Tifenbach Polska Sp. z o.o.	Radzionków	49,00%	49,00%		11 838	10 022	13 755	642
4.	Odlewnia Staliwa Łabędy Sp. z o.o.	Gliwice	25,50%	25,50%		12 510	2 493	27 033	-477
5.	Grupa Hansen	Germany	b.d.	b.d.		b.d.	b.d.	b.d.	b.d.
	Total					**51 509**	**20 201**	**68 754**	**1 581**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 6A
LONG TERM FINANCIAL ASSETS AVAILABLE FOR SALE

	31.12.2010	31.12.2009
- as of the beginning of the period	2 818	4 081
- purchase		1
- sale	-1 299	-1 265
- evaluation related to equity	2	3
- write-offs due to loss of value		1
- currency translations differences	-1	-3
- situation as of the end of the period - balance sheet values	**1 520**	**2 818**
- situation as of the end of the period - fair value		

Note 6B
NET PROFIT OR LOSS PRESENTED FOR LONG TERM FINANCIAL ASSETS AVAILABLE FOR SALE

	31.12.2010	31.12.2009
- write-offs due to loss of value	-7	-1
- amounts from sale	503	410
Total	**496**	**409**

Note 7
LONG TERM TRADE RECEIVABLES

	31.12.2010	31.12.2009
a) from affiliated companies		
b) from other companies	4 961	32
Net long term trade receivables	**4 961**	**32**
c) revaluation write-offs of receivables		
d) evaluation of long term receivables in accordance with depreciated cost	26	2
Gross long term trade receivables	**4 987**	**34**

Note 8
OTHER LONG TERM RECEIVABLES

	31.12.2010	31.12.2009
a) from affiliated companies		
b) from other companies , including:	12 334	10 773
- leasing	11 256	9 892
- deposits	821	813
- due to performance bonds	103	
- agreement on receivable payment in instalments	60	68
- settlement of abroad construction sites and branches	94	
Other net long term receivables	**12 334**	**10 773**
c) revaluation write-off of the receivables		
d) evaluation of long term receivables in accordance with depreciated cost	7	
Other gross long term receivables	**12 341**	**10 773**

Note 9A
CHANGE OF REVALUATION WRITE-OFFS CONCERNING LONG TERM TRADE RECEIVABLES AND OTHER RECEIVABLES

	31.12.2010	31.12.2009
Situation as of the beginning of the period		86
a) Increases presented in a period in a profit and loss account		
b) Decreases presented in a period in a profit and loss account		86
Situation of revaluation write-offs concerning long term receivables at the end of the period		

Note 9B
CHANGE OF EVALUATION OF LONG TERM TRADE RECEIVABLES AND OTHER RECEIVABLES ACC. TO DEPRECIATED COST

	31.12.2010	31.12.2009
Situation as of the beginning of the period	2	12
a) Increases presented in a period in a profit and loss account	33	8
b) Decreases presented in a period in a profit and loss account	2	18
Evaluation of long term receivables acc. to depreciated cost at the end of the period	**33**	**2**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 9C

LONG TERM TRADE RECEIVABLES AND GROSS RECEIVABLES (CURRENCY STRUCTURE)	31.12.2010	31.12.2009
a) in Polish currency	15 641	9 891
b) in foreign currencies (acc. to a currency and after translation into PLN	1 687	916
b1. unit/currency thousand/EUR	188	17
PLN thousand	744	71
b2. other currencies in PLN thousand	943	845
Total long term receivables	**17 328**	**10 807**

Note 10A

GRANTED LONG TERM LOANS	31.12.2010	31.12.2009
a) granted long term loans to related entities		
b) granted long term loans to other entities		
- situation as the beginning of a period	293	
- granting of loans	687	**292**
- payment of loans	-293	
- evaluation of granted loans in accordance with adjusted purchase price		**1**
- situation as of the end of the period	**687**	**293**
Total granted long term loans	**687**	**293**

Note 10B

GRANTED LONG TERM LOANS (CURRENCY STRUCTURE)	31.12.2010	31.12.2009
a) in Polish currency		293
b) in foreign currencies (acc. to a currency and after translation into PLN	687	
b1. unit/currency thousand/EUR	174	
PLN thousand	687	
b.2. unit/currency thousand/USD		
thousand PLN .		
b.3. other currencies in PLN thousand		
Total granted long term loans	**687**	**293**

Note 11A

OTHER LONG TERM FINANCIAL ASSETS	31.12.2010	31.12.2009
- shares and stocks in affiliated entities	5 534	563
- shares and stock in other entities	7	
- other		
Other long term financial assets, total	**5 541**	**563**

Note 11B

OTHER LONG TERM FINANCIAL ASSETS	31.12.2010	31.12.2009
- values according to purchase price	5 541	563
- revaluation as of beginning of the period		
- revaluation in the period		
- balance sheet values	**5 541**	**563**
- fair value		

<u>Note 11C</u> 31.12.2010

SHARES AND STOCKS

	a	b	d	e	f	g	h	i	j	k	l
No.	Name of company, indicating its legal form	Official seat	Type of affiliation (subsidiary, indirect subsidiary, associated company, incl. details of affiliations: direct, indirect)	Consolidation method applied / measurement by equity method or information that entity is not subject to consolidation / measurement by equity method	Date of acquisition of control / semicontrol / gaining significant influence	Value of stocks (shares) by purchase price	Revaluation adjustments (total)	Carrying value of stocks (shares)	% of share capital owned	share in the total number of shares at the General meeting of shareholders	Other than j) or k) basis for control / semicontrol / significant influence
1.	KOPEX MIN-FITIP A.D. under liquidation	Serbia	loss of control	excluded from consolidation in 2010	01.08.2007	14 636	-9 102	5 534	86,51%	-	
2.	Ekopex	Ukraine	associated	Not subject to consolidation	07.08.2006	6		6	20%	20%	
3.	Grupa ZZM-KOPEX Sp. z o.o.	Katowice	subsidiary	Not subject to consolidation	15.06.2007	50	-49	1	100%	100%	
			Total			**14 692**	**-9 151**	**5 541**			

<u>Note 11C.</u> 31.12.2009

SHARES AND STOCKS

	a	b	d	e	f	g	h	i	j	k	l
No.	Name of company, indicating its legal form	Official seat	Type of affiliation (subsidiary, indirect subsidiary, associated company, incl. details of affiliations: direct, indirect)	Consolidation method applied / measurement by equity method or information that entity is not subject to consolidation / measurement by equity method	Date of acquisition of control / semicontrol / gaining significant influence	Value of stocks (shares) by purchase price	Revaluation adjustments (total)	Carrying value of stocks (shares)	% of share capital owned	share in the total number of shares at the General meeting of shareholders	Other than j) or k) basis for control / semicontrol / significant influence
1.	PBSz Zakład Górniczy Sp. z o.o. under liquidation	Bytom	Subsidiary	Not subject to consolidation	25.03.1998	1 600	-1 600	0	99%	99%	
2.	Ekopex	Ukraine	associated	Not subject to consolidation	07.08.2006	6		6	20%	20%	
3.	Grupa ZZM-KOPEX Sp. z o.o.	Katowice	Subsidiary	Not subject to consolidation	15.06.2007	50		50	100%	100%	
4.	Kopex-Rus	Rosja	Subsidiary	Not subject to consolidation	14.06.2007	1		1	51%	51%	
5.	Kopex-Eksen Sp. z o.o. under liquidation	Katowice	Subsidiary	Not subject to consolidation	27.03.2008	506		506	50%	50%	
			Total			**2 163**	**-1 600**	**563**			

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 12

CHANGE OF ASSETS DUE TO DEFERRED INCOME TAX	31.12.2010	31.12.2009
1. Assets due to deferred income tax as of beginning of the period, including	60 011	43 233
a) related to financial result	52 389	32 848
b) related to equity	5 557	10 385
c) relief - SSE- related to long term accruals (liabilities)	2 065	
2. Increases	29 085	47 274
a) referred to financial result of the period in relation to negative transition differences	15 771	36 020
b) referred to financial result of the period in relation to tax loss	9 400	4 346
c) referred to equity in relation to negative transition differences		4 843
d) referred to equity in relation to tax loss	26	
e) relief - SSE- related to long term accruals (liabilities)		2 065
f) including in consolidation of subsidiaries	3 888	
3. Decreases	25 330	30 496
a) referred to financial result of the period in relation to negative transition differences	15 628	20 825
b) referred to financial result of the period in relation to tax loss	3 272	
c) referred to equity in relation to negative transition differences	4 807	9 671
d) referred to equity in relation to tax loss		
e) relief - SSE- related to long term accruals (liabilities)	491	
f) excluding the company from consolidation	1 132	
4. Assets due to deferred income tax total at the end of the period, including	**63 766**	**60 011**
a) related to financial result	61 416	52 389
b) related to equity	776	5 557
c) relief - SSE- related to long term accruals (liabilities)	1 574	2 065

Apart from asset calculated for future liabilities due to jubilee awards and retirement bonuses, that shall be realised within the period of 40 years from the balance sheet date, the remaining transition differences shall be realised within the period of 12 months from the balance sheet date

Note 13

LONG TERM PRE-PAYMENTS AND ACCRUALS	31.12.2010	31.12.2009
- fittings concerning leased shearers-loaders	2 349	2 062
- other expenditures paid in advance	106	101
- costs of preparing new production	63	32
- technical tests, property insurance, leasing fees	2 682	176
- interest and deferred fee regarding a contract with ZUS (Polish Social Insurance		
Total long term pre-payments and accruals	**5 200**	**2 371**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 14A

INVENTORY	31.12.2010	31.12.2009
a) materials	231 171	186 171
b) Semi-finished products and products in the making	284 644	188 584
c) finished products	67 099	34 857
d) goods	52 448	68 179
Total inventory	**635 362**	**477 791**
f) revaluation write-offs on inventories - materials	2 679	1 848
g) revaluation write-offs on inventories - Semi-finished products and products in the making	1 825	1 278
h) revaluation write-offs on inventories - finished products	3 567	773
i) revaluation write-off on inventories - goods	1 204	1 581
Total gross inventory	**644 637**	**483 271**

Inventories are encumbered with a pledge of PLN 78 411 thousand and act as a hedge of liabilities due to bank credits.

Note 14B

CHANGE IN REVALUATION WRITE-OFFS ON INVENTORIES	31.12.2010	31.12.2009
Situation as of the beginning of the period	5 480	4 064
currency translations differences		25
a) Increases presented in a period in a profit and loss account (due to)	5 393	2 797
- revaluation of materials	1 337	1 052
- revaluation of semi-finished products and products in the ma king	199	193
- revaluation of finished products	3 030	145
- revaluation of goods	18	710
- including in consolidation of subsidiaries	809	697
b) Decreases presented in a period in a profit and loss account (due to)	1 598	1 406
- end of reasons for write-off- materials	820	583
- end of reasons for write-off- semi-finished products and products in the making	238	605
- end of reasons for write-off- finished goods	307	101
- end of reasons for write-off- goods	233	117
situation as of the end of the period	**9 275**	**5 480**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 15A

SHORT TERM TRADE RECEIVABLES	31.12.2010	31.12.2009
a) from affiliated companies		
- with payment period up to 12 months		
- with payment period over 12 months		
b) from other companies	439 389	391 237
- with payment period up to 12 months	439 354	381 171
- with payment period over 12 months	35	10 066
Total net short term receivables	**439 389**	**391 237**
c) revaluation write-offs	34 749	48 039
Total gross short term receivables	**474 138**	**439 276**

Note 15B

TRADE RECEIVABLES (GROSS) – WITH REMAINING FROM THE BALANCE SHEET DATE REPAYMENT PERIOD:	31.12.2010	31.12.2009
a) from 1 month	125 513	170 093
b) over 1 month and up to 3 months	131 076	1 529
c) over 3 month and up to 6 months	46 094	
d) over 6 months to 1 year	42 034	
e) over a year	34	33 973
f) overdue receivables	129 387	233 681
Total trade receivables (gross)	**474 138**	**439 276**
g) revaluation write-offs on trade receivables	-34 749	-48 039
Total trade receivables (net)	**439 389**	**391 237**

Receivables related to normal course of sale are within the range from 1 month. However, for some partners repayments established on the basis of individual contracts are within the range of 1 to 3 months. KOPEX S.A. Capital Group has also receivables with longer repayment period and concerning guarantee instalments on long term contracts (to verify at the Company)

Note 15C

OVERDUE TRADE RECEIVABLES (GROSS) – SPLIT INTO RECEIVABLES NOT PAID WITHIN THE PERIOD:	31.12.2010	31.12.2009
a) from 1 month	42 414	46 282
b) over 1 month and up to 3 months	28 795	29 662
c) over 3 month and up to 6 months	6 474	32 631
d) over 6 months to 1 year	16 082	65 839
e) over a year	35 622	59 267
Total overdue trade receivables (gross)	**129 387**	**233 681**
g) revaluation write-offs on the overdue trade receivables	-34 064	-47 157
Total overdue trade receivables (net)	**95 323**	**186 524**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 16	31.12.2010	31.12.2009
OTHER SHORT TERM RECEIVABLES		
a) from affiliated companies		
- advance payments for supplies		
- other		
b) from other companies	81 006	78 347
- leasing	6 285	3 821
- advance payments for supplies	4 495	8 551
- due to taxes, subsidies, customs, social insurance, health insurance and other benefits	29 334	44 894
- due to purchase/sale of financial assets	13 350	
- claimed in courts		1 700
- other	27 542	19 381
Other total short term receivables (net)	**81 006**	**78 347**
c) revaluation write-offs	4 502	8 118
Other total short term receivables (gross)	**85 508**	**86 465**

Note 17A	31.12.2010	31.12.2009
CHANGE OF REVALUATION WRITE-OFFS ON SHORT TERM TRADE RECEIVABLES AND OTHER SHORT TERM RECEIVABLES		
Situation as of the beginning of the period	56 157	59 267
currency translations differences		-118
a) Increases , including:	14 794	7 566
- revaluation on doubtful receivables	10 497	7 520
- taking control over entities – including in consolidation	4 297	
- other		46
b) Decreases, including:	31 700	10 558
- use of revaluation write-off on receivables	15 861	3 577
- payment of receivables	7 366	5 256
- end of reasons	7 086	440
- other	1 387	1 285
Revaluation write-offs on short term receivables at the end of the period	**39 251**	**56 157**

Note 17B	31.12.2010	31.12.2009
SHORT TERM TRADE RECEIVABLES AND OTHER GROSS SHORT TERM RECEIVABLES (CURRENCY STRUCTURE)		
a) in Polish currency	333 260	283 749
b) in foreign currencies (acc. to a currency and after translation into PLN	226 386	241 992
b1. unit/currency thousand/USD	7 158	11 374
PLN thousand	29 098	32 641
b2. unit/currency thousand/EUR	26 676	27 205
PLN thousand	105 222	112 284
b3. other currencies in PLN thousand	92 066	97 067
Total short term receivables	**559 646**	**525 741**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 18A	**31.12.2010**	**31.12.2009**
GRANTED SHORT TERM LOANS		
a) granted short term loans to affiliated entities		
- Situation as of the beginning of the period		
- granting loans		
- transfer from long term		
- repayment of loans		
- exchange rate differences		
- situation as of the end of the period		
b) GRANTED SHORT TERM LOANS to other entities		
- Situation as of the beginning of the period	54 926	1 022
- purchase of bonds	180 398	
- granting loans	28 678	66 380
- payment of bonds	-169 792	
- repayment of loans	-10 061	-12 476
- exchange rate differences	-200	
- situation as of the end of the period	**83 949**	**54 926**
Total granted short term loans	**83 949**	**54 926**

Note 18B **GRANTED SHORT TERM LOANS (CURRENCY STRUCTURE)**	**31.12.2010**	**31.12.2009**
a) in Polish currency	72 226	53 950
b) in foreign currencies (acc. to a currency and after translation into PLN	11 723	976
b1. unit/currency thousand/EUR	1 381	
PLN thousand	5 467	
b.2. unit/currency thousand/USD	6	343
thousand PLN .	19	976
b.3. other currencies in PLN thousand	6 237	
Total granted short term loans	**83 949**	**54 926**

Note 19A **SHORT TERM FINANCIAL ASSETS AVAILABLE FOR SALE**	**31.12.2010**	**31.12.2009**
- Situation as of the beginning of the period		
- purchase		
- sale		
- evaluation in relation to equity		
- write-off due to loss of values		
- situation as of the end of the period - balance sheet values		
- situation as of the end of the period - fair value		

Note 19B **NET PROFIT OR LOSS PRESENTED FOR SHORT TERM FINANCIAL ASSETS AVAILABLE FOR SALE**	**31.12.2010**	**31.12.2009**
- write-off due to loss of values		
- amounts from sale		
- transfer from revaluation capital		
- other		
Total		

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 20A

DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL ASSETS

	31.12.2010
a) hedging cash flows for which hedge accounting is applied	**1 042**
- forward sales contracts USD - volume 12 211 PLN thousand, average exchange rate 3.2291	816
- forward sales contracts EUR - volume 10 823 PLN thousand, average exchange rate 4.0898	226
- sales options USD - volume , average exchange rate	
b) hedging cash flows for which hedge accounting is not applied	320
- forward sales contracts USD - volume , average exchange rate	
- forward sales contracts EUR - volume 8 217 PLN thousand, average exchange rate 4.1285	320
Total derivative financial instruments	**1 362**

Hedge accounting is applied in order to secure cash flows. It is expected that the hedged cash flows will occur and will be accounted for in the financial result within up to 12 months from the balance sheet date.
Due to open derivatives for which the Company does not apply hedge accounting, the Company is exposed to the risk of negative measurement of fair value, which has influence on the financial results throughout the duration of the hedging instrument, because the measured value of open derivatives is charged to the profit and loss account. This risk is balanced when cash flows of similar maturity occur, and they are expressed in the same currency which was used in the forward transactions which were made. The Company does not make foreign currency transaction which are speculative

The Company hedges currency risk by making transactions whose profile is adjusted to the type of currency risk hedged. These transactions are made with banks currently cooperating with the Company. Taking into account

the significant diversification of entities with which transactions are made, the amount of capital of banks cooperating with the Company in terms of hedging currency risk, the fact that operations performed by these banks are covered by the BFG (Bank Guarantee Fund),the fact that these banks have a rating which confirms their financial credibility,
it can be said that currency risk borne by the Company in the scope described herein is marginal.

Note 20A.

DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL ASSETS

	31.12.2009
a) hedging cash flows for which hedge accounting is applied	**8 366**
- forward sales contracts USD - volume 46 452 PLN thousand, average exchange rate 3.0069	1 400
- forward sales contracts EUR - volume 8 312 PLN thousand, average exchange rate 4.3254	287
- sales options USD - volume 29 580 PLN thousand, average exchange rate 3.6975	6 679
b) hedging cash flows for which hedge accounting is not applied	220
- forward sales contracts USD - volume 310 PLN thousand, average exchange rate 2.3627	40
- forward sales contracts EUR - volume 20 572 PLN thousand, average exchange rate 4.1645	180
Total derivative financial instruments	**8 586**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 20B	**31.12.2010**	**31.12.2009**
RESULT ON HEDGE DERIVATIVES HEDGING CASH FLOWS INCLUDED DIRECTLY IN EQUITY		
a) cumulated result on financial instruments hedging cash flows as of the beginning of the business period	-37 416	-54 817
b) amount included in equity in a reporting period due to concluded effective hedge transactions	660	26 899
c) realised hedge transactions retained in equity till the moment of occurrence of planned (hedge) transaction		-19 228
d) amount transferred from equity to profit and loss account in the reporting period	36 843	9 730
- open transactions	1	
- closed transactions	36 842	9 730
e) cumulated result on financial instruments hedging cash flows as of the end of the business year	**87**	**-37 416**

Note 20C	**31.12.2010**	**31.12.2009**
RESULT ON DERIVATIVES EVALUATED IN FAIR VALUE VIA PROFIT ABD LOSS ACCOUNT - FINANCIAL ASSETS		
a) appointed at the initial presentation as evaluated in accordance with fair value		
- realised derivatives	-18 755	209
- evaluation of not realised derivatives	9 122	26 129
Total	**-9 633**	**26 338**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 21	**31.12.2010**	**31.12.2009**
CHANGE OF SHORT TERM FINANCIAL ASSETS EVALUATED IN ACCORDANCE WITH FAIR VALUE VIA FINANCIAL RESULT		
a) situation as of the beginning of the business period		1 570
- including subsidiary in consolidation		
- purchase		
- evaluation referred to the financial result of the period		-43
- sale		-1 527
b) situation as of the end of a business year		

Note 22A	**31.12.2010**	**31.12.2009**
CASH AND OTHER FINANCIAL ASSETS (CURRENCY STRUCTURE)		
a) in Polish currency	60 457	36 702
b) in foreign currencies (acc. to a currency and after translation into PLN	104 734	106 963
b1. unit/currency USD	2 445	273
in PLN	7 247	5 103
b2. unit/currency EUR	18 123	19 568
in PLN	71 780	80 927
b3. other currencies in PLN	25 707	20 933
Total cash and other financial assets	**165 191**	**143 665**

Note 22B		
CASH STRUCTURE		
a) cash at banks	151 487	134 041
b) cash in hands	1 565	1 654
c) other cash	12 139	7 970
Total cash	**165 191**	**143 665**

Note 23	**31.12.2010**	**31.12.2009**
SHORT TERM PRE-PAYMENTS AND ACCRUALS		
a) pre-payments and accruals, including:	17 919	21 852
- subscription, insurance, write-off for ZFŚS (Company Fund for Social Benefits)	3 285	4 725
- lease costs settles in time	114	9 798
- costs of preparing new production	12 712	6 213
- other	1 808	1 116
b) other pre-payments and accruals, including:	90 720	193 190
- - long term contracts – not invoiced income	88 395	189 621
- VAT calculated to be deducted and excise to be deducted	112	44
- income included in an accrual manner and due to sale of electricity and other	43	1 657
- extension fee for ZUS		161
- interest instalment concerning financial leasing	1 416	8
- preparation of new works	39	10
- other	715	1 689
Total short term pre-payments and accruals	**108 639**	**215 042**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 24 **SHARE CAPITAL (STRUCTURE)**	**31.12.2010**	**31.12.2009**
- kinds of shares	Bearer shares	Bearer shares
- kinds of privilege status	Non privileged	Non privileged
- date of registration	03.01.1994	03.01.1994
- right to dividend (from the date)	03.01.1994	03.01.1994
- number of shares	1 989 270	1 989 270
- nominal value of one share	10 zł	10 zł
- date of split	01.08.2006	01.08.2006
- number of shares	**19 892 700**	**19 892 700**
- nominal value of one share	**1 zł**	**1 zł**
- issuance of "B" series shares (date of registration)	10.08.2007	10.08.2007
- right to dividend (from the date)	10.08.2007	10.08.2007
- number of shares	**47 739 838**	**47 739 838**
- nominal value of one share	**1 zł**	**1 zł**
- issuance of "C" series shares (date of registration)	01.12.2009	01.12.2009
- right to dividend (from the date)	01.12.2009	01.12.2009
- number of shares	**6 700 000**	**6 700 000**
- - nominal value of one share	**1 zł**	**1 zł**
Total number of shares	**74 332 538**	**74 332 538**
Nominal value of one share	**1 zł**	**1 zł**
Total share capital	**74 333**	**74 333**

The Management Board of KOPEX S.A., acting pursuant to authorisation granted by a Resolution no. 1 of Extraordinary Meeting of Shareholders of KOPEX S.A. of 11th December 2008 on expressing consent and establishing conditions for purchase of own shares by the Company and Resolution no. 2 of Extraordinary Meeting of Shareholders of KOPEX S.A. of 11th December 2008 on granting an authorisation for the Management Board of the Company to purchase their own shares in the mode of Art. 362 & 1 section 8) of the Commercial Companies Code, started the Purchase Programme (repurchase) concerning own shares of KOPEX S.A. From the day of the Programme's initiation i.e. from 15th December 2008 till 05 February 2009 in total 276,500 own shares of KOPEX S.A. were purchased at an average purchase price of PLN 10.75 per share. Own shares in the amount of PLN 2,979 PLN thousand purchased by the Issuer from the day of the Program start till 22nd December 2008 constitute 0.409% of KOPEX S.A. share capital. The shares do not give the right to vote and therefore in the Financial Statement there is disclosure of profit per 1 share having the right to vote.
Subsidiaries and affiliated entities do not have shares of KOPEX S.A.

Note 25 **SUPPLEMENTARY CAPITAL**	**31.12.2010**	**31.12.2009**
a) from issuance above the nominal value, from the company's funds and reverse take over	1 189 856	1 209 413
b) from profit	881 092	846 473
c) due to decrease of share capital in relation to contributing the shares to NFI	9 907	11 800
d) hand over of social and housing investment	370	370
e) other (acc. to types)	24 207	15 499
- from revaluation	3 364	3 260
- from capital from value adjustment	17 429	6 320
- other	3 414	5 919
Total supplementary capital	**2 105 432**	**2 083 555**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 26 CAPITAL FROM VALUE ADJUSTMENT	31.12.2010	31.12.2009
a) revaluation of fixed assets	43 123	47 598
b) revaluation of long term and short term investments	4	-7
c) deferred income tax due to investment revaluation	-8 328	-8 970
d) cash flow hedging	87	-37 416
e) deferred income tax due to cash flow hedging	-17	7 102
Total capital from value adjustment	**34 869**	**8 307**

Note 27 OTHER RESERVE CAPITAL (ACC. TO PURPOSE)	31.12.2010	31.12.2009
- to be used for purchase of own shares	17 021	17 021
- to be used for investments and overhauls	180	180
- other	38 208	19 640
Total other reserve capital	**55 409**	**36 841**

Note 28 CHANGE OF MINORITY CAPITAL	31.12.2010	31.12.2009
Minority capital as of the beginning of the period	55 709	63 155
a) increases (due to)	16 793	7 128
- minority share in equity of subsidiaries	8 588	7 128
- purchase of a company/extra purchase of shares	8 205	
b) decreases (due to)	2 460	14 574
- dividend paid to minority shareholders	598	3 306
- sale of shares/loss of control/increase of control	1 862	11 268
Minority capital at the end of the period	**70 042**	**55 709**

Note 29A	31.12.2010	31.12.2009
LONG TERM CREDIT AND LOANS		
a) long term credits and loans from affiliated companies		
b) long term credits and loans from other companies		
- Situation as of the beginning of the period	206 079	136 812
- currency translations differences	803	-55
- granting a credit., loan	78 894	116 378
- payment of a credit, loan	-1 235	-436
- transfer to short term	-199 988	-46 631
- evaluation of granted credits and loans in accordance with adjusted purchase price	368	11
- excluding a subsidiary from consolidation	-687	
- situation as of the end of the period	**84 234**	**206 079**
Total long term credits and loans	**84 234**	**206 079**

Note 29B LONG TERM CREDITS AND LOANS (CURRENCY STRUCTURE)	31.12.2010	31.12.2009
a) in Polish currency	28 178	201 434
b) in foreign currencies (acc. to a currency and after translation into PLN	56 056	4 645
b1. unit/currency thousand/EUR	4 861	
PLN thousand	19 385	
b.2. unit/currency thousand/USD		
thousand PLN .		
b.3. other currencies in PLN thousand	36 671	4 645
Total long term credits and loans	**84 234**	**206 079**

<u>Note 29C</u> **31.12.2010**

LONG-TERM CREDITS AND LOANS

Name (company) of lender/creditor, indicating its legal form	Official seat	Extent of credit/loan specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding interest rate	Repayment date	Credit security
		thousands of zlotys	currency	thousands of zlotys	currency			
WFOŚiGW	Katowice	1 003	PLN	729	PLN	0,6% of rediscount of bill rate, but no less than 33%	31.03.2015	conventional mortgage, cap mortgage, assignment of rights from insurance agreement, pledge on treasury bills
PKO Bank Polski S.A.	Rybnik	9 000	PLN	3 020	PLN	1M WIBOR + MARGIN	18.08.2013	blank promissory note, endorsement by Kopex S.A.; power of attorneys to access bank accounts
PKO Bank Polski S.A.	Rybnik	21 000	PLN	9 823	PLN	1M WIBOR + MARGIN	18.08.2013	blank promissory note, endorsement by Kopex S.A.; power of attorneys to access bank accounts
DZ Bank Polska SA	Warszaw branch in	10 000	PLN	7 690	PLN	WIBOR 3M + MARGIN	13.04.2015	promissory note, conventional mortgage, cap mortgage, assignment of rights from insurance agreement
Taishan Jianneng Machinery Group	China	24 905	RMB/CNY	24 905	RMB/CNY	no data	30.06.2013	pledge on production halls
Taishan Jianneng Machinery Group	China	31 479	RMB/CNY	31 479	RMB/CNY	no data	30.06.2013	pledge on machines
Bank Australia	Australia	6 588	AUD	6 588	AUD	no data	no data	no data
TOTAL		**103 975**		**84 234**				

Note 29C **31.12.2009**

LONG-TERM CREDITS AND LOANS

Name (company) of lender/creditor, indicating its legal form	Official seat	Extent of credit/loan specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding interest rate	Repayment date	Credit security
		thousands of zlotys	currency	thousands of zlotys	currency			
Santander Consumer Bank S.A.	Wrocław	250	PLN	43	PLN	8,99%	31.12.2012	
Investment Loan PKO BP S.A. (non-current) n.a	Poland	716	PLN	716	PLN	5,01 % - 5,04 %	31.07.2011	mortgage
Voivodeship Fund of Environment and Water Management Protection in Katowice [WFOŚiGW]	Katowice	141	PLN	142	PLN	rediscount of bill rate, not less than 3%.. As of the day of signing an agreement, the interest rate of the loan equals 3%. In subsequent years of the agreement, the rate will be corrected according to the rate of bill of discount rate on 1 January of each subsequent year	15.06.2012	conventional mortgage, cap mortgage, assignment of rights from insurance policy
Serbia Development Fund	Belgrad	31 286	326 272,42 €	987	PLN	3% annually	25.10.2013	bank guarantee, endorsement of KOPEX
Bank PKO BP S.A.	Warszawa	118 000	PLN	117 531	PLN	1M WIBOR + MARGIN	25.06.2011	blank promissory note, endorsement
WFOŚiGW	Katowice	1 003	PLN	729	PLN	0,6% bill of discount rate, not less than 3%	31.03.2015	conventional mortgage, cap mortgage, assignment of rights from insurance agreement, pledge on treasury bills
PKO BP SA	Gliwice	85 000	PLN	82 273	PLN	WIBOR 1M + MARGIN	30.06.2011	promissory note, endorsement
OTHER	Australia	3 658	AUD	3 658	AUD			
TOTAL		**240 054**		**206 079**				

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 30 **LONG TERM TRADE LIABILITIES**	31.12.2010	31.12.2009
a) from affiliated companies		
b) from other companies	9 386	1 975
Long term net trade liabilities	**9 386**	**1 975**
c) evaluation of long term liabilities acc. to depreciated cost	20	47
Gross long term trade liabilities	**9 406**	**2 022**

Note 31

OTHER LONG TERM LIABILITIES	31.12.2010	31.12.2009
a) in relation to affiliated entities		
- due to leasing activity		
b) in relation to other entities , including:	32 991	6 948
- due to settlements with foreign partners with realisation term over 1 year		
- due to leasing activity	32 281	3 136
- agreement with ZUS		
- composition proceedings		175
- pre-payments received for supplies		392
- other liabilities	710	3 245
Other net long term liabilities	**32 991**	**6 948**
c) evaluation of long term liabilities acc. to depreciated cost	66	61
Other gross long term liabilities	**33 057**	**7 009**

Note 32A **CHANGE OF LONG TERM TRADE LIABILITIES AND OTHER LIABILITIES ACC. TO DEPRECIATED COST**	31.12.2010	31.12.2009
Situation as of the beginning of the period	108	3 324
a) Increases presented in a period in a profit and loss account	25	6
b) Decreases presented in a period in a profit and loss account	-47	-3 222
Evaluation of long term liabilities acc. to depreciated cost at the end of the period	**86**	**108**

Note 32B **GROSS LONG TERM TRADE LIABILITIES AND OTHER LIABILITIES (CURRENCY STRUCTURE)**	31.12.2010	31.12.2009
a) in Polish currency	30 175	1 719
b) in foreign currencies (acc. to a currency and after translation into PLN	12 288	7 312
b1. unit/currency thousand/EUR	2 961	1 266
PLN thousand	11 723	5 182
b2. other currencies in PLN thousand	565	2 130
Total long term liabilities	**42 463**	**9 031**

Note 32C **LONG TERM TRADE LIABILITIES AND OTHER LIABILITIES, WITH REMAINING FROM THE BALANCE SHEET DATE, REPAYMENT PERIOD**	31.12.2010	31.12.2009
a) over a year up to 3 years	37 707	4 398
b) over 3 years and up to 5 years	3 670	4 633
c) over 5 years	1 086	
Total long term liabilities	**42 463**	**9 031**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 33	31.12.2010	31.12.2009
CHANGE OF PROVISION DUE TO DEFERRED INCOME TAX		
1. Provision due to deferred income tax as of beginning of the period, including	29 995	36 301
a) relation to financial result	19 243	26 754
b) relation to equity	10 752	9 582
c) currency translations differences		-35
2. Increases	11 883	21 209
a) referred to financial result of a period due to positive transfer differences	11 807	19 619
b) referred to equity due to positive transfer differences	76	1 590
3. Decreases	14 269	27 515
a) referred to financial result due to positive transfer differences	12 159	27 095
b) referred to equity due to positive transfer differences	2 110	420
4. Total provision due to deferred income tax at the end of the period, including	**27 609**	**29 995**
a) relation to financial result	18 891	19 243
b) relation to equity	8 718	10 752

Note 34	31.12.2010	31.12.2009
CHANGE OF LONG TERM PROVISION FOR PENSION BENEFITS AND SIMILAR BENEFITS		
Situation as of the beginning of the period	14 783	15 041
- creation of provision	1 164	1 910
- including in consolidation of from subsidiary	4 406	
- use	-238	-396
- re-classification into short term provision	-204	-60
- end of reason for provision creation		-620
- other decreases	-4 498	-1 092
situation as of the end of the period	**15 413**	**14 783**

Note 35	31.12.2010	31.12.2009
OTHER LONG TERM PROVISIONS FOR LIABILITIES		
Situation as of the beginning of the period	3 339	1 942
- creation of provision	260	2 647
- excluding a subsidiary from consolidation	-1 411	
- use	-747	-1 164
- end of reason for provision creation	-390	-86
- other decreases		
situation as of the end of the period	**1 051**	**3 339**

Note 36	31.12.2010	31.12.2009
LONG ACCRUALS		
a) cost accruals		
b) income accruals	2 262	3 682
- concerning agreements on liabilities transfer		33
- concerning conditional redemption of liabilities – composition proceedings		495
- relief - SSE		2 065
- subsidies from European Fund for Regional Development	147	
- other	2 115	1 089
Total long term accruals	**2 262**	**3 682**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 37A	31.12.2010	31.12.2009
SHORT TERM CREDITS AND LOANS		
a) short term credits and loans from affiliated companies		
- Situation as of the beginning of the period		
- granting a credit., loan		
- payment of a credit, loan		
- evaluation of granted credits and loans in accordance with adjusted purchase price		
- situation as of the end of the period		
b) Short term credits and loans from other companies		
- Situation as of the beginning of the period	298 371	323 855
- granting a credit., loan	314 241	163 129
- transfer from long term	199 988	46 631
- payment of a credit, loan	-267 694	-235 343
- evaluation of granted credits and loans in accordance with adjusted purchase price		99
- including in consolidation of from subsidiary	18 986	
- situation as of the end of the period	**563 892**	**298 371**
Total short term credits and loans	**563 892**	**298 371**

Note 37B	31.12.2010	31.12.2009
SHORT TERM CREDITS AND LOANS (CURRENCY STRUCTURE)		
a) in Polish currency	491 189	253 275
b) in foreign currencies (acc. to a currency and after translation into PLN	72 703	45 096
b1. unit/currency thousand/EUR	306	100
PLN thousand	1 213	423
b.2. unit/currency thousand/USD		
thousand PLN .		
b.3. other currencies in PLN thousand	71 490	44 673
Total short term credits and loans	**563 892**	**298 371**

Note 37C 31.12.2010

SHORT-TERM CREDITS AND LOANS

Name (company) of lender/creditor, indicating its legal form	Official seat	Extent of credit/loan specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding interest rate	Repayment date	Credit security
		thousands of zlotys	currency	thousands of zlotys	currency			
PKO BP S.A.	Katowice	179,000 current account limit	PLN	155 083	PLN	WIBOR 1M + MARGIN	01.07.2011	Cap mortgage for the amount of PLN 313.200 on real estate located on Grabowa Road in Katowice + assignment of insurance policy + assignment of receivables due to trade contracts + power of attorney to access accounts in BRE Bank, CITI Bank and BPH Bank, endorsement of ZZM S.A. for the amount of PLN 261.000, registered pledge on shares of ZZM S.A. to the amount of PLN 302.029, payment instruction from BGK
WFOŚiGW	Katowice	1 003	PLN	200	PLN	0,6% of rediscount of bill rate, not less than 3%	31.03.2015	total conventional mortgage, cap mortgage, notarial deed on submission to execution, assignment of rights of insurance agreement, pledge on treasury bills
Fortis Bank Polska SA	Katowice	15 000	PLN	11 931	PLN	1M WIBOR + MARGIN	24.01.2011	blank promissory note, pledge registered on inventories and assignment of rights from insurance agreement, cap mortgage on real estate, endorsed by Kopex S.A.; power of attorney for the bank ton access accounts in PKO Bank Polski S.A.
ING Bank Sląski	Katowice	5 000	PLN	3 963	PLN	1M WIBOR + MARGIN	30.03.2011	endorsement of Kopex S.A.
ING Bank Śląski S.A. overdraft of current account	Katowice	72 000	PLN	66 369	PLN	1M WIBOR + MARGIN	31.03.2011	blank promissory note, power of attorney to access accounts
Bank PKO BP S.A.	Warszawa	118 000	PLN	117 812	PLN	1M WIBOR + MARGIN	25.05.2011	blank promissory note endorsed by ZZM; endorsement of Kopex, pledge on movable assets
ING Bank Śląski S.A.	Gliwice	30 100	PLN	7 937	PLN	WIBOR for one-month inter-bank deposits + margin	31.03.2011	cap mortgage, promissory note, registered pledge, transfer of title to machines and equipment
PKO BP SA	Gliwice	30 000	PLN	30 000	PLN	WIBOR for one-month inter-bank deposits + margin	10.03.2011	cap mortgage, assignment of rights from insurance agreement
PKO BP SA	Gliwice	110 000	PLN	73 128	PLN	WIBOR for one-month inter-bank deposits + margin	31.03.2011	blank promissory note, power of attorney to access accounts, registered pledge; assignment of rights from insurance agreement
PKO BP SA - overdraft of current account	Katowice	do 24 750	PLN	23 202	PLN	WIBOR 1M + margin	01.07.2011	blank promissory note, endorsement
ING Bank Śląski SA	Katowice	10 000	PLN	3 756	PLN	WIBOR 1M + margin	01.07.2011	blank promissory note, assignment of liabilities from contracts, registered pledge; assignment of rights from insurance agreement
中国银行宁阳县支行 Bank of China, Ningyang County Branch	China	13 491	RMB/CNY	13 491	RMB/CNY		24.02.2011	endorsement
中国银行宁阳县支行 Agricultural Bank of China, Ningyang	China	13 491	RMB/CNY	13 491	RMB/CNY		23.03.2011	endorsement
中国银行宁阳县支行 Commercial Bank of Tai'an	China	8 994	RMB/CNY	8 994	RMB/CNY		30.04.2011	endorsement
中国银行宁阳县支行 Bank of China, Ningyang County Branch	China	13 491	RMB/CNY	13 491	RMB/CNY		24.02.2011	endorsement
Universal Banka	Serbia	947	RSD	104	RSD	2,00%	31.03.2011	promissory note
PKO BP SA	Poland	720	PLN	720	PLN	5,4% - 5,87%	31.07.2011	mortgage credit
PKO BP SA	Poland	720	PLN	720	PLN	5,4% - 5,87%	31.07.2011	mortgage credit
OHR	the Czech Republic	12 864	CZK	12 864	CZK	8,00%	31.12.2011	none
CSOB	the Czech Republic	6 636	CZK	6 636	CZK	2,2% - 2,5%	31.12.2011	mortgage credit
TOTAL		**666 207**		**563 892**				

Note 37C **31.12.2009**

SHORT-TERM CREDITS AND LOANS

Name (company) of lender/creditor, indicating its legal form	Official seat	Extent of credit/loan specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding interest rate	Repayment date	Credit security
		thousands of zlotys	currency	thousands of zlotys	currency			
Santander Consumer Bank S.A.	Wrocław	456	PLN	181	PLN	9,99%	31.12.2010	transfer of title to vehicle
Santander Consumer Bank S.A.	Wrocław	250	*PLN*	16	*PLN*	8,99%	2 012	Transfer of title to vehicle to bank, assignment of contractual rights
BRE Bank SA - overdraft of current account	Katowice	do 5 000	PLN	4 853	PLN	WIBOR O/N + margin	29.06.2010	blank promissory note, registered pledge of shares, assignment of contractual rights
PKO BP SA - overdraft of current account	Katowice	do 24 750	PLN	23 275	PLN	WIBOR 1M + margin	01.07.2011	blank promissory note, endorsement, guarantee
PKO BP SA	Poland	1 320	*PLN*	1 320	*PLN*	4,99%-7,10%	31.12.2010	mortgage
PKO BP SA	Poland	8	*PLN*	8	*PLN*	4,34%-6,45%	20.10.2010	power of attorney to access account
POLBANK EFG	Poland	306	*PLN*	306	*PLN*	6,02%-6,27%	29.11.2010	mortgage
ING BSK SA	Poland	6 998	*CZK*	6 998	*CZK*	1,3%-2,5%	revolving credit line	mortgage
ING BSK SA	Poland	432	*CZK*	432	*CZK*	1,84%-2,84%	21.06.2010	mortgage
OHR	the Czech Republic	11 745	*CZK*	11 745	*CZK*	8,00%	21.06.2010	none
Proinstal Shoes Sp. z o.o.	Warszawa	1 100	PLN	1 013	PLN	fixed rate of 6 %	11.05.2010.	
ING BSK SA	Bytom	20 000	*PLN*	2 478	*PLN*	WIBOR 1M + margin	31.03.2010	blank promissory note, endorsement, cap mortgage
PKO BP SA	Katowice	6 000	*PLN*	4 929	*PLN*	WIBOR 3M + margin	30.06.2010	blank promissory note, endorsement, power of attorney to access account
Voivodeship Fund of Environment and Water Management Protection in Katowice [WFOŚiGW]	Katowice	94	PLN	94	PLN	rediscount of bill rate, not less than 3%.. As of the day of signing an agreement, the interest rate of the loan equals 3%. In	15.06.2012	conventional mortgage, cap mortgage, assignment of rights from insurance policy
Serbia Development Fund	Belgrad	7 552	85 240,00 €	423	4,41 €	3% annually	25.10.2013	bank guarantee
MIN HOLDING	Nis	5 000		64		16% annually	31.03.2010	blank promissory note
Universal Banka	Nis	23 015		57		1,6% monthly	14.03.2010	blank promissory note
MIN Holding	Nis	11 654		27		2,40 % monthly	31.03.2010	blank promissory note
中国银行宁阳县支行 Bank of China, Ningyang County Branch	China	60 000	*RMB/CNY*	25 074	*RMB/CNY*	6,2% of annual equivalent	05.2010	endorsement
ING Bank Śląski S.A.Overdraft of credit account	Katowice	72 000	PLN	66 125	PLN	1M WIBOR + margin	31.03.2010	blank promissory note, power of attorney to access account
BRE Bank S.A. Overdraft of credit account	Warszawa	15 000	PLN	10 979	PLN	WIBOR O/N + margin	30.06.2010	blank promissory note, endorsement
Bank Millennium current account	Warszawa	15 000	PLN	15 000	PLN	1M WIBOR + margin	01.03.2010	endorsement, assignment of rights from a trade contract
BRE Bank S.A.	Katowice	5 000	*PLN*	874	*PLN*	WIBOR O/N + margin	30.06.2010	blank promissory note
- Fiat Bank Polska S.A.	Warszawa	25	PLN	4	PLN	variable as of the day of signing the agreement 9,99 %	19.08.2010	registered pledge on fixed assets
- Fiat Bank Polska S.A.	Warszawa	27	PLN	4	PLN	variable as of the day of signing the agreement 9,99 %	19.08.2010	registered pledge on fixed assets
- Fiat Bank Polska S.A.	Warszawa	27	PLN	4	PLN	variable as of the day of signing the agreement 9,99 %	29.08.2010	registered pledge on fixed assets
- Fiat Bank Polska S.A.	Warszawa	27	PLN	4	PLN	variable as of the day of signing the agreement 9,99 %	29.08.2010	registered pledge on fixed assets
- Fiat Bank Polska S.A.	Warszawa	27	PLN	4	PLN	variable as of the day of signing the agreement 9,99 %	29.08.2010	registered pledge on fixed assets
-Santander Consumer Bank S.A.	Wrocław	66	PLN	3	PLN	variable as of the day of signing the agreement10,49 %	28.01.2010	transfer of title to a vehicle, deposit of vehicle registration book, assignment of rights of vehicle insurance policy
- Volkswagen Bank Polska S.A.	Warszawa	32	PLN	7	PLN	variable as of the day of signing the agreement 4,74 %	12.05.2010	transfer of title to vehicle, deposit of vehicle registration book, assignment of rights of vehicle insurance policy
- Volkswagen Bank Polska S.A.	Warszawa	32	PLN	7	PLN	variable as of the day of signing the agreement 4,74 %	12.05.2010	transfer of title to a vehicle, deposit of vehicle registration book, assignment of rights of vehicle insurance policy
- WFOŚiGW	Katowice	1 003	PLN	150	PLN	0,6% of rediscount promissory note rate not less than 3%	31.03.2015	total conventional mortgage, cap mortgage, notarial deed on submission to execution, assignment of rights of insurance agreement, pledge on treasury bills
PKO BP SA	Gliwice	30 000	PLN	30 000	PLN	Wibor for one-month inter-bank deposits + margin	10-03-2010	cap mortgage, assignment of rights of insurance agreement
ING bank Śląski S.A.	Gliwice	30 100	PLN	28 630	PLN	WIBOR for one-month inter-bank deposits + margin	31.03.2010	cap mortgage, promissory note, registered pledge, transfer of title to machines and equipment
PKO BP S.A.	Katowice	179 000		53 261	PLN	WIBOR 1M + MARGIN	01.07.2011	cap mortgage, assignment of rights of insurance agreement, assignment of receivables, power of attorney to access accounts, endorsement registered pledge on shares
ING S.A.	Katowice	27 260		9 954	PLN	WIBOR 1M + MARGIN	31.03.2010	cap mortgage, registered pledge on machines and inventories transfer of title to machines and appliances, assignment of rights of insurance policy, power of attorney to access account, blank promissory notes
Others	Australia	68		68				
TOTAL		**560 374**		**298 371**				

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 38	31.12.2010	31.12.2009
SHORT TERM TRADE LIABILITIES		
a) from affiliated companies		
- with payment period up to 12 months		
- with payment period over 12 months		
b) from other companies	343 351	218 556
- with payment period up to 12 months	343 095	218 471
- with payment period over 12 months	256	85
Total short term trade liabilities	**343 351**	**218 556**

Note 39

OTHER SHORT TERM LIABILITIES	31.12.2010	31.12.2009
a) in relation to affiliated entities		
- other liabilities		
b) in relation to other entities, including:	121 202	109 954
- due to leasing and investment activity	5 072	5 845
- due to investment activity	3 919	
- pre-payments received for supplies	33 999	33 341
- due to taxes, customs, insurance and other benefits	44 209	27 987
- due to remuneration	16 522	15 663
- due to settlement of construction sites and branch offices abroad	1 292	1 912
- due to commission of agents and business trips abroad		73
- Company Fund of Social Benefits	2 408	2 561
- other liabilities	13 781	22 572
Total other short term liabilities	**121 202**	**109 954**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 40
SHORT TERM TRADE LIABILITIES AND OTHER LIABILITIES (CURRENCY STRUCTURE)

	31.12.2010	31.12.2009
a) in Polish currency	253 378	218 158
b) in foreign currencies (acc. to a currency and after translation into PLN	211 175	110 352
b1. unit/currency thousand/USDo	3 079	6 667
PLN thousand	9 125	18 532
b2. unit/currency thousand/EUR	10 158	8 692
PLN thousand	40 049	33 572
b3. other currencies in PLN thousand	162 001	58 248
Total short term liabilities	**464 553**	**328 510**

Note 41A
DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL LIABILITIES

	31.12.2010
a) hedging cash flows for which hedge accounting is applied	434
- forward sales contracts USD - volume 13 726 PLN thousand, average exchange rate 2.9089	300
- forward sales contracts EUR - volume 8 844 PLN thousand, average exchange rate3.9431	134
b) hedging cash flows for which hedge accounting is not applied	2 594
- sales options EUR - volume 25 356 PLN thousand , average exchange rate 3.6016	2 594
- forward sales contracts EUR - volume , average exchange rate	
- sales options USD - volume , average exchange rate	
Total derivative financial instruments l	**3 028**

Detailed description concerning derivative financial instruments is presented under Note 20A.

Note 41A.
DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL LIABILITIES

	31.12.2009
a) hedging cash flows for which hedge accounting is applied	25 273
- forward sales contracts USD - volume 135 677 PLN thousand, average exchange rate 2.4315	25 263
- sales options USD - volume 29 580 PLN thousand, average exchange rate 3.6975	10
b) z hedging cash flows for which hedge accounting is not applied	**10 537**
- sales options EUR - volume 50 714 PLN thousand, average exchange rate 3.3859	6 312
- forward sales contracts EUR - volume 29 297 PLN thousand, average exchange rate 4.1560	168
- sales options USD - volume 13 830 PLN thousand, average exchange rate 2.2342	4 057
Total derivative instruments	**35 810**

The result on derivatives hedging cash flows included directly in equity and profits (losses) concerning assets and financial liabilities evaluated at fair value via financial result are presented in the following notes 20B and 20C.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 42 **CHANGE OF SHORT TERM FINANCIAL LIABILITIES EVALUATED AT FAIR VALUE VIA FINANCIAL RESULT**	**31.12.2010**	**31.12.2009**
a) situation as of the beginning of the business period		
b) situation as of the end of a business year		

Note 43 **CHANGE OF SHORT TERM PROVISION FOE PENSION BENEFITS AND SIMILAR BENEFITS**	**31.12.2010**	**31.12.2009**
Situation as of the beginning of the period	6 588	3 962
- creation of provision	3 622	3 842
- re-classification from long term provisions	204	60
- including in consolidation of from subsidiary	847	1 873
- use	-2 960	-1 798
- end of reason for provision creation	-2 706	-1 229
- exclusion from consolidation of subsidiaries	-64	
- other decreases	-393	-122
situation as of the end of the period	**5 138**	**6 588**

Provisions for employee benefits are estimated by the actuary. For actuarial valuation the rate of wage growth at 5% and the discount rate at 6,40% was assumed. The company chose the method of immediate recognition of actuarial gains and losses.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP in thousands PLN

Note 44

CHANGE OF OTHER SHORT TERM PROVISIONS (ACC. TO TITLES)	31.12.2010	31.12.2009
a) Situation as of the beginning of the period	**41 238**	**32 097**
- provision for predicted costs and claims	1 961	4 988
- provision for predicted financial costs (exchange rate differences)	53	38
- provision for predicted liabilities	8 961	2 472
- accruals –costs of contracts	10 478	12 511
- accruals –general costs, trade	9 232	11 200
- accruals –liabilities due to interest on credits	81	
- provision for guarantee repairs	10 472	888
b) increases (due to)	**37 753**	**42 332**
- provision for predicted claims, court cases	166	1 058
- provision for predicted financial costs (exchange rate differences)	1 581	176
- provision for predicted liabilities	4 979	14 474
- accruals –costs of contracts	13 747	6 273
- accruals –general costs, trade	8 322	9 064
- accruals –liabilities due to interest on credits	114	81
- provision for guarantee repairs	8 844	11 206
d) decreases (due to)	**-41 276**	**-33 191**
- provision for predicted claims, court cases	-938	-4 085
- provision for predicted financial costs (exchange rate differences)	-14	-161
- provision for predicted liabilities	-8 030	-7 985
- accruals –costs of contracts	-13 337	-8 306
- accruals –general costs, trade	-8 349	-11 032
- accruals –liabilities due to interest on credits		
- provision for guarantee repairs	-10 608	-1 622
e) situation as of the end of the period	**37 715**	**41 238**
- provision for predicted claims, court cases	1 189	1 961
- provision for predicted financial costs (exchange rate differences)	1 620	53
- provision for predicted liabilities	5 910	8 961
- accruals –costs of contracts	10 888	10 478
- accruals –general costs, trade	9 205	9 232
- accruals –liabilities due to interest on credits	195	81
- provision for guarantee repairs	8 708	10 472

Accruals are liabilities to be paid mi for services that were received/performed, but were not paid, invoiced or formally agreed with suppliers. Accruals are revealed as provisions for liabilities due to trade. Calculated provisions for costs of contracts result from the obligation to maintain matching obligation of income and costs related to a reporting period.

Note 45

SHORT TERM ACCRUALS	31.12.2010	31.12.2009
a) costs accruals	3 291	995
b) income accruals	9 571	29 540
- concerning agreements on liabilities transfer	36	44
- concerning conditional redemption of liabilities – composition proceedings	218	25
- income of future periods	7 067	29 282
- other	2 250	189
Total short term accruals	**12 862**	**30 535**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX SA CAPITAL GROUP in thousands PLN

11. Explanatory notes to consolidated profit and loss account of KOPEX S.A. Capital Group prepared as of 31st December 2010 in PLN thousands

Note 46A

INCOME FROM SALE OF PRODUCTS (MATERIAL STRUCTURE - KINDS OF ACTIVITY)	31.12.2010	31.12.2009
- mining services	255 511	201 868
- production of machines and equipment	1 157 189	1 155 909
- casts	14 718	13 301
- other services	60 697	66 456
Total net income from sale of products	**1 488 115**	**1 437 534**
- including: from related entities		3

Note 46B

NET INCOME FROM SALE OF PRODUCTS (TERRITORIAL STRUCTURE)	31.12.2010	31.12.2009
a) country	**989 598**	**998 545**
- mining services	243 961	181 649
- production of machines and equipment	680 226	767 618
- casts	13 957	12 366
- other services	51 454	36 912
b) export	**498 517**	**438 989**
- mining services	11 550	20 219
- production of machines and equipment	476 963	388 291
- casts	761	935
- other services	9 243	29 544
Total net income from sale of products	**1 488 115**	**1 437 534**
- - including: from related entities		3

ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A.CAPITAL GROUP in PLN thousand

Note 46C

INFORMATION CONCERNING CONSTRUCTION SERVICE AGREEMENT		31.12.2010	31.12.2009
Amounts of income due to an agreement revealed as income for a given period		250 223	407 117
A method to establish income due to agreement revealed for a given period	A method was assumed according to which income due to an agreement is related to costs of an agreement incurred till the specific moment of agreement performance advancement.		
A method applied to establish the advancement of agreements' performance	According to proportion of agreement costs incurred due to works performed till a given moment in relation to estimated total costs of the agreement.		
Total amount of incurred costs and revealed profits (decreased by revealed losses) as of a balance sheet day	Revealed amounts concerning incurred costs and revealed profits (decreased by revealed loss) from the beginning of agreements performance till the balance sheet day.	312 739	445 760
Amount of retained advance payments	Advance payments are amounts received by a contractor, prior to performance of works they concern.	2 603	24 913
Total of retained amounts	Retained amounts are receivables that are conditioned by performance of agreements, and which are not paid till the moment of meeting specified agreement conditions or till the moment of defect removal (guarantee instalments).	0	8 777
Gross amount due from the ordering party due to works performed under an agreement, as assets	Gross amount due from the ordering parties due to works resulting from an agreement is an amount made up by the following decreases:		
	a) total of incurred costs and revealed profits,		
	b) total of revealed losses and receivables conditioned by an agreement performance (partial invoices) for all agreement being performed as of a given day, in case of which incurred costs jointly with profits (decreased by revealed losses) exceed receivables condit.	88 395	189 607
Gross amount due to the ordering party due to works performed under an agreement, as liability	Gross amount due to the ordering party due to works resulting from an agreement is a net amount made up by decrease by the following:		
	a) totals of incurred costs and included profits,		
	b) total of included loss and receivables conditioned by an agreement performance (partial invoices) for all being performed as of a given date of the agreement, in case of which receivables conditioned by the agreement performance (partial invoices) exceed incurred	23 371	8 014

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX SA CAPITAL GROUP in thousands PLN

Note 47A

NET INCOME FROM SALE OF GOODS AND MATERIALS (MATERIAL STRUCTURE – KINDS OF ACTIVITIES)	31.12.2010	31.12.2009
- machines and equipment	2 233	2 457
- coal	204 012	40 849
- electricity	587 175	732 527
- casts	661	357
- other goods	82 998	85 408
Total net income from sale of goods and materials	**877 079**	**861 598**
- - including: from related entities		

Note 47B

NET INCOME FROM SALE OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	31.12.2010	31.12.2009
a) country	**666 841**	**494 260**
- machines and equipment	1 554	
- coal	172 412	
- electricity	411 145	408 908
- casts	661	357
- other goods	81 069	84 995
b) export	**210 238**	**367 338**
- machines and equipment	679	2 457
- coal	31 600	40 849
- electricity	176 030	323 619
- casts		
- other goods	1 929	413
Total net income from sale of goods and materials	**877 079**	**861 598**
- - from related entities		

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX SA CAPITAL GROUP in thousands PLN

Note 48

PRIME COSTS	**31.12.2010**	**31.12.2009**
a) depreciation	84 484	71 722
b) consumption of materials and energy	588 493	509 576
c) outsourcing	304 475	277 316
d) taxes and fees	12 822	12 212
e) remuneration	306 416	315 407
f) social insurance and other benefits	62 113	63 936
g) other prime costs (due to)	43 623	49 228
Total prime costs	**1 402 426**	**1 299 397**
Change of product stock and pre-payments and accruals	25 373	118 944
Own work capitalised (negative value)	46 635	53 558
Costs of sale (negative values)	47 619	46 067
overhead costs (negative value)	183 223	173 843
Manufacture costs of sold goods	**1 150 322**	**1 144 873**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX SA CAPITAL GROUP in thousands PLN

Note 49

OTHER INCOME	**31.12.2010**	**31.12.2009**
a) sold items of fixed assets	**7 190**	**1 961**
b) subsidies	**1 014**	**1 652**
c) release of write-offs due to revaluation of non-financial assets, including:	**16 096**	**7 979**
- revaluation write-off on inventories	631	368
- revaluation write-off on receivables	15 465	7 611
d) release of provision (due to)	**3 790**	**9 160**
- end of reason for the liabilities provision	1 533	8 350
- end of reason for the court claims	843	810
- other	1 414	
e) other, including:	**14 156**	**12 326**
- received penalties, compensations	3 700	4 689
- written-off liabilities	904	363
- refund of operating costs, court	199	238
- re-invoices – insurance, road tax	463	445
- inventory excess of stocks	1 512	611
- evaluation of receivables and long term liabilities	86	403
- income from social activity	396	497
- other	6 896	5 080
Other total income	**42 246**	**33 078**

Note 50

OTHER COSTS	**31.12.2010**	**31.12.2009**
a) value of sold fixed assets' items	**3 180**	**1 103**
b) write-offs due to revaluation of non-financial assets, including:	**6 514**	**11 542**
- revaluation write-off on inventories	4 343	801
- revaluation write-off on receivables	2 022	5 255
- revaluation write-off on fixed assets and intangible assets	149	5 486
c) created provisions (due to)	**5 740**	**3 653**
- future liabilities	3 949	2 110
- retirement and pension bonuses and similar	164	612
- not used holiday leaves	399	541
- other	1 228	390
d) other, including:	**45 056**	**18 193**
- compensations, post-accident claims	4 299	2 153
- donations	231	338
- penalties, court costs	540	621
- non-obligatory contributions	78	72
- evaluation of long term receivables and liabilities	140	371
- costs of re-invoicing	321	376
- inventory deficits of stocks	347	1 330
- written –off receivables	9 069	1 797
- evaluation of currency transactions-hedge accounting-included in the profit and loss account	-1 568	
- liquidation of fixed assets	542	686
- inventory deficits	33	
- costs of social objects maintenance	563	510
- own reject loss		1 479
- result on hedge instrument for cash flow in effective part	24 514	5 705
- omitted investments write offs	549	731
- other	5 398	2 024
Other total costs	**60 490**	**34 491**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX SA CAPITAL GROUP in thousands PLN

Note 51

FINANCIAL INCOME	31.12.2010	31.12.2009
Dividends and shares in profits		**8**
Financial income due to interest, including:	**11 442**	**13 278**
a) due to granted loans	1 035	4
- from related entities		
- from other entities	1 035	4
b) due to leasing	706	2 304
- from related entities		
- from other entities	706	2 304
c) other interest	9 701	10 970
- from related entities		
- from other entities	9 701	10 970
Income on sale of investments	**1 493**	**1 733**
Investment revaluation	**8 905**	**26 332**
Other financial income, including:	**6 783**	**1 247**
a) released provisions (due to)	1 895	703
- end of the reason for provision concerning exchange rate differences		
- end of the reason for provision concerning financial liabilities	343	161
- on interest	1 552	542
b) other, including:	4 888	544
- release of revaluation write-offs on financial receivables	2 553	85
- income due to financial operations	636	
- other	1 699	459
Total financial income	**28 623**	**42 598**

Note 52

FINANCIAL COSTS	31.12.2010	31.12.2009
financial costs due to interest, including:	**35 794**	**31 346**
a) on credits and loans	26 754	29 311
- for related entities		
- for other entities	26 754	29 311
b) other interest	9 040	2 035
- for related entities		
- for other entities	9 040	2 035
Sold investments	**1 058**	**1 264**
Revaluation of investments	**137**	
Exchange rate differences, including:	**21 786**	**45 556**
a) ealised	23 294	36 377
b) not realised	-1 508	9 179
Other financial costs, including:	**10 969**	**7 905**
a) created provisions (due to)	70	819
- provision for financial liabilities	66	611
- interest	4	208
b) other, including:	10 899	7 086
- revaluation write-off on financial receivables	382	4 257
- bank commissions	941	1 495
- loss on sale of receivables	6	
- remitted interest	665	161
- costs of receivables collection	6 309	
- other	2 596	1 173
Total financial costs	**69 744**	**86 071**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX SA CAPITAL GROUP in thousands PLN

Note 53A

CURRENT INCOME TAX	31.12.2010	31.12.2009
1. Gross profit (loss)	56 156	84 871
2. Consolidation adjustments	15 480	-7 876
3. Differences between gross profit (loss) and taxation base for income tax (according to titles)	27 369	-4 464
- income excluded from taxation	-74 408	-158 710
- tax income that is not an accounting income	25 183	10 417
- accounting fixe income not included in the taxation base	-28 432	-19 001
- accounting transition income that does not constitute tax income	4 530	-118 903
- accounting income from previous years that was subject to tax realization in a business period	10 325	10 338
- statistical income included to the taxation base	17 960	10 980
- non accounting fixed income and profits included in the taxation base (statistically)		-174
- costs concerning income excluded from taxation	57 050	142 792
- accounting fixe costs not included in the tax deductible expenses	60 250	51 333
- - statistical fixed costs constituting tax deductible expenses	-47 517	-41 707
- accounting costs, transition non tax deductible expenses	21 034	69 539
- accounting costs from previous years that were realised in terms of tax in a business period	-23 885	42 763
- tax deductible expenses that are not accounting expenses	-2 213	-1 204
- deduction of loss from previous years from income	-29 385	-21 700
- income adjustment of subsidiaries subject to taxation abroad	-25 934	-23 353
- loss to be deducted in subsequent years	56 001	42 734
- other income deductions (-)	6 810	-608
4. Base for taxation with income tax	**99 005**	**72 531**
5. Income tax in accordance with 19 % rate	18 810	13 781
6. Increases, omissions, reductions and tax decreases		7
7. Tax paid abroad	10 078	15 575
8. Tax adjustment from previous years	10	1 722
9. Current income tax included (revealed) in tax return for the period, including:	**28 898**	**31 085**
- revealed in profit and loss account	28 898	31 085

Note 53B

DEFERRED INCOME TAX PRESENTED IN THE PROFIT AND LOSS ACCOUNT	31.12.2010	31.12.2009
- decrease (increase) due to creation or reverse of transition differences	-4 695	-18 680
- decrease (increase) due to change of taxation rates		
- decrease (increase) due to previously not included tax loss, tax relief or transition difference of a previous period	1 020	-2 735
- decrease (increase) due to write off of assets due to deferred income tax or lack of possibility to use provisions for deferred income tax	-582	-873
- other items of deferred tax (according to titles)	-9 641	-149
Total deferred income tax	**-13 898**	**-22 437**

Note 54

Basic profit per 1 share	31.12.2010	31.12.2009
Net profit	33 259	67 264
Number of ordinary shares	74 056 038	67 639 372
Net profit per 1 ordinary share (in PLN)	**0,45**	**0,99**

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP in thousand zloty

12. Receivables and contingent liabilities

	31.12.2010	31.12.2009
1. Contingent liabilities	**57 240**	**57 780**
1.1. From the related entities (due to)		
- received guarantees and sureties		
- received bills of exchange		
- mortgages and pledges		
1.2. From the other entities (due to)	57 240	57 780
- received guarantees and sureties	26 072	37 921
- received bills of exchange	31 168	17 356
- mortgages and pledges		2 503
2. contingent liabilities	**1 160 281**	**1 099 017**
2.1. For the related entities (due to)	843 720	768 898
- granted guarantees and sureties	144 722	768 898
- granted guarantees and sureties for credit approvals	698 998	
2.2. For the other entities	316 561	330 119
- granted guarantees and sureties	84 957	107 736
- issued bills of exchange	231 016	222 383
- other	588	
Off-balance sheet items, in total	**1 217 521**	**1 156 797**

On 8 and 11 January 2010 the following copies of lawsuits were delivered to KOPEX S.A. by the Regional Court in Katowice:

a) lawsuit for payment filed by Fazos S.A. against the companies Kopex S.A. and Tagor S.A. (entity indirectly related). The value of the claim in the lawsuit amounts to 51 876 thousand PLN.

b) lawsuit for payment filed by Fazos S.A. against the companies Kopex S.A. and Tagor S.A. (entity indirectly related). The value of the claim in the lawsuit amounts to 22 207 thousand PLN.

c) lawsuit filed by Famur S.A. against Kopex S.A , subject of the lawsuit is the demand for payment of the sum of 40 262 thousand PLN.

d) Request for settlement submitted by Fazos S.A.; the requested amount for payment is 6 683 thousand PLN

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP in thousand zloty

According to the opinion of the lawyer's office representing KOPEX S.A. and TAGOR S.A., the aforementioned claims are totally unjustified and devoid of any factual and legal basis. KOPEX S.A. and TAGOR S.A., basing on the legal opinion and on the available evidence, has concluded that a present obligation arising from the past events does not exist (IAS 37 par.15), therefore, in accordance with IAS 37 par.14, no reserve debited to the profit and loss account in 2009 or 2010 was created.

Financial obligations of the KOPEX Group as at 31.12.2010. amount to 990 477 thousand PLN

1) 496 908 thousand PLN– mortgage on properties of the Group as a collateral for the liabilities due to loans and other bank liabilities
2) 493 569 thousand PLN – pledge on current assets, movables and shares being a collateral for the liabilities due to bank loans , in this:

- On fixed assets	69 595 thousand PLN
- On stocks	78 411 thousand PLN
- pledge on shares	302 029 thousand PLN
- others	43 534 thousand PLN

13. Reporting by business and geographical segments

13.1. The basic model of reporting used with reference to segments in KOPEX Group is the business segment and additional information has been presented in a geographical layout.

a. the activity of the Group has been divided into the following segments
   - segment of mining services
   - segment of the production and sale of machinery and equipment for underground mining
   - segment of the production and sale of machinery and equipment for surface mining
   - segment of the production and sale of machinery and equipment for the industry
   - segment of the production and sale of machinery and electrical and electronic equipment
   - segment of energy trading
   - segment of coal trading
   - segment of castings
   - segment of other activity

   The segment labeled "other activity" includes construction services, workshops, agency services, leasing services, sale of steel products, shipping and transport services, service and maintenance, sale of cars, consulting services, repair service and others.

b. Additional information concerning the activity of KOPEX Group presented in a geographical layout has been divided into the following segments:
   - segment of export sale
   - segment of domestic sale

13.2. Assumptions of adoption of a business segment as a primary segment for reporting

The Group runs a various activity involving the sale of raw materials, goods of strategic importance, sale of machinery, equipment and services, i.a., civil engineering services, mining services, in this, complex investments projects, consulting services as well as intermediary in the already-mentioned aspects in both domestic and foreign market.

The above mentioned scope of activity, to a large extent, is an activity of a specific character depending on individual customers' needs. Taking into account the above, as well as individual terms and conditions of the majority of transactions, despite the fact that the Group has classified its data by business segments (as the basic reporting formula used for segments), it has to be emphasized that within each business segment, different risks and rates of return of investment expenditures incurred by the companies of the Group may appear.

When deciding on the contents of the business segment, the following factors were taken into account: primarily, the reliability and comparability of information provided with reference to various groups of goods and services rendered by the associated companies throughout the time, secondarily, the organizational structure of the Group. Irrespective of the aforesaid, we would hereby like to mention that adopting the business segment as the main model of reporting, regardless of absence of similarities concerning one or several factors that characterize the business segment according to the IAS 14, is the most appropriate course of action, given the specific nature of the activity the Group is involved in.

13.3. Assumptions of adoption of the geographical segment as a supplementary model of reporting

The main factor influencing the decision to presenting the segments of export sales and domestic sales separately was the foreign exchange risk. If the criterion of location of the production facilities or assets and the criterion of location of markets and customers of the Group had been applied for the geographical segment this would be incomparable, since the Group operates in a dozen or so different countries – in different comparable periods, and the transactions it makes are individual transactions characterized by incomparable risk and return on capital expenditure degree.

It needs to be noticed that from the perspective of the consolidated financial statement, the most reasonable course of action was to record the Group's revenues from sales as per different countries. This form of presentation allows us to clearly and precisely determine a location of the generated turnover, since the concept of "domestic sales" as used by companies within the Group, is not identical with "sales in Poland", and the concept of "export sales" is not identical with "sales out of Poland". The meaning of this term is determined by the official seat of a company belonging to the Capital Group.

13.4. Data presentation

Although not all of the identified business segments meet the quantitative threshold of 10% of volume of sales imposed by the IAS 14, the Management Board decided to present them, in respect of their importance from the Group's point of view. Results and assets and liabilities of these segments include the amounts that can be directly or following rational premises assigned to a given segment.

Other values, which can not be rationally assigned, have been recognized as uncategorized income and expenses, assets and liabilities.

Taking into account the legibility and consistency of the presented consolidated segments divided into business and geographical segments, the Management decided to include the consolidation exclusions directly in the segment which they concern.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP in thousand zloty

INFORMATION ON THE CONSOLIDATED OPERATING SEGMENTS BY INDUSTRY

	Mining services		Production and sales of machinery and equipment for underground mining		Production and sales of machinery and equipment for surface mining		Production and sales of machinery and equipment for industry		Production and sales of machinery as well as electrical and electronic equipment		Sales of energy		Sales of coal		Castings		Other activitiy		Consolidated value	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue of the segment	255 511	201 868	850 617	809 266	81 585	56 068	23 383	44 512	203 837	248 520	587 175	732 527	204 012	40 849	15 379	13 658	143 695	151 864	2 365 194	2 299 132
Gross profit / loss on sale	47 490	22 780	190 803	165 570	17 805	12 262	-1 434	921	63 654	82 271	10 226	29 683	1 769	2 880	2 454	-757	16 406	26 194	349 173	341 804
Operating result in the segment	33 400	846	37 840	48 555	5 698	2 597	-5 292	-6 646	29 530	50 819	2 057	20 676	1 305	944	-934	-6 089	-3 517	8 779	100 087	120 481
The financial result of the Group																			-41 121	-43 473
Profit (loss) on sale of all or part of the shares in affiliated companies																				436
Amortization of goodwill of subsidiaries																				
Excess of fair value of net assets of the acquiree over the cost of business combination																				7 427
Loss of control over the subsidiary																			-1 975	
Profit (loss) from the settlement of multi-step business combinations																			-835	
Gross profit (loss)																			56 156	84 871
Income tax																			15 000	8 648
Net share in profits (losses) of subsidiaries under the equity method																			41	-431
Consolidated net profit /loss																			41 197	75 792
Net profit (loss) attributable to non-controlling shares																			7 938	8 528
Net profit (loss) attributable to the shareholders of the parent company																			33 259	67 264

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX GROUP in thousand zloty

INFORMATION ON CONSOLIDATED INCOME ACCORDING TO THE GEOGRAPHICAL LAYOUT

	Mining services		Production and sales of machinery and equipment for underground mining		Production and sales of machinery and equipment for surface mining		Production and sales of machinery and equipment for industry		Production and sales of machinery as well as electrical and electronic equipment		Sales of energy		Sales of coal		Castings		Other activity		Consolidated value	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
SOUTH AFRICA									56 002	75 635									56 002	75 635
AMERICA									440	5 738									440	5 738
ARGENTINA			110	8 208															110	8 208
AUSTRALIA			124 003	110 613													745	503	124 748	111 116
AUSTRIA					17				1 507	2 505	18 118	43 794	2 435	2 824					22 077	49 123
BANGLADESH		36																	0	36
BELARUS			964	520					461	1 181									1 425	1 701
BOSNIA							16	29							153	287		3	169	319
BULGARIA							67	11 946		550								304	67	12 800
CHINA			291 970	198 943															291 970	198 943
MONTENEGRO															34				34	0
CZECH REPUBLIC	226	84	9 501	15 379				2	41 852	42 013	52 885	95 366					728	865	105 192	153 709
CROATIA								11										9	0	20
DENMARK													4 664	3 109			194	3 535	4 858	6 644
FRANCE	8 345	6 273			582	314													8 927	6 587
SPAIN			1 570						4				6 664	4 443					8 238	4 443
NETHERLAND														255			2 721	7 423	2 721	7 678
INDIA					3 681														3 681	0
INDONESIA	40 976	18 890														0		410	40 976	19 300
IRAN			1 510	70															1 510	70
ICELAND							37												37	0
KAZAHSTAN								948	929	647								452	929	2 047
KOSOVO							666								351	5	40		1 057	5
LITUANIA				90				4											0	94
MACEDONIA							69	1 464							196	619			265	2 083
MEXICO																	97		97	0
GERMANY	1 369	11 046	492	860	27 535	20 333	7 388	358	11 756	33 423	101 097	154 775	158				6 836	17 190	156 631	237 985
NORWAY					425	14 900							7 375	4 230					7 800	19 130
POLAND	202 985	163 839	390 414	467 051	48 936	19 874	7 122	16 492	67 294	64 733	411 145	408 908	172 412		8 286	7 777	130 993	120 171	1 439 587	1 268 845
PORTUGAL														744					0	744
RUSSIA			27 345	5 850				40	18 512	12 319								23	45 857	18 232
ROMANIA			250	29						15									250	44
SERBIA							7 656	11 292							6 333	4 959	1 162	866	15 151	17 117
SLOVAKIA									2 194	4 857	3 930	29 684	5 438	18 090	26		179	101	11 767	52 732
SLOVENIA								1 917											0	1 917
SWEDEN					409	647	362	9	19	229			4 866						5 656	885
UGANDA																11			0	11
UKRAINE			874						669	951									1 543	951
GREAT BRITAIN									2 198	3 724				7 154				9	2 198	10 887
HUNGARY			416	1 653															416	1 653
ITALY	1 610	1 700																	1 610	1 700
USA			1 198																1 198	0
Total sale	**255 511**	**201 868**	**850 617**	**809 266**	**81 585**	**56 068**	**23 383**	**44 512**	**203 837**	**248 520**	**587 175**	**732 527**	**204 012**	**40 849**	**15 379**	**13 658**	**143 695**	**151 864**	**2 365 194**	**2 299 132**

The biggest customers of the Group in 2010 are the companies operating in mining sector involved in sale of machinery and equipment for underground mining, electrical and electronic equipment, mining services and trading in power energy as well as coal sale. Sale of products is directed to customers located in more than 40 markets around the world.
In 2010, there is no a single customer whose participation in the Group's revenues from sale would exceed 10%.

Major suppliers of the Company for the year 2010:

KOPEX SA mainly acts as a central coordinator of the supplies of materials for the whole Group. The Group possesses a developed network of supplies mainly based on the domestic market. The part of supplies is carried out within the Group.
The Issuer's largest suppliers in 2010 in the sector of sale of mining machinery and equipment, power energy trading, and coal sale are the companies operating on the domestic market.
In 2010, there is no a single customer whose participation in the Group's revenues from sale would exceed 10%.

14. Information on revenues, costs and accounting profits from discontinued operations in a given period or operations expected to be discontinued in the next period.

During the reporting period, no operation (production) was discontinued in the Group, nor discontinuance of a significant operation is expected in the nearest future.

15. Information on significant events pertaining to previous years included in the financial statement for the current period

Due to the disclosure by indirect subsidiaries, of relevant circumstances affecting the financial data presented in the financial statement for the year ended on 31.12.2009 and consequently, on the financial data reported in the consolidated financial statement of KOPEX S.A. for the year ended on 31.12.2010, the retrospective adjustment of an error concerning the consolidated financial statement published on 31.12.2009r was made. The above mentioned adjustments refer to the titles presented below:

- writing off the valuation of long-term contracts in 2008 and 2009,
- creation of provision for unused annual leaves,
- writing off development works without any effect
- adjustment of the provision for short-term contract incorrectly calculated
- adjustment of inventory errors

As a result of the made retrospective adjustments, the following items of the consolidated financial statement prepared as at 31.12.209 have changed. They are shown in this report as comparative data:

The consolidated financial statement of KOPEX Group

ASSETS:

Intangible assets: -6.217 thousand PLN

Deferred income tax assets +4.842 thousand PLN

Stock: +2.146 tys. zł

Short term receivables from supplies and services: -3.441 thousand PLN

Other short term receivables: - 1.819 thousand PLN

Current income tax receivables : +455 thousand PLN

Short term accruals: -13.725 thousand PLN

LIABILITIES:

Exchange rate differences from conversion: +2.492 thousand PLN

Retained profit: -24.637 thousand PLN

Capital of non controlling shares: -3.471 thousand PLN

Deferred income tax reserve: -1.947 thousand PLN

Other long – term reserves for liabilities: -1.100 thousand PLN

Long – term accruals: +2.065 thousand PLN

Short – term liabilities for supplies and services: +88 thousand PLN

Other short-term liabilities: +2.605 thousand PLN

Short-term pension reserve: +437 thousand PLN

Other short-term reserves for liabilities +5.709 thousand PLN

The consolidated separate profit and loss account of the KOPEX Group for the period of 01.01.2009 – 31.12.2009

Consolidated net profit: -20.787 thousand PLN

Net profit attributable to non controlling shares: -827 thousand PLN

Net profit attributable to the shareholders of the parent company: -19.960 thousand PLN

Net profit per one common share was equal to 1,29 PLN before the adjustment and to 0,99PLN after the adjustment.

In addition, shareholders' equity for 01.01.2009 was adjusted by correction of an error concerning the year 2008 and earlier years.

Exchange rate differences from conversion: -659 thousand PLN

Retained profit : -8,573 thousand PLN

Share attributable to non –controlling entities: -351 thousand PLN

16. Information on average employment as per occupational categories

The employment in the Group at the balance sheet date was 6 759 and this figure included: domestic employment 4 654 and employment abroad 2 105.

In terms of occupational categories, the employment was as follows:

Total staff, including:

- *White – collar workers (doing – non manual jobs) - 2 128*
- *Blue- collar workers (doing manual jobs) – 4 631*

17. Information on significant events

17.1 Business combinations in the financial year.

RYFAMA S.A.

On 19 February 2010, KOPEX S.A. and Zakłady Urządzeń Galwanicznych i Lakierniczych ZUGIL S.A. with a registered seat in Wieluń concluded the agreement on sale of shares, under which, KOPEX S.A. acquired 420.000 common bearer shares of RYFAMA S.A., which was equal to 26,92% of RYFAMA share capital and gave the same percentage of voting rights. This investment was classified as an investment in an associated company and it was recognized in the consolidated financial statement under the equity method including the result of 26.92% attributable to the associated company.

Takeover of control took place on 14 June 2010.

On 14 June 2010, KOPEX S.A. increased its direct participation in RYFAMA S.A. to 65% of the share capital and to the same percentage of voting rights by acquiring 594.000 shares as a result of the conditional share sale agreement concluded on 19 February 2010 between Kopex S.A. and the companies Andoria-Mot Pty o.o. with a registered seat in Andrychów, Kuźnia Jawor S.A. with a registered seat in Jawor, Fabryka Urządzeń Mechanicznych “Chofum S.A.” with a registered seat in Chocianów and the Group of GWARANT with a registered seat in Katowice. Consequently , KOPEX S.A. took control over RYFAMA S.A.

Acquisition of shares of RYFAMA SA is a realization of the strategy aiming to strengthen the competitive position of KOPEX Group in production of complete longwall systems for mining industry. Scraper conveyor produced by RYFAMA S.A., complements a high quality longwall shearer produced by ZZM S.A. and powered roof supports manufactured by TAGOR S.A.

Settlement of the business combination of RYFAMA S.A. was not completed during the period from the date of takeover of control to the date of publication of this consolidated financial statement for the period of 01.01.2010r. - 31.12.2010. For the pre- determined value of the assets and liabilities of the subsidiary some adjustments will be made after completing the allocation process of a realized payment related to the merger, i.e., not later than during 12 months from the date of takeover of control. The initial recognition of the business combination as at the reporting date is not completed and may change due to the complexity of the transaction and the fact that the control was taken over on 14 June 2010.

In the consolidated financial statement for 2010, takeover of control over RYFAMA S.A. was included and settled in accordance with the IFRS 3 – “business combinations”. The goodwill of PLN 49.390 thousand established in connection with this, is associated with future operating cash income. The recognized goodwill is not envisaged to be ever regarded as an expense deductible for income tax purposes.

From among the major classes of acquired assets, the purchase prices were initially identified in the process of allocation and the tangible assets, in this real estates, amounting to PLN 36 387 thousand were valued. The fair value of real estates was assessed by a property appraiser.
The purchased receivables from supplies and services as well as other receivables include an outstanding balance from supplies and services with a fair value of PLN 62 494 thousand. The gross value of those receivables amounts to PLN 69 112 thousand, of which PLN 6 618 thousand were estimated as non-recoverable. From among the major classes of assumed liabilities, the liabilities for supplies amounting to PLN 42 161 thousand and the liabilities for credits and loans amounting to PLN 18 538 thousand were pre-identified in the process of allocation of a transferred payment.

All payments for the purchased shares of RYFAMA SA have been made in cash, the fair value of which is higher than the fair value of the purchased net assets. Non – controlling shares in RYFMA S.A. at the date of business combination were valuated according to the proportional part of the net assets of an acquiree attributable to these shares and they were included in the consolidated financial statement in the amount of PLN 14 006 thousand.

Due to the progressive takeover of control over RYFAMA S.A., the shares previously held in the associated company were revaluated to fair value, i.e. to the amount of PLN 31 231 thousand and the loss on the progressive takeover of control in the amount of PLN 835 thousand was recognized in the consolidated separate income and loss account at the item “profit/loss on settlement of multi-step business combinations”.

Recognition of the results of transactions on equity of non – controlling shareholders.

On 14 September 2010, KOPEX S.A. increased its direct participation in RYFAMA S.A. from 65% to 78,97% of the share capital obtaining the same percentage of voting rights. This change in equity was a result of acquisition of 1 040 000 new shares of series B in the increased capital of RYFAMA S.A. and a result of partial execution of a preliminary share sale agreement signed 19 February 2010. On 14 September, two final share sale agreements were concluded in result of which KOPEX S.A. purchased a total of 441 400 shares of RYFAMA S.A.
The effects of these transactions increasing the capital were recognized as an operation settled directly in equity, according to the &30 IAS 27. In order to reflect changes in the relative shares of RYFAMA S.A. an adjustment to the carrying amount of non-controlling shares was made and the difference between the amount of the adjustment in the non-controlling shares of PLN 6410 thousand and the fair value of the paid amount was referred to equity reducing the spare capital of KOPEX S.A. (in the part concerning aggio) by PLN 19 356 thousand.

All the costs associated with acquisition and increase of participation in the capital of RYFAMA S.A. were included directly in the consolidated separate profit and loss account at the item “other financial costs” in the amount of PLN 599,2 thousand

Income in the amount of PLN 78 370 thousand and the net profit in the amount of PLN 7 985 thousand were recognized in the consolidated separate profit and loss account during the period starting from takeover of control.
If the transaction of acquisition had occurred on January 1, 2010, the consolidated revenues of PLN 2 532 591 thousand and the consolidated net profit of PLN 47 502 thousand would have been recognized for the year 2010.

17.2. Increase of control in the subsidiaries

ZAKŁAD ELEKTRONIKI GÓRNICZEJ S.A.

Due to the invitation to subscribe for the sale of shares of Zakład Elektroniki Górniczej ZEG SA announced on 19 July 2010, ZZM S.A./the subsidiary of KOPEX S.A. bought 11 700 shares , which represents 1.03% of the total number of shares and votes at the General Meeting of Shareholders of ZEG SA, increasing its direct and indirect shareholding to 98.07% of the total number of shares and votes at the General Meeting. The effects of increasing the capital were accounted for directly in equity, in accordance with the IAS 27 &30. In order to reflect changes in the relative shares of ZEG S.A. an adjustment to the carrying amount of non-controlling shares was made and the difference between the amount of the adjustment in the non-controlling shares of PLN 274 thousand and the fair value of the paid amount was referred to equity reducing the spare capital of KOPEX S.A. (in the part concerning aggio) by PLN 141 thousand. All the costs associated with increasing the company's share in the capital of ZEG S.A. were included directly in the consolidated separate profit and loss account at the item "other financial costs" in the amount of 70 thousand PLN.

17.3 Loss of control in the subsidiaries

KOPEX POLSKIE BIOGAZOWNIE S.A.

On 21 May 2010 the conditional share sale agreement was signed between KOPEX S.A and two individual persons. The agreement concerned the sale of all shares held by KOPEX in the company KOPEX Polskie Biogazownie S.A. for the total price of PLN 1200 thousand.
On 29 June 2010 the suspensive conditions contained in the agreement of sale of the shares of KOPEX Polskie Biogazownie S.A. were fully complied and on that day KOPEX lost control over this company.
In the consolidated financial statement for the period of 01.01.2010 – 31.12.2010 prepared in accordance with the IAS 27, the effects associated with loss of control over KOPEX Polskie Biogazownie were included, i.e.

- The assets and liabilities of KOPEX Polskie Biogazownie S.A. at their carrying amount as at 30.06.2010 were excluded
- The carrying amount of non-controlling shares of KOPEX Polskie Biogazownie S.A. as at 30.06.2010 was excluded
- in the consolidated separate profit and loss account , at the item "loss of control over the subsidiary", the profit of PLN 830 thousand was included.

KOPEX MIN-FITIP A.D.

On 12 July 2010, the General Meeting of Shareholders of the Serbian company Kopex Min-Fitip AD adopted a resolution to liquidate the company.
Therefore, the effects associated with loss of control over Kopex Min-Fitip AD were included in the consolidated financial statement for the IV quarter of 2010.

- The assets and liabilities of KOPEX Min – Fitip A.D. at their carrying amount at the day of liquidation were excluded
- The carrying amount of non-controlling shares of KOPEX Min – Fitip A.D. at the day of liquidation was excluded
- The shares retained in Kopex Min-Fitip AD at fair value at the date of loss of control were included

- in the consolidated separate profit and loss account , at the item “loss of control over the subsidiary”, the loss of PLN 3 364 thousand was included. The loss was attributed in total to the retained shares of Kopex Min-Fitip AD.

AUTOKOPEX SP. Z O.O.

On 16 December 2010 the conditional agreement on sale of all shares of the company Autokopex Ltd. owned by KOPEX S.A. and Kopex Equity Ltd. was signed and KOPEX lost control over this company.
In the consolidated financial statement for the period of 01.01.2010 – 31.12.2010 prepared in accordance with the IAS 27, the effects associated with loss of control over Autokopex Ltd. were included, i.e.

- The assets and liabilities of Autokopex Ltd. at their carrying amount as at 31.12.2010 were excluded
- The fair value of the received payment was included
- in the consolidated separate profit and loss account , at the item “loss of control over the subsidiary”, the profit of PLN 498 thousand was included.

17.4 Business combinations carried out in the period between the balance sheet date and the day of approval of the consolidated financial statement.

No business combinations were carried out in the period between the balance sheet date and the day of approval of the consolidated financial statement.

17.5 Change of the capital investment in the company being consolidated using a proportional method after the balance sheet date

In February 2011, a half of shares in the Australian company Inbye Mining Services was sold, i.e. 25% of all shares. The Issuer’s subsidiary TAGOR S.A. owned 50% of all shares of the Inbye company. Inbye was consolidated using a proportional method. As a result of selling a half of the shares held , on the day of approval of the consolidated financial statement TAGOR SA is the owner of 25% package of shares. In the consolidated financial statement for the first quarter of 2011, Inbye will be valuated under the equity method.

17.6 Information on significant events that occurred after the balance sheet date and were not included in the financial statement.

After the balance sheet date no significant events have occurred.

18. Declaration by the Management Board of KOPEX S.A.

The annual consolidated financial statement and comparative data have been prepared in compliance with the rules of the International Accounting Standards. They present a coherent and genuine picture of the financial standing of Capital Group KOPEX S.A.

The annual report of the Management Board presents a genuine picture of the development and achievements of Capital Group KOPEX S.A. including the description of the principal risks and threats.

The entity authorized to audit the financial reports, which audited the aforementioned annual consolidated financial statement has been selected in accordance with applicable provisions of the law.

Both the entity and the auditor who examined the statement, met all the criteria for issuing an unprejudiced and independent report on results of the audit, in accordance with the applicable legislation of domestic law.

Signatures of Board Members and the persons responsible for keeping the account books

Date	***Name and Surname***	***Position/Function***	***signature***
29.04.2011	**Marian Kostempski**	Chairman of the Board	
29.04.2011	**Joanna Parzych**	Vice Chairman of the Board	
29.04.2011	**Józef Wolski**	Vice Chairman of the Board	
29.04.2011	**Joanna Węgrzyn**	The person responsible for keeping the books	

PKF

OPINION OF THE
CHARTERED ACCOUNTAN
on audit of the consolidated
financial statement of
KOPEX S.A. Capital Group

in Katowice

for the period 01 January 2010 to 31 December 2010

Katowice, April 2010

(Translation from the Polish language)

OPINION OF THE CHARTERED ACCOUNTANT

I. For the General Meeting, the Supervisory Board and the Management Board of KOPEX S.A. Capital Group on audit of the consolidated financial statement for fiscal year 2010

II. I have conducted audit of the enclosed financial statement of the capital group whose controlling entity is Kopex S.A. based in Katowice, including:

- Introduction to the consolidated financial statement
- Consolidated profit and loss account drawn up for the period 01 January 2010 to 31 December 2010 that presents the total income in the amount of **33,259 thousand PLN,**
- consolidated total income statement drawn up for the period 01 January 2010 to 31 December 2010 that presents the net profit in the amount of **76,228 thousand PLN,**
- consolidated statement of financial position drawn up as for 31 December 2010 that presents the total amount of assets and liabilities in the amount of **3,644,384 thousand PLN,**
- statement on changes in consolidated equity the period 01 January 2010 to 31 December 2010 that presents the total income in the amount of **62,482 thousand PLN,**
- consolidated statement on cash flow drawn up for the period 01 January 2010 to 31 December 2010 that presents the decrease in cash flow in the amount of **18,725 thousand PLN,**
- supplementary information to the financial statement.

Manager of the controlling entity is responsible for drawing up a consolidated financial statement and statement on activity of the Capital Group, pursuant to legal regulations in force.

Manager of the controlling entity and members of the supervisory board or of the other supervising body of the controlling entity are obliged to cause that the consolidated financial statement and statement on activity of the capital group meet the requirements provided in the Act dated 29 September 1994 on Accounting *(Dz.U. z 2009r, Nr 152, poz.1223 z późn. zm)* referred to as the ”Accounting Act”.

My task has been to audit and render my opinion with regard to conformity of this consolidated financial statement with the accounting rules (policy) of the capital group and whether the consolidated financial statement presents in all the relevant aspects thoroughly and clearly, asset and financial positions and the financial result of the Capital Group.

III. Audit of the consolidated financial statement has been conducted in compliance with the following legal regulations:

1. Chapter 7 of the Accounting Act
2. National Standards of Financial Audit published by the National Council of Certified Auditors in Poland

The audit has been planned and carried out in a way to reach a sufficient certainty, necessary to express my opinion on the financial statement in subject.

In particular, my audit involved checking the correctness of the applied accounting rules (policy) by the controlling entity and subsidiaries and checking- largely on a random basis- sources of the amounts and information shown in the financial statement as well as an overall appraisal of the consolidated financial statement.

I believe that my audit constituted a sufficient basis for rendering an authoritative opinion, except the uncertainty resulting from the lack of the auditor's opinion on the financial statement on Shandong Tagao Mining Equipment Manufacturing Co. Ltd in China. Share of this subsidiary in the balance sum of the consolidated financial statement without making exceptions amounts to 6.25%, and its possible effect on the consolidated result amounts to 4.28%.

IV. In my opinion, the audited financial statement, in all the important aspects, except possible effect of the aforesaid uncertainty, is as follows:

- it presents thoroughly and clearly information important for appraisal of the asset and financial position of the Capital Group as for 31 December 2010 and its financial result for fiscal year 01 January to 31 December 2010

- it has been prepared in compliance with International Accounting Standards (IASs), International Financial Reporting Standards and with the related interpretations included in the regulations announced by the European Union as well as with regard to the scope not covered by the aforesaid legal provisions- in compliance with the Accounting Act and its execution regulations,

- it complies with the legal regulations regarding financial statements binding the Capital Group.

Va. Without qualifying the consolidated financial statement, I inform as follows:

1. opinions on audits of the following subsidiaries and sub-subsidiares: Kopex Eko Sp. z o.o., Bremasz Sp. z o.o., Kopex Technology Sp. z o.o. and Kopex Australia Pty Ltd., include factors leading to possible threat of continuation of the activity of the aforesaid companies in the future and the necessity to undertake actions by the owners to ensure further functioning of those companies. Share of those companies in the consolidated balance sum amounts to 0.54% and in the consolidated financial result it amounts to 0.21%.

2. Financial statement of the subsidiary Hansen Sicherheitstechnik AG Capital Group has been audited by an auditor. Due to the fact that no signed financial statement of the controlling entity of Hansen Sicherheitstechnik AG Capital Group had been submitted by the Management Board of this controlling until the day of rendering opinion on this consolidated financial statement, no auditor's opinion has been rendered on the financial statement of this subsidiary Capital Group. Auditor who had been auditing the financial statement of the subsidiary Capital Group, had prepared a memorandum including conclusions resulting from the audit and had stated no objections to the audited financial statement. Financial data resulted from the financial statement of the subsidiary Hansen Sicherheitstechnik AG Capital Group audited by the auditor has been included in the consolidated financial statement of KOPEX S.A. Capital Group. Share of this subsidiary Capital Group in the balance sum of the consolidated financial statement amounts to 7% and in the consolidated financial result it amounts to 47%.

Vb. Statement on the activities of the Capital Group is complete, pursuant to provisions of Art.49 Cl.2 of the Accounting Act and to Minister of Finance Regulations dated 19 February 2009 on current and periodic information conveyed by issuers of securities and recognising as equivalent the information required by legal regulations of a country which is not a member country *(Dz.U. z 2009, Nr.33, poz.259 ze zm.)*.Besides, details included in the statement on the activities and taken from the audited financial statement are in compliance with it.

Barbara Malik
Chartered Accountant
No.10458

Key chartered accountant auditing
on behalf of PKF Audyt Sp. z o.o. No.548,
the entity authorised to audit financial statements
Elbląska 15/17, 01-747 Warsaw

Katowice,29 April 2011

(Translation from the Polish language)

REPORT SUPPLEMENTARY TO THE OPINION FROM AUDITING THE CONSOLIDATED FINANCIAL STATEMENT OF KOPEX S.A. CAPITAL GROUP IN KATOWICE

FOR THE PERIOD 01 JANUARY 2010 TO 31 DECEMBER 2010

KATOWICE, APRIL 2011

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A. GENERAL INFORMATION

I. DATA INDETIFYING THE AUDITED ENTITY\

There has been audited a Capital Group, whose controlling entity is KOPEX S.A. based in Katowice. The Company was established, basing on the notarial act dated 19 November 1993 *(Rep. A 3997/93).* It was transformed from *Przedsiębiorstwo Eksportu i Importu KOPEX* , a state-owned enterprise, into a single-person company of the State Treasury, basing on the Law on transforming some state –owned enterprises of special importance for the national economy dated 05 February 1993 *(Dz.U. nr 16 poz.69),* Regulation No.267/ORG/93 of the Ministry of Industry and Commerce dated 25 October 1993 and Law on privatisation of the state-owned enterprises (*Dz.U. nr 51, poz.298 z późn.zm.).* The Company was established for an unlimited period of time. The latest amendment to the notarial act was made in 17 February 2010 *(Rep. A 2152/2010).*

On 12 July 2001 the Company was entered into the National Court Register under the number 0000026782.

The seat of the controlling Company is located in Katowice at Grabowa 1.

Shares of the controlling Company are publicly traded, the last listed sale price dated 28 April 2011 amounted to PLN 20.20.

At the end of the audited period the Company held:

- share capital of PLN 74 333 thou
- other equity of PLN 2 233 088 thou

Structure of the Company's share capital as for 28 April 2011

Shareholders	Number of shares	Number of votes	Nominal value [PLN]	Share in the share capital [%]
Krzysztof Jędrzejewski	44 906 459	44 906 459	1.00	60.41
Aviva OFE Aviva BZ WBK	3 789 840	3 789 840	1.00	5.10
Other shareholders	25 636 239	25 636 239	1.00	34.49
TOTAL	**74 332 538**	**74 056 038**		**100.00**

Pursuant to Art.364 Par.2 of the Commercial Companies Code, the controlling Company does not exercise shareholding rights from its own shares (276 500 shares), excluding its rights to the sale of shares or the rights to exercise the activities aimed at preserving those rights, and therefore they are not classified as qualified votes at the general meeting.

■ Controlling entity:

- has a license to trade in electricity issued by the Chairman of the Energy Regulatory Office No. **-OFE/538/9238/W/2/2009/PJ**
- has REGON Statistical Number: **-271981166**
- predominant type of its business has the **EKD** symbol **-4663Z**
- is registered in PFRON under the number **-27P0097H1**
- is a taxpayer on goods and services (VAT) and the Tax Office in Katowice has assigned it Tax Identification number **NIP** **- 634-012-68-49**

■ KOPEX S.A.,as a controlling entity, held the following subsidiaries at the end of the audited period:

.	Name	Date of taking over control / joint control	Share in equity	Share in a total number of votes
1	KOPEX EQUITY SP. Z O.O.	15 May1997	100.00%	100.00%
2	KOPEX GMBH	14 August 2003	100.00%	100.00%
3	WAMAG S.A.	12 May 2004	100,00%	100.00%
4	KOPEX-PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A. (KOPEX-PBSZ S.A.)	14 September 2004	94.74%	94.74%
5	KOPEX CONSTRUCTION SP.ZO.O.	14 August 2007	100.00% (direct and indirect shareholding through Kopex Equity)	100.00%
6	ZABRZAŃSKIE ZAKŁADY MECHANICZNE S.A.	03 August 2007	97.99%	97.99%
7	KOPEX MIN-MONT A.D. Serbia	01 August 2007	84.85%	84.85%
8	KOPEX MIN-FITIP A.D. in liquidation Serbia	01 August 2007	86.51%	86.51%
9	KOPEX MIN-OPREMA A.D Serbia	01 August 2007	87.77%	87.77%
10	KOPEX MIN-LIV A.D. Serbia	01 November 2007	89.74%	89.74%
11	SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD China	01July 2007	50.00%	50.00%
12	HANSEN SICHERHEITSTECHNIK AG Germany	23 November 2007	88.94%	88.94%
13	KOPEX EKO SP. Z O.O.	31 January 2008	100.00%	100.00%
14	PT. KOPEX MINING CONTRACTORS Indonesia	19 May 2008	60.00%	60.00%
15	EL-GÓR S.A.	06 February 2009	100.00%	100.00%
16	Rybnicka Fabryka Maszyn RYFAMA S.A.	14 June 2010	78.97%	78.97%

■ KOPEX S.A. ,as a significant investor, holds the following directly associated companies at the end of the audited period:

	Name of the company	Significant revenue date	Share in equity	Share in total number of votes
1	WS BAILDONIT Sp. z o.o.	06 November 1998	29.41%	29.41%
2	EKOPEX Sp. z o.o. Ukraine	07 August 2006	20.00%	20.00%
3	TIEFENBACH POLSKA Sp. z o.o.	08 November 2007	49.00%	49.00%

■ Subsidiaries, being controlling entities or significant investors of other entities do not draw up consolidated financial statements, therefore the following companies are subsubsidiaries.

- KOPEX Technology Sp. zo.o.
- Fabryka Maszyn i Urządzeń TAGOR S.A.
- INBYE Mining Services Pty Ltd.
- KOPEX Australia Pty Ltd.
- Bremasz Sp. z o.o.
- DOZUT-TAGOR Sp. z o.o.
- Zabrzańskie Zakłady Mechaniczne Maszyny Górnicze Sp. z o.o.
- Zakład Elektroniki Górniczej ZEG S.A.
- KOPEX WARATAH Pty Ltd.
- KOPEX SIBIR Sp. z o.o.
- Grupa Zarządzająca HBS Sp. z o.o.
- Odlewnia Staliwa Łabędy Sp. zo.o.
- HSW Odlewnia Sp. z o.o.
- PBSz Inwestycje Sp. z o.o.
- Poland Investments 7 Sp. z o.o.
- KOPEX FAMAGO Sp. z o.o.
- Anhui Long Po Electrical Corporation Ltd.

■ Based on Par.13 IASs 27 Consolidated and separate financial statements, the following subsidiaries and associated companies controlled by the Company have been excluded from consolidated financial statement:

- Grupa ZZM-KOPEX Sp. z o.o.- suspended
- EKOPEX Sp. z o.o.- has not commenced its activities
- PBSz Zakład Górniczy- under liquidation

■ The core activities of the Capital Group are as follows:

KOPEX S.A. -controlling entity

-wholesale of machines operated in mining, construction, civil and water engineering sectors
-general contracting of investment projects, particularly mining projects
- rendering specialised mining services
- trading in electricity
- rendering consult, promotional and other intangible services.

Subsidiaries and associated entities included in the consolidation:

KOPEX EQUITY SP. Z O.O.
- finance leasing
- other monetary and financial intermediation
- hiring machinery and equipment

KOPEX GMBH
- execution and intermediation in the execution of supplies and technical services contracts in Germany and abroad
- carrying out mining services and contracts for specific works

WAMAG S.A.
- manufacture of machinery for mining and construction sectors
- manufacture of metal structures and parts
- manufacture of special purpose machinery
- cast steel and cast iron foundries

KOPEX PBSZ S.A.
- construction
- activities in the field of architecture and engineering
- hiring machinery and equipment (without operator)
- repair and maintenance of machinery for mining and construction sectors.

KOPEX CONSTRUCTION SP. Z O.O.
- general construction of mining and manufacturing facilities
- excavations, geological and engineering drillings
- construction of roads and railways
- technical testing and analyses

ZZM S.A.
- manufacture of machinery for mining and construction sectors, excluding service activities
- manufacture of other special purpose machinery
- manufacture of pumps, compressors, bearings, gear wheels and driving elements
-rendering services in the installation, repair and maintenance of machinery for mining and construction sectors as well as of special purpose machinery.

KOPEX MIN-MONT A.D.
-Manufacture of mining machinery and equipment as well as manufacture of steel structures and assembly works

KOPEX MIN-FITIP under liquidation
-Manufacture of mining machinery and equipment as well as manufacture of steel structures and assembly works

KOPEX MIN- OPREMA A.D.
-Manufacture of mining machinery and equipment as well as manufacture of steel structures and assembly works

KOPEX MIN-LIV A.D.
- Fabrication and supply of castings and cast iron

SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD
- Design manufacture of machinery and mining equipment - sale of own products and providing after-sales maintenance services.

HANSEN SICHERHEITSTECHNIK AG
- design, manufacture and repair of electricity distribution systems in explosion– proof housing
- complementing electrical appliances for mining equipment
- elaborating technical documentation of electrical systems used in mining
- manufacture of electronics for mining industry.

KOPEX EKO SP. Z O.O.

- acquisition of raw materials for biomass production
- biomass production and sales
- waste management and trading in electricity.

PT. KOPEX MINING CONTRACTORS
- mining works (rendering services)
- mining equipment leasing.

EL-GÓR S.A.

- manufacture of switchgears and control equipment
- installation, repair and maintenance of switchgear equipment
- manufacture of electrical equipment.
- sale of machinery and equipment
- hire of machinery and equipment.

RYFAMA S.A.
- manufacture of machinery for mining and construction sectors
- repair and maintenance of machinery
- installation of industrial machinery and equipment
- wholesale of other machinery and equipment

TIEFENBACH POLSKA SP. Z O.O.
- installation of industrial machinery equipment.

BAILDONIT SP.Z O.O.
- production of chemical products
- production of precious and nonferrous metals
- forging, pressing, stamping and roll forming of metals.

■ At the date of rendering the opinion, the managing body of the entity is the Management Board, composed of:

Name and surname	Position
Marian Kostempski	President of the Board
Józef Wolski	Vice President of the Board
Joanna Parzych	Vice President of the Board

From 01 January 2011 to the date of rendering the opinion on the financial statement, there were not implemented any changes in the Board composition.

■ Mrs. Joanna Węgrzyn is Chief Accountant of the audited entity.

■ Annual average employment in the Capital Group amounts to 6 759 people.

II. IDENTIFICATION DATA OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENT

■ The audited consolidated financial statement of the Capital Group includes the separate financial statement of the controlling Company, subsidiaries, subsubsidiaries and the associated companies as for 31 December 2010.

■ The financial statement of the controlling entity, subsidiaries, subsubsidiaries and the associated companies have been audited and opinioned, as below:

Company	The entity authorized to audit and the type of opinion	Consolidation method
KOPEX S.A.	PKF Audyt Sp. z o o without reservation	Full
KOPEX EQUITY SP.Z O.O.	PKF Audyt Sp. z o o without reservation	Full
WAMAG S.A.	PKF Audyt Sp. z o o without reservation, with explanations	Full
KOPEX – PBSZ SA	PKF Audyt Sp. z o.o. without reservation	Full
KOPEX CONSTRUCTION SP. Z O.O.	PKF Audyt Sp. z o.o. without reservation	Full
ZZM S.A.	PKF Audyt Sp. z o.o. without reservation	Full
KOPEX MIN - MONT A.D. Serbia	PKF d o.o. Beograd without reservation	Full
KOPEX MIN - FITIP A.D. under liquidation Serbia	PKF d o.o. Beograd without reservation	Full
KOPEX MIN - OPREMA A.D Serbia	PKF d o.o. Beograd without reservation	Full
KOPEX MIN - LIV A.D. Serbia	PKF d o.o. Beograd without reservation	Full
KOPEX EKO SP. Z O.O.	PKF Audyt Sp. z o.o. without reservation, with explanations	Full
PT. KOPEX MINING CONTRACTORS Indonesia	Tanubrata Sutanto Fahmi & Rekan without reservation	Full
EL-GÓR SA	PKF Audyt Sp. z o.o. without reservation	Full
Rybnicka Fabryka Maszyn RYFAMA S A .	PKF Audyt Sp. z o.o. without reservation	Full
WS BAILDON IT SP. Z O.O.	MW Rafin Sp. z o.o.	Equity method

■ The financial statements of subsidiaries and subsubsidiaries covered by this report (Kopex GmbH, Grupa Zarządzająca HBS Sp. z o.o., Kopex Sibir Sp. z o.o.) and of Tiefenbach Poland Sp. z o.o., the associated company, whose total share in the balance sum of the consolidated financial statement amounts to 0.21%, and in the consolidated financial result amounts to 0.54%, have not been audited by the chartered accountant due to the lack of obligation resulting from the local laws under which these companies operate. The financial data of those reports are irrelevant to the consolidated financial statement.

■ The financial statement of Inbye Mining Services Pty Ltd, whose share in the balance sum of the consolidated financial statement amounts to 1%, and in the consolidated financial amounts to 4.25%, has not been audited by the chartered accountant. The events after the balance sheet date, namely the sale of 25% shares in the capital by KOPEX S.A., the controlling company, confirms that the consolidated value of the company adopted in the report is not less than the value resulting from the aforesaid transaction, after the balance sheet date.

■ The financial statement of the Group subsidiary Hansen Sicherheitstechnik AG were audited by the auditor. Due to the failure of presentation of the signed statements of the controlling entity of Hansen Sicherheitstechnik Group AG by the Executive Board by the day of issuing an opinion on the consolidated financial statement, the chartered accountant did not issue an opinion on the consolidated financial statements of the Capital Group's subsidiary.
The auditor auditing the financial statement of the Capital Group's subsidiary made a memorandum containing conclusions after the audit, in which he informed that had found no objections to the audited financial statement.
The consolidated financial statement of the Group KOPEX S.A. included financial data resulting from the financial statement of Hansen Sicherheitstechnik AG, Capital Group's subsidiary, audited by the auditor. Share percentage of the Capital Group's subsidiary in the balance sheet total of the consolidated financial statement amounts to 7%, and its share percentage in the consolidated financial result amounts to 47%.

■ The chartered accountant audited financial statement of Shandong Tagao Mining Equipment Manufacturing Co. Ltd , Capital Group's subsidiary, in China.
By the day of issuing an opinion on the consolidated financial statement, the chartered accountant did not issue an opinion on the consolidated financial statements of the Capital Group's subsidiary.
Financial statements of the entities belonging to the Group Xinwen in China, including Shandong Tagao Mining Equipment Manufacturing Co. Ltd, are audited at the same time. Opinion on auditing the financial statement of the company in question will reach this entity together with audit reports of the other entities and it was not possible to obtain it beforehand.
Due to the lack of direct contact with that auditor and inability to verify his audit results, financial data resulting from the audited statement of the subsidiary, although no opinion had been issued about it, were included in the in the consolidated statement of the Capital Group, in accordance with Art. 61 of the Act on chartered accountants dated 07 May 2009, their municipality, entities authorised to audit financial statements and public supervision *(Dz.U. z 2009 nr 77 poz.649.)*
Share percentage of the Capital Group's subsidiary in the balance sheet total of the consolidated financial statement amounts to 4.28%, and its share percentage in the consolidated financial result amounts to 6.25%.

■ Reports indirectly affiliated companies Anhui Long After Ltef Electrical Corporation, has not been audited by the auditor, the financial data that reports are irrelevant to the consolidated financial statements.

■ Relationship between reporting unit, and the consolidated financial statements is as follows:

Company	**Balance sum**	Net result
Controlling entity	1 590 092	(-)3 887
Consolidated subsidiaries	2800395	54 934
TOTAL	**4390 487**	51 047
Consolidation adjustments	-746 103	-17 788
Sum of the consolidated statement	**3 644384**	**33 259**

■ Type of scope change of the consolidated entities :

The consolidated financial statement drawn up as for 31 December 2009 did not include any financial data of the following subsidiaries (the full consolidation method) and associated entities (equity method of consolidation), which were consolidated in the previous year:

1. due to the sale of entities:

KOPEX Polskie Biogazownie S.A.
Polskie Biogazownie Chróścina Sp.z o.o.
Polskie Biogazownie Łosice Sp.z o.o.
Polskie Biogazownie Rzeczyce Sp.z o.o.
Polskie Biogazownie Wołczyn Sp.z o.o.
Polskie Biogazownie Zalesie Sp.z o.o.
Polskie Biogazownie Żórawina Sp.z o.o.
Autokopex Sp. z o.o.
Autokopex Cars Sp. z o.o.

2. due to the entities merger:

KOPEX Comfort Sp.z o.o. -merger with KOPEX Construction Sp.z o.o.

3.due to loss of control resulting from the liquidation:

- KOPEX Min-Fitip AD in Serbia

■ The controlling entity has drawn up consolidated financial statement, according to the rules under IFRS, as endorsed by the European Union, pursuant to Art.55 of the Accounting Act, in force since 01 January 2005.

■ Consolidated financial statement described in the opinion has been the subject of the audit.

■ Report of the Capital Group's activities in the fiscal year 01 January 2010 to 31 December 2010 has been enclosed to the consolidated financial statement.

III. INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE CAPITAL GROUP FOR THE PREVIOUS FISCAL YEAR

■ The consolidated financial statement for the previous fiscal year, i.e. for the period 01 January 2009 to 31 December 2009 was audited by the Europejskie Centrum Audytu Serdyński i Partnerzy Sp. z o.o. company and received an unqualified opinion.

■ On 24 June 2010 the financial statement for 2009 was approved by the General Meeting of Shareholders.

■ The approved consolidated financial statement for 2009 was:
- deposited in the National Court Register on 02 July 2010.
- published in *Monitor Polski B* (Polish Monitor B) No.35 of 18 January 2011.

IV. IDENTIFICATION DATA OF THE ENTITY AUDITING THE FINANCIAL STATEMENT

■ PKF Audyt Sp. z o.o. was selected to examine the financial statement for 2010, basing on the Resolution No. 58/VI/2009 of the Supervisory Board of KOPEX S.A. dated 27 November 2009. An audit agreement was signed on 23 March 2010.

■ PKF Audyt Sp. z o.o., the entity authorised to audit financial statements, is located in Warsaw, Elbląska 15/17, registered on the list under the number 548, and Barbara Malik, a key chartered accountant, is registered in the register of the practicing chartered accountants under the number 10458.

■ Both the authorised entity and the key chartered accountant, auditing on behalf of this entity, as well as other persons involved in auditing who are not chartered accountants, declare that they remain independent from the audited entity, within the meaning of Art. 56 of the chartered accountants act, entities authorised to audit financial statements and public supervision *(Dz.U. z 2009r nr. 77, poz.649*).

■The audit was conducted during the period 18 April 2011 to 29 April 2011.

V. STATEMENTS OF THE AUDITED ENTITY AND AVAILABILITY OF DATA

■ On 29 April 2011 the Management Board of the controlling entity made a statement about the completeness, accuracy and correctness of the consolidated financial statement submitted for auditing as well as about disclosure in the supplementary information any conditional liabilities existing as for 31 December 2010 and about non- occurrence of events affecting significantly amounts of the data included in the financial statement for the year audited.

■ During conducting audit of the consolidated financial statement, the Company has provided documents and information necessary to render an opinion and to draw up a report.

VI. OTHER INFORMATION

■ Detecting and clarifying events liable to legal prosecution as well as irregularities that occurred outside the accounting system has not been a subject of the audit.

B. EVALUATION OF ASSETS AND OF FINANCIAL POSITION

■ The analysis presented below covers three last reporting periods:
- 01 January 2008 to 31 December 2008
- 01 January 2009 to 31 December 2009
- 01 January 2010 to 31 December 2010

■ The financial statement for 2009 includes adjustments of fundamental errors presented retrospectively. The adjustments were made in 2010.

■ There were no significant changes of importance for interpretation of the information included in the financial statements in the period under audit.

■ All the data presented in the tables are expressed in thousands of PLN and the symbols applied there have the following meanings:

- BZ - closing balance	- OU - previous period
- BO - opening balance	- OB - current period

■ Values presented in the table in the column "Change" refer to the values expressed in PLN.

■ Structure of the specific items presented further in the tables has been calculated as follows:

- with regard to the items of the consolidated statement of financial position - in relation to the sum of the statement of financial position
- with regard to the revenue items of the consolidated income statement - in relation to the value of total revenues
- with regard to the cost items of the consolidated income statement - in relation to the value of total costs
- with regard to the result items at specific levels and to burden consolidated result -in relation to net income
- with regard to items of other consolidated total revenues- in relation to the sum of total revenues.

I. CHANGE AND STRUCTURE OF THE KEY ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS		Drawn up for the day of			Structure			Change
		31 Dec. 2008	31 Dec. 2009 (BO)	31 Dec. 2010 (BZ)	2008	2009	2010	(BZ-BO) / BO
A.	FIXED ASSETS	1 853 045	1 960 391	2 120 261	57.4%	58.8%	58.2%	8.2%
I.	Tangible assets	561 740	633 290	721 790	17.4%	19.0%	19.8%	14.0%
II.	Intangible assets	37 009	38 829	52 821	1.1%	1.2%	1.4%	36.0%
III.	Goodwill	1 176 883	1 195 544	1 241 228	36.5%	35.9%	34.1%	3.8%
IV.	Investment real estates	5 042	5 372	1 559	0.2%	0.2%	0.0%	-71.0%
V.	Associated entity investments calculated using the equity method	10 239	10 495	8 854	0.3%.	0.3%	0.2%	-15.6%
VI.	Stocks and shares of the subsidiaries not included in the consolidation	0	0	0	0.0%	0.0%	0.0%	X
VII	Financial assets available for sale	4 081	2 818	1 520	0.1%	0.1%	0.0%	-46.1%
VIII	Other financial assets	1 220	858	6 228	0.0%	0.0%	0.2%	627.3%
IX.	Deferred income tax assets	43 233	60 011	63 766	1.3%	1.8%:	1.7%	6.3%
X.	Other fixed assets	13 597	13 176	22 495	0.4%	0.4%	0.6%	70.7%
B.	CURRENT ASSETS	1 374 986	1 372 985	1 524 123	42.6%	41.2%	41.8%	11.0%
I.	Inventories	510 407	477 791	635 362	15,8%	14.3%	17.4%	33.0%
III.	Trade receivables	370 570	391 237	439 389	11.5%	11.7%	12.1%	12.3%
III.	Current income tax receivables	6 180:	1 880	8 342	0.2%:	0.1%	0.2%	343.7%
IV.	Other receivables	127 063	78 347	81 006	3.9%	2.4%	2.2%	3.4%
V.	Financial assets available for sale	0	0	0	0.0%	0.0%	0.0%	X
VI:	Financial assets at fair value through profit or loss	1 570	0	0	0.0%	0.0%	0.0%	X
VII.	Other financial assets	1 176	83 512	85 311	0.0%	1.9%	2.3%	34.3%
VIII	Accruals	183 852	215 042	108 639	5.7%	6.5%	3.0%	-49.5%
IX.	Money assets and their equivalents	164 133	143 665	185 191	5.1%	4.3%	4.5%	15.0%
X.	Assets classified as held for sale	10 035	1 511	883	0.3%	0.0%	0.0%	-41.6%
	TOTAL ASSETS	3 228 031	3 333 376	3 844 384	100.0%	190.6%	100.0%	9.3%

LIABILITIES		Drawn up for the day of			Structure			Change
		31 Dec. 2008	31 Dec. 2009 (BO)	31 Dec. 2008 (BZ)	2008	2009	2010	(BZ-BO) BO
A.	EQUITY	2 094 976	2 314 982	2 377 464	64.9%	69.4%	65.2%	2.7%
	Equity of the controlling entity's shareholders	2 031 821	2 259 273	2 307 423	62.9%	67.8%	63.3%	2.1%
I.	Share capital	67 833	74 333	74 333	2.1%	2.2%	2.0%	0.0%
II.	Supplementary capital	1 848 742	2 083 555	2 105 432	57.3%	62.5%	57.8%	1.0%
III.	Own shares	-400	-2 979	-2 979	0.0%	-0.1%	-0.1%	0.0%
IV.	Other capitals	17 659	45 148	90 278	0.5%	1.4%	2.5%	100.0%
V.	Exchange rate differences from conversion	20 750	20 185	26 490	0.6%	0.6%	0.7%	31.2%
VI.	Indivisible financial result	-7 976	-28 233	-19 391	-0.2%	-0.8%	-0.5%	-31.3%
VII.	Financial result of the current period	85 413	67 264	33 259	2.6%	2.0%	0.9%	-50.6%
	Capital of the minority shareholders	63155	55709	70 042	2.0%	1.7%	1.9%	25.7%
B.	LONG-TERM LIABILITIES	197 609	266 801	172 946	6.1%	8.0%	4.7%	-35.2%
I.	Credits and loans	136 812	206 079	84 234	4.2%	6.2%	2.3%	-59.1%
II.	Other financial liabilities	0	0	0	0.0%	6.0%	0.0%	X
III.	Trade liabilities	4 810	8 923	42 377	0.1%	0.3%	1.2%	374.9%
IV.	Deferred income tax reserves	36 301	29 995	27 609	1.1%	0.9%	0.8%	-8.0%
V.	Revenue aqccruals	2 7 04	3 682	2 262	0.1%	0.1%	0.1%	-38.6%
VI.	Reserves for pensions and similar benefits	15 041	14 783	15 413	0.5%	0,4%	0,4%	4.3%
VII.	Other reserves	1 942	3 339	1 051	0.1%	0.1%	0.0%	-68.5%
C.	SHORT-TERM LIABILITIES	935 445	751 593	1 093 974	29.0%	22.5%	30.0%	45.6%
I.	Credits and loans	323 855	298 371	563 892	10.0%	9.0%	15.5%	89.0%
II.	Other financial liabilities	90 558	35 818	3 028	2.8%	1.1%	0.1%	-91.5%
III.	Trade liabilities	323 671	218 556	343 351	10.0%	6.6%	9.4%	57.1%
IV.	Current income tax liabilities	0	10 541	6 786	0.0%	0.3%	0.2%	-35.6%
V.	Other liabilities	117 350	109 954	121 202	3.6%	3.3%	33%	10.2%
VI.	Revenue aqccruals	0	30 535	12 862	0.0%	0.9%	8.4%	-57.9%
VII	Reserves for pensions and similar benefits	.3 962	6 588	5 138	0.1%	0.2%	0.1%	-22.0%
VIII.	Other reserves	32 097	35 529	37 716	1.0%	1.1%	1.0%	6.2%
IX.	Liabilities directly associated with assets held for sale	43 952	0	0	1.4%	0.0%	0.0%	X
	TOTAL LIABILITES	3 228 031	3 333 376	3 644 384	100.0%	100.0%	100.0%	9.3%

II. CHANGE AND STRUCTURE OF THE KEY ITEMS OF THE CONSOLIDATED STATEMENT OF TOTAL REVENUES

;	Item	For the period of			Structure			Change
		01 Jan. to 31 Dec 2008	01 Jan. to 31 Dec 2009 (OU)	01 Jan. to 31 Dec 2010 (OB)	2008	2009	2010	OB – OU / OU
A.	Sales income	1982644	2 299 132	2 365 194	96.6%	96.8%	97.1%	2.8%
I.	Income from sales of products	1 264 956	1 437 534	1 488 115	61.6%	60.5%	61.1%	3.5%
II.	Income from sales of services	0	0	0	0.0%	0.0%	0.0%	X
III.	Income from sales of goods and materials	717.678:	881 598	877 079	35.0%	38.3%	36.0%	1.8%
B.	Costs of goods and materials sold	1.638 787	1 957 328	2 016 821	85.2%	85.2%	84.8%	3.0%
I.	Manufacture costs of goods and materials sold	943 526	1 144 873	1 150 322	40.1%	49.8%	46.4%	0.5%
II.	Value of goods and materials sold	685 251	812455	865 699	36.2%	35.4%	36.4%	6.6%
C.	Gross profit (loss) on sales	343 857	341 804	349 173	402.6%	508.1%	1049.9%	2.2%
I.	Other operating revenues	43 224	33 078	42 246	2.1%"	1.4%	1.7%	27.7%
II.	Selling costs	30 499	46 067	47 619	1.6%	2.0%	2.0%	3.4%
III..	Overheads	152 923	173 843	183 223	8.0%	7.6%	7.7%	5.4%
IV.	Other operating costs	33 793	34 491	60 490	1.8%	1.5%	2.5%.	75.4%
D.	Profit (loss) from operating activity	169 867	120 481	108 087	198.9%	179.1%	300.9%	-16,9%
I.	Financial revenues	26 252	42 598	28 623	1.3%	1.8%	1.2%	-32.8%
II.	Financial costs	68 559	86 071	69 744	3.5%	3.7%	2.9%	-I9.0%
III.	Other	226	7 863	-2 810	0.3%	11.7%	-8.4%	-135.7%
E.	Profit (loss) before taxation	1 29 796	84 871	56 156	152.0%	126.2%	168.8%	-33.8%
I.	Income tax	30 220	8 648	15 000	35.4%	12.9%	45.1%	73.5%
II.	Share in net (profit) loss of the subsidiaries evaluated by the equity method	89	-431	41	0.1%	-0.6%	0.1%	-109,4%
F.	Profit (loss) from continued activity	99 664	75 792	41 197	116.7%	112.7%	123.9%	-45.6%
G.	Profit (loss) from abandoned activity	0	0	0	0.0%	0.0%	0.0%	X
H.	Profit (loss) attributable to minority shareholders	14 251	8 528	7 938	16.7%	162.7%	23.9%	-6.9%
I.	Net (profit) loss	85 413	67 284	33 264	100.0%	100.0%	100.0%	-50.6%
J	Other total revenues	-40 425	6 965	35 031	-89.9%	-9.4%	513%	403.0%
K.	Sum of total revenues	59 233	82 757	76 228	100.0%	100.0%	100.0%	-7.9%

III. BASIC FINANCIAL RATIOS FEATURING THE CAPITAL GROUP'S ACTIVITIES

Item		metric unit	2008	2009	2010
Basic terms and structure ratios					
Balance sum		PLN thou	3 228 031	3 333 376	3 644 384
Net result (+/-)		PLN thou	85 413	67 264	33 259
Income from sale	net income from sale	PLN thou	1 982 644	2 298 132	2 365 194
Constant capital	equity + long-term liabilities	PLN thou	2 292 86	2 581 783	2 550 410
Assets structure ratio	(fixed assets current assets) *100	%	134.8	142.8	139.1
Liabilities structure ratio (sources of financing)	(equity / outsider capital) *100	%	184.9	227.3	187.7
Financial leverage ratio	(equity / fixed assets) *100	%	113.1	118.1	112.1
Fixed capital to fixed assets ratio	(fixed capital / fixed assets) *100	%	123.7	131.7	120.3
Liquidity ratios					
1st grade liquidity ratio	(current assets / current assets)		1.5	2.0	1.4
2nd rade liquidity ratio	(current assets - inventories)/ current liabilities		1.0	1.3	0.8
3rd grade liquidity ratio	(cash assets and their equivalents / current liabilities)		0.2	0.2	0.2
ROA, ROE and ROS ratios					
Return on assets (ROA)	(net result/ average assets) *100	%	2.6	2.1	1.0
Return on equity(ROE)	(net result / average equity) *100	%	4.1	3.1	1.4
Return on sale of products, goods and materials	(result from sale / income from sale)*100	%	17.3	14.9	14.8
Debt ratios					
Overall debt ratio	(total liabilities /total assets) *100 (without Company Social Benefits Fund ZFŚS)	%	35.1	30.6	34.8
Efficiency ratios					
Fixed assets turnover ratio	income from sale / average fixed assets		3.5	3.8	3.5
Current assets turnover ratio	income from sale / average current assets		1.4	1.7	1,6
Reserves turnover ratio	(average inventories*t) / operating costs	days	113.7	92.1	100,8
Trade receivables turnover ratio	(average trade liabilties *t)/ income from sale	days	68.2	60.5	64.1
Trade and other receivables turnover ratio	(average trade and other liabilities *t) / costs of products, foods and materials sold	days	98.2	71.8	71,8

IV. OVERALL EVALUATION OF ACTIVITIES

1. STATEMENT OF FINANCIAL POSITION

DYNAMICS AND STRUCTURE
values in PLN thou

	Fixed assets	Current assets	Equity	Long and short-term liabilities
2008	**1 353 045**	**1 374 986**	**2 094 176**	**1 133 054**
2009	**1 960 391**	**1 372 985**	**2 314 182**	**1 018 394**
2010	**2 120 201**	**1 524 122**	**2 371 464**	**1 266 920**

During the audited period, the balance sum grew by 9.3%, compared to the end of the previous year.

Structural analysis of the balance shows that fixed assets compose the majority of the Group's assets, which represent 58.2% of their total.

The current assets showed an increase of 11%, compared to 2009.

Equity increased by 2.7% in the structure of the Group's liabilities. During the audited period the foreign capitals represented approximately 34.7% of the balance sum value and grew by 24.4%, compared to the previous period.

At the end of the audited period the financial leverage ratio of the Group was smaller, indicating a lower level of security with equity.

Debt ratio increased in comparison to the previous year and stands at 34.8%, indicating an increased involvement of foreign capital to finance its own resources.

Greater than zero value of the working capital at the end of the audited period indicates the possibility of maintaining a part of the current assets in the Group, after payment of all its current liabilities.

LIQUIDITY RATIOS

	31 December 2008	31 December 2009	31 December 2010
1st grade liquidity	**1.5**	**2.0**	**1.4**
2nd grade liquidity	**1.0**	**1.3**	**0.8**
3rd grade liquidity	**0.2**	**0.2**	**0.2**

Current liquidity ratio declined, but it does not indicate a limitation of the Group's capability to repay all of its liabilities through liquidation of the current assets possessed.

The Group's solvency degree of groups characterised by the current liquidity ratio deviates slightly from the optimal value presented in the specialist literature (1.5 to 1.5), but it does not indicate that the most liquid assets of the Group would be insufficient to settle the current liabilities.

TURNOVER RATIOS
in days

	2008	2009	2010
Reserve turnover ratio	**113.7**	**92.1**	**100.8**
Trade receivables turnover ratio	**68.2**	**60.5**	**64.1**
Trade and other receivables turnover ratio	**98.2**	**71.8**	**71.8**

There is observed elongation of the inventories rotation cycle during the audited period, which determines their lower efficiency in relation to the revenues gained.

At the end of the audited period, receivables inflow date was longer than in the previous period, while period for accounting liabilities was maintained at the same level. Comparison of the receivables turnover ratio with the liabilities turnover ratio shows that the Group benefits from merchant credit granted by its contractors.

2. INCOME STATEMENT

ROS, ROE and RONA Ratios

	2008	2009	2010
Return on sales (ROS)	**17.30%**	**14.90%**	**14.80%**
Return on equity (ROE)	**4.10%**	**3.10%**	**1.40%**
Return on net assets (RONA)	**2.60%**	**2.10%**	**1.00%**

Return on sales ratio is greater than zero, indicating a beneficial effect on the achievement of financial product sales achieved in the core business of the Group.

Decline in the return on equity ratio indicates a reduced efficiency of the funds invested in the Group’s activities.

Return on assets ratio indicates a smaller efficiency at using the assets involved, than in the previous period.

RESULTS AT SPECIFIC ACTIVITY LEVELS

values in PLN thou

	2008	2009	2010
Gross profit/loss on sales	**343 857**	**341 804**	**349 173**
Operating profit/loss	**169 867**	**120 481**	**-100 087**
Financial result	**-40 297**	**-43 473**	**-41 121**
Gross profit/loss	**129 796**	**84 871**	**56 156**
Net profit/loss	**85 413**	**67264**	**33 259**

Operating profit decreased in the audited period, compared to the previous period. The Group achieved sales revenues increased by 2.9% than in the previous year, but there was a higher increase in costs related with the Group's core business and it amounted to 3%.

Net profit from all the activities was influenced by the following generated financial results:
- operating profit amounting to PLN 100 087 thousand.
- loss in the financial activity amounting to PLN 41 121 thousand.

Finally, after adjusting the financial result by current and deferred income taxes, the Group's net profit for 2010 amounted to PLN 33 259 thousand, and it was by 62% lower than in the previous year.

3.THREAT TO THE BUSINESS CONTINUITY PRINCIPLE

In Item1 of the Supplementary information to the financial statement of the Group for the year ended on 31 December 2010, the Board informed that the financial statement in question had been drawn up assuming the Group's business continuity and lack of prerequisites to the business threat.

During our audit there were not noted any relevant factors that could cause our belief that the Group has been unable to continue activities for at least 12 months from the balance sheet date, i.e. since 31 December 2010, resulting from any intended or involuntary omissions, or significant limitations of its current activities, although the effectiveness of financial and economic standing deteriorated, compared to previous years.

In the audit opinions of the following subsidiaries and subsubsidiaries: Kopex Eko Sp. z o. o., Bremasz Sp. z o. o., Kopex Technology Sp. z o. o. and Kopex Australia Pty Ltd. there were indicated possible factors causing threat to business continuities of those companies in the succeeding period and it was pointed out the need to take actions by the owners aimed at ensuring the continued existence of those companies. The share of the financial statements of those companies in the total balance sum of the consolidated financial statement amounts to 1%, and their share in the consolidated financial result amounts to 12%.

C. DETAILED PART OF THE REPORT

I. CORRECTNESS AND THOROUGHNESS OF THE ACCOUNTING BOOKS

1. CORRECTNESS OF THE ACCOUNTING SYSTEM USED

■ Consolidated financial statement of the Capital Group has been drawn up in accordance with International Financial Reporting Standards (IFRS), approved by the European Union, Union, and in issues not covered by these standards it has been drawn up in accordance with the Accounting Act dated 29 September 1994 and execution regulations based on the Accounting Act.

■ Consolidated financial statement has been drawn up under the proportional, full and equity methods, on the basis of separate financial statement of the controlling company and separate financial statements of subsidiaries, subsubsidiaries and associated companies.

■ Uniformity of valuation principles and rules of drawing up financial statements of the companies belonging to the Capital Group to the extent required by International Financial Reporting Standards has been met in important respects.

■ Management Board of the controlling company has set the consolidation rules in the correct way.

■ The consolidation documentation includes a set of financial statements being subject to consolidation as well as opinions and audit reports of the companies referred to in Item II. of this report.

II. CORRECTNESS OF DRAWING UP THE CONSOLIDATED BALANCE SHEET

Detailed figures and descriptive information to the specific balance sheet items have been presented in the supplementary information and explanatory notes forming its integral part. There have been found no significant incorrections in the valuation and presentation of balance sheet items.

However, we admonish that in the consolidated statement the Capital Group has included a financial leasing transaction, concluded by a subsidiary on the assets that had previously been sold to the institution financing leasing by another subsubsidiary.
There are differences in interpretation whether such types of transactions in the consolidated accounts should be treated as a finance leasing or as a payable leasing.
Accede to the interpretation of presenting this transaction as a payable leasing could result in decreasing the sales income of the Capital Group by PLN 2.9 mill while increasing accruals by this amount, decreasing financial result by PLN 2.4 mill as well as in accounting for deferred income tax assets in the amount of PLN 0.6 mill.

On the basis of the opinions and interpretations available, it is not possible to resolve unambiguously how to account for such transactions, therefore the way this transaction has been accounted by the Group is not questioned.

1. Tangible fixed assets

	ASSETS	as for 31 Dec.2009	as for 31 Dec.2010 before adjustments	consolidation adjustments	as for 31 Dec.2010 after adjustments
I	Tangible assets	633 290	750 659	-28 869	721 790

II	Intangible assets	38 829	55185	-2 364	52 821
III	Goodwill	1 195 544	16 102	1 225 126	1 241 228
IV	Investment real estates	5 372	5 225	-3 666	1 559
V	Associated entity investment calculated using the equity method	10 495	6 545	2 309	8 854
VI	Stocks and shares of the subsidiaries not included in the consolidation	0	0	0	0
VII	Financial assets avaliable for sale	2 818	1 557	-37	1 520
VIII	Other financial assets	856	1 723 989	-1 717 761	6 228
IX	Deferred income tax assets	60 011	64 897	-1 131	63 766
X	Other fixed assets	13 176	26 070	-2 575	22 495

Consolidation adjustments of tangible fixed assets relate to the elimination of differences of the initial value and depreciation of fixed assets traded between the entities of the Group.

Consolidation adjustments of intangible and legal assets relate to the elimination of depreciation from licenses on computer software that is the subject of transactions between the entities of the Group.

Goodwill was set on the day of taking over control, taking into account changes in equities of the subsidiaries which had arisen since that day.

Consolidation adjustments on financial assets relate to the value of shares held by the controlling company in the subsidiaries and subsubsidiaries.

Consolidation adjustments of investment properties relate to the elimination of assets in connection with loss of control in the subsidiaries.

Consolidation adjustments on assets from deferred tax relate to the elimination of accrued assets for deferred income tax, determined in connection with write-down of the share values in the subsidiaries made in previous years.

Besides, consequences of losing control in the subsidiaries have been entered as consolidation adjustments.

Items of fixed assets have been properly priced and presented in the consolidated financial statement in all material respects.

2. Current assets

	ASSETS	as for 31 Dec.2009	as for 31 Dec.2010 before adjustments	consolidation adjustments	as for 31 Dec.2010 after adjustments
I	Inventories	477 791	644 605	-9 243	635 362
II	Trade receivables	391 237	550 733	-111 344	439 389
III	Current income tax receivables	1 880	8 342	0	8 342
IV	Other receivables	78 347	87 958	-6 952	81 006
V	Financial assets avaiable for sale	0	0	0	0
VI	Financial assets at fair value through profit or loss	0	0	0	0
VII	Other financial assets	63 512	174 184	-88 873	85 311
VIII	Accruals	215 042	108 745	-107	108 639
IX	Money assets and their equivalents	143 665	165 809	-618	165 191
X	Assets classified as held for sale	1 511	883	0	883

Consolidation adjustments of inventories relate to the exclusions of unrealised profit margins on mutual sales of inventories.

Consolidation adjustments on receivables result from the exclusions of mutual settlements of the companies covered by consolidation.

Consolidation adjustments of other assets result from exclusions of the mutual loans of the consolidated entities.

Consolidation adjustments of accruals relate to the elimination of assets in connection with loss of control in a subsidiary.

Besides, consequences of losing control in the subsidiaries have been entered as consolidation adjustments.

Items of short term liabilities have been properly priced and presented in the consolidated financial statement in all material respects.

3. Equity

	LIABILITIES	as for 31 Dec.2009	as for 31 Dec.2010 before adjustments	consolidation adjustments	as for 31 Dec.2010 after adjustments
	Equity in the controlling entity's shareholders	2 259 272	2 661 195	-353 772	2 307 423
I	Share capital	74 333	368 203	-293 870	74 333
II	Supplementary capital	2 083 555	2 084 583	20 849	2 105 432
III	Own shares	-2 979	-2 979	0	-2 979
IV	Other capitals	45 143	230 544	-140 266	90 278
V	Exchange rate differences from conversion	20 185	8 360	18 130	26 490
VI	Indivisible financial result	-28 233	-84 032	64 641	-19 331
VII	Financial result of the current period	67 264	56 515	-23 256	33 259
	Capital of the minority shareholders	55 709	26 643	43 399	70 042

The Group's share capital disclosed in the consolidated financial statement is equal to the share capital of the controlling entity.

Applied consolidation adjustments result from:

- the values of shares held in subsidiaries and subsubsidiaries
- adjustments to the financial results of the last years related to other capitals
- adjustments of the current year primarily related to the elimination of the effects of mutual transactions between the Group's entities.
- adjustments to the exchange rate differences resulting from recounting the financial statements of foreign subsidiaries.

Besides, consequences of losing control in the subsidiaries have been entered as consolidation adjustments.

Items of equities have been properly priced and presented in the consolidated financial statement in all material respects.

4. Long-term liabilities

	LIABILITIES	as for 31 Dec.2009	as for 31 Dec.2010 before adjustments	consolidation adjustments	as for 31 Dec.2010 after adjustments
I	Credit and loans	206 079	312 110	-227 876	84 234
II	Other financial liabilities	0	0	0	0
III	Trade liabilities	8 923	48 394	-6 017	42 377
IV	Deferred income tax reserves	29 995	28 996	-1 387	27 609

V	Revenue accruals	3 682	2 337	-75	2 262
VI	Reserves for pensions and similar benefits	14 783	15 839	-426	15 413
VII	Other reserves	3 339	2 462	-1 411	1 051

Consolidation adjustments of the long term liabilities result from exclusion of mutual settlements of the companies covered by consolidation.

Besides, consequences of losing control in the subsidiaries have been entered as consolidation adjustments.

Items of equities have been properly priced and presented in the consolidated financial statement in all material respects.

5. Short-term liabilities

	LIABILITIES	as for 31 Dec.2009	as for 31 Dec.2010 before adjustments	consolidation adjustments	as for 31 Dec.2010 after adjustments
I	Credit and loans	298 371	647 649	83 757	563 892
II	Other financial liabilities	35 810	3 026	0	3 028
III	Trade liabilities	218 556	443 315	99 964	343 351
IV	Current income tax liabilities	10 541	6 907	-121	6 786
V	Other liabilities	109 954	134 351	-13 149	121 202
VI	Revenue accruals	30 535	12 982	-120	12 862
VII	Reserves for pensions and similar benefits	6 588	5 203	-65	5 138
VIII	Other reserves	41 238	39 079	-1 364	37 715

Consolidation adjustments of loans result from the mutual exclusion of the entities covered by consolidation.

Consolidation adjustments for short term liabilities result from the exclusion of mutual settlements of the controlling company and subsidiaries.

Other consolidation adjustments primarily relate to the exclusions of effects of loss of control in the subsidiaries.

Items of short-term liabilities have been properly priced and presented in the consolidated financial statement in all material respects.

III. CORRECTNESS OF DRAWING UP THE CONSOLIDATED TOTAL REVENUE STATEMENT

The Company has entered items forming the financial result in respect to all the consolidated financial statements completely and accurately in all material aspects.
The structure of revenues and expenses has been properly presented in the explanatory notes to the financial statement.

1. Gross result from sale

	Item	for the period			
		01 Jan. 2009 to 31 Dec. 2009	01 Jan. 2010 to 31 Dec. 2010 before adjustments	consolidation eliminations	01 Jan. 2010 to 31 Dec. 2010 after consolidation
A	Sales income	2 299132	2 694 156	-328 962	2 365 194
I	Income from sales of products	1 437 534	1 587 134	-99 019	1 488 115

II	Income from sales of services	0	0	0	0
III	Income from sales of goods and materials	861 598	1 107 022	-229 943	877 079
B	Costs of goods and materials sold	1 957 328	2 331 902	-315 881	2 016 021
I	Manufacture costs of goods and materials sold	1 144 873	1 288 883	-138 561	1 150 322
II	Value of foods and materials sold	812 455	1 043 013	-177 320	865 699
C	Gross profit (loss) on sales	341 804	362 253	-13 080	349 173

Consolidation adjustments in sales revenue and operating costs result from the elimination of the effects of transactions between entities covered by consolidation.

Incomes, expenses and profit on sale have been properly presented in the consolidated financial statements in all material respects.

2. Financial results at other levels of activities

	Item	for the period			
		01 Jan. 2009 to 31 Dec. 2009	01 Jan. 2009 to 31 Dec. 2009	01 Jan. 2009 to 31 Dec. 2009	01 Jan. 2009 to 31 Dec. 2009
I	Other operating revenues	33 078	48 423	-6 177	42 *246*
II	Selling costs	46 067	47 871	-252	47 619
III	Overheads	173 843	194 677	-11 454	183 223
IV	Other operating costs	34 491	65 821	-5 331	60 490
D	Profit (loss) from operating activity	120 481	102 308	-2 221	100 087
I	Financial revenues	42 598	76 564	47 940	28 623
II	Financial costs	86 071	107 199	-37 455	69 744
III	Other	7 863	0	-2 810	-2 810
E	Profit (loss) before taxation	84 871	71 673	-15 516	56 156
I	Income tax	8 648	15 729	-729	15 000
II	Share in net (profit) loss of the subsidiaries evaluated by the equity method	-431	0	41	41
F	Profit (loss) from continued activity	75 792	55 944	-14 747	41 197
G	Profit (loss) from abandoned activity	0	0	0	0
H	Profit (loss) attributable to minority shareholders	8 528	4 897	3 041	7 933
I	Net (profit) loss	67 264	51 047	-17 788	33 259
J	Other total revenues	6 965	0	0	35 031
K	Sum of total revenues	82 757	90 975	-17 788	76 228

Consolidation adjustments of other operating costs result from the elimination of the effects of transactions between the consolidated entities.

Consolidation adjustments of financial income and expenses resulting from the elimination of interest accrued between the entities of the Group.

Result from shares in the associated entities has been established in proportion to the share held in the capital.

Result attributable to minority shareholders has been determined in proportion to their shares in the capitals of the specific entities.

Items forming the results at other levels of the Group's activities have been properly priced and presented in the consolidated financial statements in all material respects.

IV. CORRECTNESS OF DRAWING UP THE CONSOLIDATED CHANGES IN EQUITY STATEMENT

Consolidated statement of changes in equity has been drawn up in accordance with International Accounting Standard No. 1, with legal regulations, elements of the financial statement and data deriving directly from the accounting records and analysis of account balances.

V. CORRECTNESS OF DRAWING UP THE CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement has been drawn up correctly, in accordance with the scope of information specified by the International Accounting Standard No. 7 and on the basis of the balance sheet, income statement, supplementary information (and it is compatible/ not compatible with the data contained in those statements) as well as on the basis of the data deriving directly from the accounting records and analysis of the account balances.

VI. CORRECTNESS OF DRAWING UP THE SUPPLEMENTARY INFORMATION AND CLARIFICATION

Supplementary information is an integral part of the consolidated financial statement. Data contained in the supplementary information have been presented by the Company in all material respects in accordance with the guidelines of the International Accounting Standard No. 1 and requirements contained in the specific Standards.

VII. CORRECTNESS OF DRAWING UP THE STATEMENT ON CAPITAL GROUP'S ACTIVITIES IN THE FISCAL YEAR

Management Board of the controlling entity has made a written report of the Group's activities, whose financial information is consistent with the data of the audited consolidated financial statement. This report contains information resulting from Art. 49 of the Accounting Law and from Minister of Finance Regulation dated 19 February 2009 on current and periodic information conveyed by issuers of securities and conditions of recognising as equivalent information required by legal regulations of a country that is not a member country.

D. EVENTS AFTER THE BALANCE SHEET DATE

Significant business transactions, documented after the end of the fiscal year and related to the audited period, have been included in the supplementary information to the consolidated statement.

F. RECAPITULATION OF THE AUDIT

1. In 2010 the PKF Audit Sp. z o.o. company drew up a report on audit of the financial statement of Kopex S.A. Capital Group for the period 01 January to 30 June 2010. Agreement on the audit does not include any additional issues that would require preparation of a separate report.

2.During the audit we did not use the results of any independent specialists.

3.Evaluation of the consolidated financial statement includes an opinion, being a separate document.

4. This report contains 25 pages sequentially numbered, initialed by the chartered accountant.

Barbara Malik
Chartered Accountant
No.10458

Key chartered accountant auditing
on behalf of PKF Audyt Sp. z o.o. No.548,
the entity authorised to audit financial statements
Elbląska 15/17, 01-747 Warsaw

Katowice, 29 April 2011