



**STATEMENT OF THE MANAGEMENT BOARD  
ON THE ACTIVITIES  
OF THE ISSUER AND THE KOPEX GROUP  
FOR THE FIRST HALF OF 2015**

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**1. GENERAL INFORMATION ABOUT THE ISSUER- THE PARENT ENTITY**

- Company name and address of the Issuer: **KOPEX Spółka Akcyjna, ul. Grabowa 1, 40-172 Katowice**
- Tel. No: **+48 32 604 70 00;**
- Fax No: **+48 32 604 71 00;**
- E-mail: **[kopex@kopex.com.pl](mailto:kopex@kopex.com.pl)**
- Corporate website address : **[www.kopex.com.pl](http://www.kopex.com.pl)**
- Statistical TAX number (REGON): **271981166;**
- Tax identification number (NIP): **634-012-68-49;**
- National Court Register: **The company is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court Katowice-East in Katowice, VIII Commercial Division of the National Court Register under the number KRS 0000026782;**
- The share capital of the Issuer: **PLN 74.332.538,00 and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 . each. All shares are fully paid.**

**1.1. HISTORY AND DEVELOPMENT OF THE ISSUER**

On 4 November 1961 KOPEX enterprise was established under the name **Przedsiębiorstwo Budowy Zakładów Górniczych za Granicą –KOPEX**, as a state- owned enterprise , basing on the Regulation No. 128 of the Minister of Mining and Power Industry. On **01 January 1962**, after entering the register of state enterprises, it commenced business as a general supplier of mining facilities and equipment for export. In May 1971 the enterprise obtained permission to operate independently in foreign trade, including to export and import of mining and drilling machinery and equipment and of complete mining facilities, on the exclusivity basis. From 01 January 1989, after reorganization of the entities operating in the mining sector, KOPEX was a state-owned enterprise was **Przedsiębiorstwo Eksportu i Importu KOPEX w Katowicach**. /KOPEX Export and Import Enterprise based in Katowice.

On 19 November 1993 there was signed a transformation act of the state- owned enterprise, into one-person joint-stock company of the State Treasury Joint-Stock Company ,under the name **Przedsiębiorstwo Eksportu i Importu KOPEX Spółka Akcyjna** .On **3 January 1994** KOPEX S.A. entered the commercial register under number RHB 10 375.

The first ever listing of KOPEX S.A. shares on the Warsaw Stock Exchange based in Warsaw was on **4 June 1998**.

On 23 October 2003 the company registered its altered name **KOPEX Spółka Akcyjna**, and abbreviation: **KOPEX S.A.** in the National Court Register and since then, this name has been used by the company.

On 16 December 2004, 64.64% shares of KOPEX S.A. were made by the State Treasury as a contribution in kind to Krajowa Spółka Cukrowa S.A., in exchange for shares in that company subscribed by the State Treasury in connection with the increase of its share capital.

The sale of all the shares of KOPEX S.A. held by Krajowa Spółka Cukrowa S.A. on **9 February 2006**, was the turning point in the history of privatisation of KOPEX S.A. The transaction was effected after announcement the outcome of a public tender offer for the sale of shares which were acquired by an industry investor- Zabrzeńskie Zakłady Mechaniczne S.A., based in Zabrze, hereinafter referred to as ZSM S.A.. It resulted in the establishment of the ZSM - KOPEX Group, Poland's largest industrial group in the sector of manufacturers and suppliers of mining machinery, equipment and services, whose integrated potential made it possible to offer comprehensively mining equipment and services and to become the ZSM- KOPEX Group one of the leading partners of the global mining industry.

The next significant stage of transformation was issue of 47,739,838 KOPEX S.A. B-series bearer shares addressed to the shareholders of ZSM S.A. in the second half of 2007, and the reverse takeover transaction of ZSM S.A. by "KOPEX S.A.

Following this transaction, KOPEX S.A. became a holding company and a leader in the KOPEX S.A. Group, comprising companies established in Poland and abroad.

At the end of 2009 there was a successful issue of 6,700,000 KOPEX S.A. C- series bearer shares.

On 01 December 2009 there was registered increase of the share capital, that currently amounts to PLN 74,332,538. and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 . each. All shares are fully paid.

In 2009 the Group name was changed from previously used "ZSM-Kopex Group" to the new name "Kopex GROUP" with the simultaneous adoption of the new graphic symbols.

## 2. SUBJECT AND SCOPE OF ACTIVITIES OF THE CAPITAL GROUP

The core business of the Group "Kopex" SA ("Kopex Group", "Group") which employs more than 5,000 employees is focused on manufacture of machinery and equipment used in the mining industry. However, the Group is not only a manufacturer and supplier of machines and equipment for mining coal, lignite and non-ferrous ores, but above all the KOPEX Group is a general contractor in investment enterprises ensuring comprehensive investment service. Kopex Group handles investments in the mining industry on the world's largest mining markets. It has production plants in Poland, Serbia, South Africa, China and Australia.

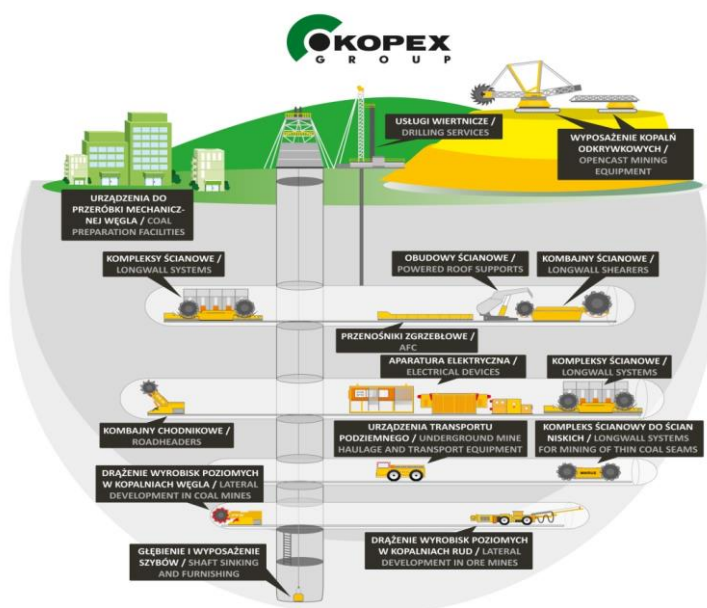
The Kopex-Group offers complex solutions for underground and open-pit mining. It is a respected and acknowledged manufacturer and supplier of high class machineries and equipment as well as modern mining technologies. Flexibility of the Kopex-Group offer proves its ability of accomplishing orders according to individual requirements of the customer. The Kopex Group brings together the leading manufacturers of high quality machinery, equipment and modern technologies for mining.

### The Group's capabilities cover the whole investment process in the mining industry::

- ⇒ easibility study of the project,
- ⇒ supervising works regarding geological surveys of the mining area and assessment of reserves,
- ⇒ elaborating deposit mining technology,
- ⇒ designing mining plants,
- ⇒ manufacture, supply and assembly of machines, equipment and technological systems,
- ⇒ construction, development, modernization , mining execution and liquidation of mines
- ⇒ staff training and engineering support during project execution..

### Mining machinery and equipment offered by KOPEX Group :

- longwall systems,
- powered roof supports of many types,
- longwall shearers,
- roadheaders,
- scraper and belt conveyors for mining,
- power and control hydraulics for roof supports,
- units of electrical power and control,
- mining electronics,
- automation systems,
- methane-measuring devices and means of communication,
- control and measuring apparatus,
- excavators, spreaders, stackerreclaimers, belt conveyors for open-cast mining,
- shuttle cars (Waracar)
- as well as maintenance services and the supply of necessary spare parts used by the customer for mining machinery and equipment

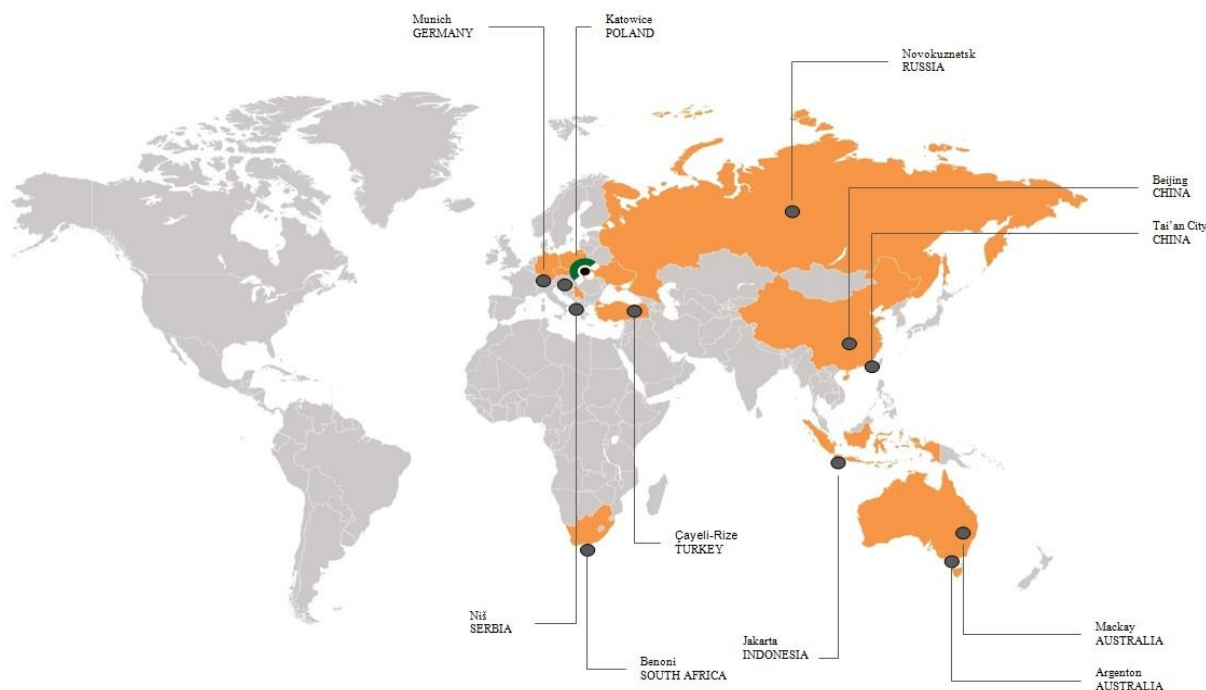


## 2.1. MARKET POSITION OF THE KOPEX GROUP

### KOPEX Group is characterised by:

- complete range of products and technology for coal mining (underground mining, open-cast mining):
- individual treatment of every Client needs
- *diversified portfolio of customers:*
  - leading mining corporations in the world,
  - largest coal mines and power producers in Poland.
- own R & D base and office design, making it possible to work on the modern and high-tech products, adapted to different geological conditions and satisfying the most demanding business partners
- credibility and adherence to ethical and legal conduct of business rules, as a basis for conducting business activities and achieving sustained success,
- implemented and continually improved quality management systems certified with quality certificates according to ISO standards,
- a team of highly qualified and experienced specialists,
- multicultural working environment because of our presence in major mining markets in the world and accumulated 51 years of experience with the implementation in more than 50 countries around the world,
- implementation of the strategy of corporate social responsibility CSR.

### KOPEX GROUP PRESENCE IN THE WORLD



**Characteristics of basic scopes of activities of the main companies included in the KOPEX S.A. Capital Group**

⇒ **„KOPEX” S.A.** - Scope of activities of the Company, in accordance with the Polish Classification of Activities (PKD), is determined in details in Par. 6 of the Articles of Association - “Wholesale of machineries used for mining, construction and civil and water engineering sectors- PKD No. 4663Z is the predominant activity of KOPEX S.A. , in accordance with the Polish Classification of Activities (PKD 2007).

For nearly 54 years of its existence KOPEX S.A. has been specialised in international trade and has transformed over time into a general contractor and supplier of machinery, equipment and specialised services for underground and open-cast mining. With a wealth of experience and a team of highly qualified specialists "Kopex" SA intends to become a world-class expert in the mining of coal and other minerals, as well as a global company, providing the highest quality service for the mining and other industries



⇒ **KOPEX MACHINERY S.A.** – manufacturer of mining longwall shearers, roadheaders, cutting drums for shearers and cutting heads for roadheaders, scraper conveyors (armoured face conveyors, beam stage loaders, gallery conveyors and special conveyors), toothed transmission gears, crushers for crushing the winning, turning stations of belt conveyors cooperating with BSL unit, independent conveyor facilities anchoring and advancing AFC units and BSL units, combustion floor toothed railroads, systems and equipment for mechanical coal preparation, belt conveyors and other material handling equipment. Company is also a supplier of filters for dust suppression systems.



*AUTOMATED LONGWALL SYSTEMS*

⇒ **Fabryka Maszyn i Urządzeń „TAGOR” S.A.** – designer and manufacturer of powered roof supports, gate-end supports, belt conveyors, AFCs, individual roof support units.



*ROOF SUPPORTS*

⇒ **Zabrzeńskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o.** – renting and leasing of shearers, equipment and tangible goods, manufacture of metal structures and parts, manufacturing of general-purpose machinery.



*SHEARERS AND ROADHEADERS*

⇒ **„DOZUT-TAGOR” Sp. z o.o.** – manufacturer of sealing elements for power and control hydraulics, pneumatic systems as well as manufacturer of DURACHROM ecological protective coatings for power hydraulics.



*Hydraulic props (legs) covered with DURACHROM unique protective ecological coatings*

⇒ **WARATAH Engineering (KOPEX WARATAH) Pty Ltd /Australia/** – is a specialized supplier of equipment applicable in underground mining and tunneling projects in Australia and New Zealand.

**Products offered by Kopex Waratah:**

- Shuttle cars – in the last 5 years Kopex Warath developed its own shuttle car brand - “WARACAR”. Over 60 shuttle cars are currently operating in Australian coal mines. In 2011, the company introduced a new version of the shuttle car 2011 SS type;
- Lump crusher FB 2012.
- Roadheader KTW 200

**Auxiliary services offered:**

- thorough reconstruction and restoration of following mining machinery and equipment: continuous miners, roadheaders, shuttlecars and crushers,
- partial repairs, replacement of spare parts, machinery rental, training and installation / maintenance / service



*Waracar Shuttle Car (2011 SS Shuttle Car)*

⇒ **KOPEX-SIBIR Sp. z o.o. /Rosja/** – Activity of the Kopex-Sibir company covers: 24/7 service, conducting repairs, supplying customers with parts to machines and equipment, helping with supplying of new machines, equipment and technological systems.



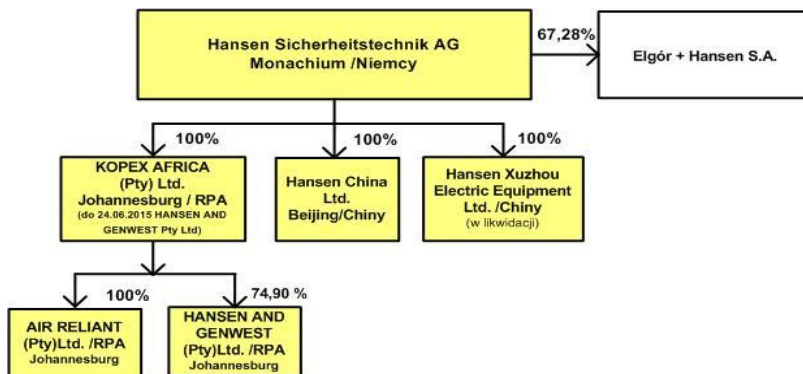
SERVICE CENTRE

⇒ **ELGÓR+HANSEN S.A.** – designer and manufacturer of the electricity distribution systems in explosion-proof housing and supplier of electrical appliances for mining equipment as well as the execution of documentation of integrated power systems and control for mining excavation systems.



ELECTRICAL EQUIPMENT

⇒ **HANSEN Sicherheitstechnik AG /Niemcy/** – The Company's scope of activities comprises the acquisition and management of its own and / or other assets as well as design, management of shares in other companies operated in manufacture and repair of explosion-proof electrical and electronic systems, and, in particular in design, manufacture and repair of power energy distribution systems in explosion-proof housing ,supply of electrical fittings for mining equipment, development of technical documentation of electrical systems used in mining, in particular in the explosive atmospheres, manufacture of electronics for mining industry. The Companies within the Hansen Group as at the date of PSr I/2015 :





- ⇒ **KOPEX AFRICA Pty Ltd /RPA/** - is a key company in the Hansen Group, it is SABS approved company for the manufacture, repair and modification of flameproof and non-flameproof electrical switchgear and transformers for the mining industry. Company supplies equipment and services for motor starters, distribution and control boxes, mobile sub-stations, gate and boxes and specialized custom built equipment and projects for the mining industry.



*ELECTRICAL EQUIPMENT*

- ⇒ **KOPEX-Przedsiębiorstwo Budowy Szybów S.A.** – contractor of specialized mining services: sinking vertical workings (shafts, staple shafts), lateral development, tunneling\_Construction services for the mining, underground, industrial construction sectors and civil engineering. Machinery, overhaul and construction fleet.



*SPECIALISED MINING SERVICES*

- ⇒ **Śląskie Towarzystwo Wiertnicze „DALBIS” Sp. z o.o.** – For many years ŚTW Dalbis has been specializing in drilling holes for various purposes and in practical implementation of drilling technologies in engineering and geotechnical work done both on surface and in underground mining plants.



*DRILLING SERVICES*

- ⇒ **PT. KOPEX MINING CONTRACTORS (LLC) /Indonesia/** – KMC has the capability to design, plan, construct, develop and operate underground coal mines as well as offering professional geological consultancy services to the coal mining industry in the Asia Pacific region.



*MINING SERVICES*

**„KOPEX-EX-COAL” Sp. z o.o.** – the Company’s main scope of activities comprises mining of coal, services related to forestry, peat extraction and mining. The main task of the company is the realization of the project "Construction of Coal Mine" Przeciszów "in the concession area „Oświęcim – Polanka 1.



COAL EXCAVATION

⇒ **KOPEX Foundry Sp. z o.o. ( dawniej jako HSW Odlewnia Sp. z o.o.)** – manufacturer of steel and iron castings for construction machinery, cranes and material handling equipment for mining, metallurgy, cement and marine industries as well as for agriculture machinery.



STEEL AND CAST IRON CASTINGS

### 3. THE CAPITAL GROUP. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL CONNECTIONS OF THE ISSUER AND OF THE ISSUER'S SUBSIDIARIES

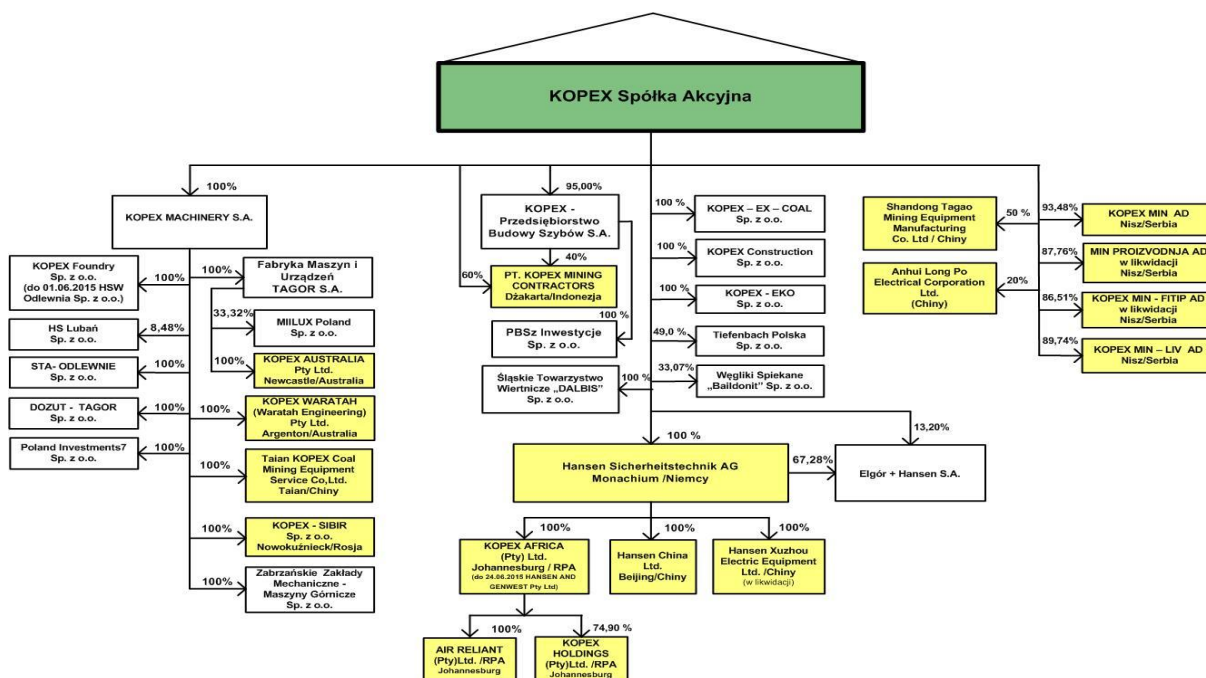
#### 3.1. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP

The KOPEX S.A. Capital Group („KOPEX Group”, „Group”, „Issuer's Capital Group”) is composed of the parent company - KOPEX S.A. based in Katowice, the company listed on the Warsaw Stock Exchange and of several subsidiaries with associated entities. These subsidiaries are characterised by varying degrees of importance for business and significance of the composition of the KOPEX Group.



KOPEX S.A. as the leader of the Group plays a special role in the structure, by focusing the Group's central functions – it is the management of the holding, it provides for the development strategy of the whole Capital Group, it shows lines of the activities in the sphere of manufacture and services to the Group's subsidiaries, it runs the central accounting through the Accounting Centre for the Group's companies, it runs the central finance policy through the Finance Centre for the Group's companies, it coordinates central procurement as well as implementation and development of the Group's IT systems, besides, KOPEX S.A. accomplishes shareholder supervision tasks over subsidiaries of KOPEX S.A. Capital Group.

Current Organisational chart of KOPEX S.A. as at 30 June 2015



Notice: companies established abroad are indicted in yellow color

Source: Company as at 30.06.2015

### 3.2. CHANGES IN THE STRUCTURE OF THE COMPANY, INCLUDING MERGERS ACQUISITIONS OR SALE OF THE ISSUER'S GROUP, LONG-TERM INVESTMENTS, DIVISION, RESTRUCTURING AND DISCONTINUED OPERATIONS

The Management Board of KOPEX SA On February 19, 2015 passed a resolution to adopt the updated document entitled "Strategy of the KOPEX SA Capital Group for the years 2015 - 2020 ", in which a strategic objective of the Kopex Group SA was adopted for the years 2015 - 2020 - strengthening competitive position in the global market for machinery, equipment and services for the mining industry through:

- a) development of competitive advantages in the domestic market and on strategic foreign markets
- b) offering unique and innovative mining technologies on a world scale and adapting solutions for individual customer needs

and the use of the internal potential of the Group's new business segments through:

- coal mining - carrying out preparatory work for the construction of the mine in Oświęcim Przeciszów and Polanka Wielka, including obtaining concessions for the extraction of coal projected for the year 2015
- conducting business activity in the field of power industry.

The updated "Strategy of the KOPEX SA Capital Group for the years 2015 - 2020" was presented to the Supervisory Board, which, at its meeting on 13 April 2015, after discussion took note of this document.

One of the elements of this strategy is to continue projects taken from at the end of 2013 under the " KOPEX S.A. Capital Group Organizational Restructuring Program for the years 2013-2016 "and" Asset Optimisation Programme of key companies of the KOPEX SA Group for the years 2013-2015 ", of which the Issuer passed extensive information in the interim reports published in 2014. For the purposes of implementation of these programs project management was implemented. Restructuring projects are carried out in accordance with the methodology developed by the international organization IPMA (International Project Management Association).

The organizational restructuring processes in the "Kopex" S.A. Group consist of:

- ⇒ incorporation / merger / consolidation of selected companies with the Kopex Group, serving the intention of building strong, specialized and product distinguished entities;
- ⇒ elimination entities from the Kopex Group through the sale of their shares / stocks, for which the rate of return on investment and business risks do not justify further continuation taken in the past capital investment in these entities;
- ⇒ elimination from entities the Group through the sale of their shares / stocks, in which entities the Issuer holds minority stakes and whose activity is not related to the "core business" of the Group;
- ⇒ elimination of selected companies from the Group through liquidation processes, e.g. companies that have not started the actual business or companies that do not promise a lasting improvement;
- ⇒ acquisition / acquiring stocks / shares in the new selected entities to strengthen the product offering of the Kopex Group and improve its competitiveness.

The effect of current activities is progressing organizational restructuring of the Group, reducing its operating costs and improvement of management processes in KOPEX Group. At the end of 2013, Kopex SA Group consisted of 43 companies, including 22 companies located in Poland and 21 foreign companies. Implementation of 15 projects made it possible to reduce the number of companies to 34 at the end of 2014. As part of the restructuring in the years 2015 - 2016 it is planned to reduce the number of entities in the Kopex SA Group to 23 (at the end of 2016) as part of several subsequent projects. Implementation of the program to optimize the assets in 2014 contributed to a significant decline in bank loans contracted by companies participating in the program, relative to the end of 2012. The basic assumption of Asset Optimisation Programme, which is net debt reduction carried out, among others, by reducing the amount of assets unnecessary for production (eg. non-productive fixed assets, inventories) in the previous period was realized in the assessment of the Board.

Bearing in mind the adoption of the updated Strategy for Kopex Group, the Board, after an analysis of the effects of implementation of two aforementioned programs in 2014, decided to update them and, on 4 March 2015 it took unanimously a resolution on the adoption of the implementation of the revised "KOPEX SA Capital Group Organizational Restructuring Program for the years 2013-2016 "and the revised "Assets Optimization of Kopex SA Capital Group key companies for the years 2013-2015 ".

*To the date of publication of this report for first half of 2015 the following significant changes described below occurred in the organizational structure of the Kopex Group companies in the reporting period:*

#### 1) Acquisitions of shares by KOPEX S.A. or by subsidiaries of the KOPEX S.A. Capital Group:

- a) increase to 33,32% of capital involvement of Fabryka Maszyn i Urządzeń „TAGOR” S.A. in Tarnowskie Góry in the company Miilux Poland Sp. z o.o. based in Tarnowskie Góry;

On June 6, 2014, the District Court in Gliwice X Division of the National Court Register entered the company "Miilux Poland" Sp. z o.o with its seat in Tarnowskie Góry into the register of Entrepreneurs of the National Court Register.

On 01.09.2015 a share capital increase of Miilux Poland Sp. z o.o. was registered. The Finnish partner company Miilux Oy currently holds 172,560 shares, representing 66.68% of the share capital and the company TAGOR SA, holds 86,240 shares representing 33.32% of the share capital of the company.

**b) The acquisition by „KOPEX” S.A. of new shares in the company Węgliki Spiekane „BAILDONIT” Sp. z o.o. based in Katowice;**

On 29.01.2015 the Extraordinary General Meeting of Shareholders of company Węgliki Spiekane „BAILDONIT” Sp. z o.o. adopted a resolution to increase the share capital from the current amount of PLN 10.2 million to the amount of PLN 12,404,000, ie. the amount of PLN 2,204,000, through the establishment of 4,408 new shares with a nominal value of PLN 500 each. Following the registration of the increased share capital Kopex SA holds 8,204 shares representing 33.07% of the share capital and the other shareholder holds 16,604 shares, which represent 66.93% of the share capital of the company. This action stems from the implementation of the agreement concluded between the shareholders setting out the strategy for further development of the company Węgliki Spiekane „BAILDONIT” Sp. z o.o.

**c) acquisition by „HANSEN AND GENWEST” (Pty) Ltd in Johannesburg/RSA of 100% shares of company KOPEX HOLDINGS (Pty) Ltd based in Johannesburg/RSA;**

On 17 December 2014 at the initiative of KOPEX Group companies -HANSEN AND GENWEST (Pty) Ltd., Johannesburg / South Africa there was established created a new special purpose company in South Africa under the name of KOPEX HOLDINGS (Pty) Ltd. with a target intention of fulfilling their obligations under the program of the South African government's BBBEE (Broad - Based Black Economic Empowerment Act, 2003). This program aims to support and economic stimulation and activation of indigenous, historically disadvantaged black population. As a result of the accession to this program, the company receives the status of an entity that could accede to public procurement and to apply for government contracts in South Africa.

**d) transfer of ownership of 13.20% of the shares of Elgór+Hansen S.A. based in Chorzów on „KOPEX” S.A. in Katowice**

On the basis of the Agreement of 18.06.2015r. concluded between the companies Zabrzańskie Zakłady Mechaniczne - Maszyny Górnicze Sp. z o.o. and KOPEX Machinery S.A. the company Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o. sold to KOPEX Machinery S.A. 743.450 shares of the company Elgór +Hansen S.A. in Chorzow. these shares represented 8.65% of the share capital of Elgór +Hansen S.A. Under and pursuant to Resolution No. 20 of the General Meeting of KOPEX Machinery S.A. of 22 June 2015 on the distribution of net profit for 2014 it was decided to distribute to a shareholder „KOPEX” S.A. part of the profit by way of dividend for 2014 in the form of benefits in kind through the transfer by the company KOPEX Machinery S.A. to „KOPEX” S.A. a total of 1,135,040 shares of the company: Elgór+Hansen S.A. based in Chorzow. The transfer of the aforementioned shares of Elgór+Hansen S.A. to „KOPEX” S.A. occurred on 23.06.2015. These shares represent 13.20% of the share capital and give the same number of votes at the General Meeting of Shareholders of Elgór+Hansen S.A. in Chorzow. These transactions are one of the stages of the organizational restructuring carried out in the Kopex Group.

**e) acquisition by KOPEX MIN A.D. (subsidiary of KOPEX S.A.) 4.072 shares in the company KOPEX MIN-LIV A.D. (also a subsidiary of KOPEX S.A.) representing 4.01% of total number of shares of KOPEX MIN-LIV A.D.**

According to information provided by the Serbian brokerage Euro Fineks Broker AD based in Belgrade, on 08.17.2015 the acquisition of 2,000 shares of KOPEX MIN-LIV AD by KOPEX MIN AD was concluded, while on 20.08.2015 KOPEX MIN AD acquired a further 2,072 shares of KOPEX MIN - LIV AD. The Kopex MIN A.D. and KOPEX MIN-LIV A.D. are subsidiaries of Kopex SA. As a result of the above transactions, capital commitment of Kopex SA in the company KOPEX MIN-LIV A.D. (together with its subsidiary KOPEX MIN-AD) increased to 93.75% (a total of 95,163 shares, of which 91,091 is the property of Kopex SA and 4072 shares are KOPEX MIN AD owned). The above-mentioned transactions are carried elements of the organizational restructuring carried out in the Kopex Group.

**2) Sale of shares by KOPEX S.A. or by other subsidiaries of the KOPEX Group, suspension of activities, or liquidation processes of the subsidiaries of the KOPEX Group that were undertaken within the framework of the restructuring and organizing processes of the subsidiaries of the KOPEX Group:**

**a) disposal by company „HANSEN AND GENWEST” (Pty) Ltd in Johannesburg/RSA of 25,1% shares of company KOPEX HOLDINGS (Pty) Ltd based in Johannesburg/RPA in favor of HANSEN AND GENWEST BEE TRUST;**

As a result of the accession of KOPEX HOLDINGS (Pty) Ltd based in Johannesburg/RSA to implement the above-described in point 2c) program BBBEE (Broad – Based Black Economic Empowerment Act, 2003) on March 1, 2015 an agreement was concluded between HANSEN AND GENWEST Pty Ltd and HANSEN AND GENWEST BEE TRUST, pursuant to which HANSEN AND GENWEST Pty Ltd completed the sale of 25.1% of shares of KOPEX Holdings (Pty) Ltd in favor of HANSEN AND GENWEST BEE TRUST (which was one of the conditions of above mentioned program).

On 23.04.2015 company KOPEX Holdings (Pty) Ltd, on the basis of the audit, obtained certificate confirming the degree of implementation of the program BBBEE.

**b) transfer of the ownership of HS Lubań Sp. z o.o. 1 510 shares by STA-Odlewnie Sp. z o.o. for redemption**

In implementing Resolution No. 2 of the Extraordinary General Meeting of Shareholders of HS Lubań Sp. z o.o. dated 07.05. 2015 and on the basis of the Agreement, of transfer of ownership of the shares for redemption, on 18 May 2015 occurred the transfer of 1,510 shares in the company HS Lubań Sp. z o.o. held by the company STA-Odlewnie Sp. z o.o. to the company HS Lubań Sp. z o.o. for redemption (after prior reduction in the share capital of the company). These shares accounted for 91.52% of the share capital of HS Lubań Sp. z o.o. and they gave the same number of votes at the general meeting of the company HS Lubań Sp. z o.o. This transaction is a stage in the process of organizational restructuring carried out in the Kopex Group.

**3) Other events within the Group that occurred in the period from January until the date of publication of this half-year report:**

**a) change of the company name HSW Odlewnia Sp. z o.o. based in Stalowa Wola for KOPEX Foundry Spółka z ograniczoną odpowiedzialnością**

The Extraordinary General Meeting of Shareholders HSW Odlewnia Sp. z o.o. in Stalowa Wola on 26.03.2015 passed a resolution to change the company's name to **KOPEX Foundry Spółka z ograniczoną odpowiedzialnością**. Changing the company's name was entered on 01.06.2015 in the National Court Register competent for the company.

**b) change of the company name HANSEN AND GENWEST (Pty) Ltd based in Johannesburg/RSA for KOPEX AFRICA (Pty) Ltd;**

On 9 May 2015 a resolution was passed by a shareholder of the company HANSEN AND GENWEST (Pty) Ltd to change the company's HANSEN AND GENWEST (Pty) Ltd name for **KOPEX AFRICA (Pty) Ltd.**, which was registered on 24 June 2015.

**c) change of the company name KOPEX Holdings (Pty) Ltd based in Johannesburg/RSA for HANSEN AND GENWEST (Pty) Ltd;**

On 6 August 2015 the change of the company KOPEX Holdings (Pty) Ltd name was registered for **HANSEN AND GENWEST (Pty) Ltd** in connection with the resolution of 3 July 2015 on the amendment of the company. The immediate reason for the change was the need to use a recognizable brand on the market by the company operating the primary business in South Africa. The shareholder of the company are KOPEX AFRICA (Pty) Ltd (74,9% shares) and HANSEN AND GENWEST BEE TRUST (25,1% shares).

**4) Investment expenditure**

The Group companies in the first half of 2015 invested a total amount of PLN 82.943 thousand. The main expenditures were focused on replacement of assets in terms of machinery and equipment and purchase of the organized part of the enterprise.

The Group for the first half of 2015 suffered depreciation costs of the resources in the amount of PLN 71.637 thousand. The investments were financed from own funds of the companies and external sources of finance (bank loans, loans).

**4. IDENTIFICATION OF THE SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5 PER CENT OF TOTAL VOTES AT THE GENERAL MEETING OF THE ISSUER ON THE DATE OF PUBLICATION OF THE MID-YEAR REPORT AND INDICATION OF THE CHANGES IN THE SHAREHOLDING STRUCTURE OF SUBSTANTIAL BLOCKS OF SHARES OF THE ISSUER SINCE THE PREVIOUS MID-YEAR REPORT**

**4.1. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5 PER CENT OF TOTAL VOTES AT THE GENERAL MEETING OF THE ISSUER ON THE DATE OF PUBLICATION OF THE MID-YEAR REPORT**

In the period from 1 January 2015 until the date of publication of this semi-annual report, the share capital "KOPEX" SA has not changed and it amounts to **PLN 74.332.538,00** and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 each, including:

- a) **19.892.700 ordinary bearer shares series A,**
- b) **47.739.838 ordinary bearer shares series B, and**
- c) **6.700.000 ordinary bearer shares series C.**

There are no privileged shares to voting.

From **4 June 1998**, the shares of "Kopex" SA are listed on the Stock Exchange - Giełda Papierów Wartościowych w Warszawie S.A. (KPX PLKOPEX00018, Industrial Machinery, Segment: 50 PLUS, Index: mWIG80).



**According to the information held by the Issuer on the date of publication of the mid-year report, the following shareholders held directly or indirectly, at least 5 per cent of the total number of votes at the General Meeting of KOPEX S.A.:**

SHAREHOLDER	Number of shares held	Percentage shareholding in the share capital of „KOPEX” S.A.	Total number of votes at the General Meeting	Percent of votes at the General Meeting
Krzysztof Jędrzejewski (with subsidiaries)	43 586 675 <sup>1)</sup>	58,64%	43 586 675	58,64%
TDJ S.A. (indirectly through subsidiaries)	7 433 000 <sup>2)</sup>	9,99%	7 433 000	9,99%
ING OFE	4 029 002 <sup>3)</sup>	5,42%	4 029 002	5,42%
Other shareholders – Free Float	19 283 861	25,95%	19 283 861	25,95%
<b>TOTAL</b>	<b>74 332 538</b>	<b>100,00%</b>	<b>74 332 538</b>	<b>100,00%</b>

Source: Company

**Notice:**

<sup>1)</sup> ) Total shareholding of „KOPEX” S.A. shares held by the majority Shareholder Mr. Krzysztof Jędrzejewski together with its subsidiaries (directly and indirectly), according to the last report of 19.11.2013 received by the Company and the Financial Supervision Authority from Mr. Krzysztof Jędrzejewski under Article 160 clause 1 item 1) of the Act on trading in financial instruments (current report No. 75/2013 of 19 November 2013), including:

- directly owns 43.310.175 of shares representing 58,27% in the share capital of the Company and entitling to 43.310.175 votes at the General Meeting and representing 58,27% of total votes.

- indirectly owns through the company Kopex SA 276,500 shares (purchased by Kopex SA treasury shares), representing 0.37% of the share capital.,

<sup>2)</sup> The Company TDJ S.A. based in Katowicach jointly held indirectly through its subsidiaries 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 votes at the General Meeting and representing 9,99% of total votes incl:

- Company **Invest 15 TDJ Finance Sp. z o.o. S.K.A.** based in Katowice held directly 7.432.000 shares of „KOPEX” S.A., representing 9,998% of the share capital of „KOPEX” S.A and entitling to 7.432.000 votes at the General Meeting and representing 9,998% of total votes;
- Company **GALANTINE Sp. z o.o.** based in Warsaw held directly 1.000 shares of „KOPEX” S.A., representing 0,001% of the share capital of „KOPEX” S.A and entitling to 1.000 votes at the General Meeting and representing 0,001% of total votes.

The majority shareholder of the Company TDJ S.A. is Mr Tomasz Domogala, who indirectly through the above mentioned subsidiaries of TDJ S.A. owns 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 000 votes at the General Meeting and representing 9,99% of total votes.

The above number of shares held The issuer shall disclose in accordance with the notifications received and the information included in current reports No. 21/2015, 22/2015 and 23/2015 of 16 June 2015.

<sup>3)</sup> state of „KOPEX” S.A. shares held by ING Otwarty Fundusz Emerytalny based in Warsaw according to the notice of the Shareholder (Current Report No. 2/2015 of 05 January 2015.).

### Struktura Akcjonariatu „KOPEX” S.A.



#### 4.2. INDICATION OF CHANGES IN OWNERSHIP STRUCTURE OF SIGNIFICANT HOLDINGS IN THE PERIOD FROM THE PREVIOUS QUARTERLY REPORT

In the period since the previous periodic report, quarterly report QSr-1/2015 on May 14, 2015 until the date of publication of this semi-annual report the only changes in the ownership structure of large blocks of shares of the Issuer that occurred were these about which the Issuer informed the public in current reports No. 21/2015, 22/2015 and 23/2015 of 16 June 2015. From the notifications obtained by KOPEX S.A. on 16.06.2015 it indicated that the Company Invest 15 TDJ Finance Sp. z o.o. based in Katowice in result of signing the acquisition of ordinary bearer shares in Kopex SA on 10.06.2015, on the regulated market of OTC block settled on 06.11.2015, directly holds a total of 7,432,000 ordinary shares of Kopex SA with its registered office in Katowice, representing 9.998% of the share capital of Kopex SA, giving 7,432,000 votes at the general meeting of KOPEX SA and constituting 9.998% of the total number of votes at the general meeting of KOPEX SA.

Within this transaction 4,720,000 shares were acquired from ZEH TDJ Finance Sp. z o.o. SKA, while 2,712,000 shares were acquired from Galantine Sp. z o.o. As a result of notifications received, after the transaction, GALANTINE Sp. z o.o. held 1.000 shares of KOPEX S.A. giving 1.000 votes at the general meeting of KOPEX SA and constituting 0,001% of the total number of votes. The transactions were associated with the transfer of those shares between the companies belonging to the Group controlled by TDJ SA based in Katowice, so that did not change the shareholding of KOPEX indirectly by TDJ SA nor by Mr. Tomasz Domogała. Before 10 June 2015 Invest 15 TDJ Finance Sp. z o.o. SKA did not own directly or indirectly shares of Kopex SA based in Katowice.

#### 5. SPECIFICATION OF SHAREHOLDING OF THE ISSUER'S SHARES OR THE RIGHTS TO THE SHARES BY MEMBERS OF THE MANAGEMENT BOARD AND OF MEMBERS THE SUPERVISORY BOARD AS AT THE DAY OF ISSUE OF THE MID-YEAR REPORT, INCLUDING THE INDICATION OF CHANGES IN THE SHAREHOLDING SINCE THE ISSUE OF THE PREVIOUS MID-YEAR REPORT

##### 5.1. SHAREHOLDING OF THE ISSUER'S SHARES OR THE RIGHTS TO THE SHARES BY MEMBERS OF THE MANAGEMENT BOARD AS AT THE DAY OF ISSUE OF THE MID-YEAR REPORT

Name	Position in the Management Board of „KOPEX” S.A.	Total number of „KOPEX” S.A. shares held	Changes in the shareholding of KOPEX S.A. shares since the latest quarterly report issue
Józef Wolski	President of the Board	No shares held	no change <sup>1)</sup>
Piotr Broncel	Member of the Board from 01.02.2014	No shares held	no change <sup>1)</sup>
dr inż. Andrzej Meder	Member of the Board	No shares held	no change <sup>1)</sup>



Joanna Węgrzyn	Member of the Board	No shares held	no change <sup>1)</sup>
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Source: Company

Note:

<sup>1)</sup> no changes in the shareholding of the Issuer's shares since the publication of the latest quarterly report QSr-1/2015 dated 14 May 2015.

## 5.2. SHAREHOLDING OF THE ISSUER'S SHARES OR THE RIGHTS TO THE SHARES BY MEMBERS OF THE SUPERVISORY BOARD AS AT THE DAY OF ISSUE OF THE QUARTERLY REPORT

Name	Position in the Supervisory Board of „KOPEX” S.A.	Total number of „KOPEX” S.A. shares held	Changes in the shareholding of KOPEX S.A. shares since the latest quarterly report issue
Krzysztof Jędrzejewski	Chairman of the Supervisory Board	43.586.675 <sup>1)</sup>	no change <sup>2)</sup>
Michał Rogatko	Vice-Chairman of the Supervisory Board	No shares held	no change <sup>2)</sup>
Bogusław Bobrowski	Secretary of the Supervisory Board	No shares held	no change <sup>2)</sup>
prof. zw. dr hab. inż. Józef Dubiński	Member of the Supervisory Board from 20.02.2014	No shares held	no change <sup>2)</sup>
Daniel Lewczuk	Member of the Supervisory Board from 29.01.2015	No shares held	no change <sup>2)</sup>

Source: Company

Notice:

1) Total shareholding of „KOPEX” S.A. shares held by the majority Shareholder Mr. Krzysztof Jędrzejewski together with its subsidiaries (directly and indirectly), according to the last report of 19.11.2013 received by the Company and the Financial Supervision Authority from Mr. Krzysztof Jędrzejewski under Article 160 clause 1 item 1) of the Act on trading in financial instruments (current report No. 75/2013 of 19 November 2013), including:

- directly owns 43.310.175 of shares representing 58,27% in the share capital of the Company and entitling to 43.310.175 votes at the General Meeting and representing 58,27% of total votes.

- indirectly owns through the company Kopex SA 276,500 shares (purchased by Kopex SA treasury shares), representing 0.37% of the share capital.

2) the Issuer's shareholding did not change in the period since the previous quarterly report QSr-1/2015 dated 14 May 2015.

## 6. INFORMATION THAT ACCORDING TO THE ISSUER'S OPINION IS RELEVANT TO HIS AND TO THE SUBSIDIARIES' ASSESSMENTS, INCLUDING: PERSONNEL, PROPERTY, FINANCIAL RESULT AND THEIR CHANGES AS WELL AS INFORMATION THAT IS RELEVANT FOR ASSESSING FEASIBILITY OF THE OBLIGATIONS BY THE ISSUER AND ITS SUBSIDIARIES

### SEPARATE RESULTS

#### Employment situation

Employment policy of KOPEX S.A. policy is closely related to the staffing policy of the Capital Group. Company's organizational structure has been adapted to its current needs, resulting from internal and external conditions.

Employment structure in the Company was as follows:

	30.06.2015	31.12.2014
WHITE COLLAR WORKERS	230	225
BLUE COLLAR WORKERS	40	37
<b>TOTAL</b>	<b>270</b>	<b>262</b>

#### EMPLOYEES

## COMMENTARY ON THE FINANCIAL SITUATION

Value of the balance sheet sum at the end of Q1 2015 amounted to PLN 1.854.613 thou and compared to the end of 2014 it increased by PLN 10.791 thousand, i.e. 0,6%. The main factors causing an increase in the balance sheet total was an increase in the value of assets in the group of current assets by PLN 28.578 thousand, i.e. 1,9% and a decrease in non-current assets of PLN 17.787 thousand, i.e. 5,6%.

The commitments and the equity recorded an increase in Group equity of PLN 26.855 thousand and reduce the value of long-term liabilities by PLN 16.178 thousand, i.e. 44,9% and an increase in short-term liabilities by PLN 114 thousand. The exact structure of certain balance sheet items is presented on p. 8 of the Abbreviated mid-year consolidated and separate financial statements.

## SEPARATE INCOME STATEMENT

In the first half of 2015 sales revenues of the Issuer reached PLN 198.129 thousand, and were lower than performance in the same period last year by PLN 20.213 thousand, i.e. 9,3%.

In the period from January to June 2015 the Issuer had revenues from export sales in the amount of PLN 188.546 thousand, including:

- Sales of mining machinery and equipment to Argentina, Bosnia and Hercegovina, China, Russia, Romania, Serbia, amounting to PLN 142.100 thousand;
- Sales of bulk raw materials (coal) in the amount of PLN 36.645 thou to Austria, Spain, Slovakia and Sweden;
- Mining services in amount of PLN 9.562 thou. implemented in France;
- Other sales amounting to PLN 239 thousand realized in Czech Republic and Germany;

In the period January – June 2015, the Issuer earned revenues from sales in Poland amounting to PLN 9.583 thou, including:

- Sales of mining machinery and equipment amounting to PLN 348 thousand;
- other sales in amount of PLN 9.235 thou (lease, rental, accounting, financial services, information services, logistics services, internal control);

Gross profit in the first half of 2015 amounted to PLN 14.166 thousand, as compared to the result achieved in the same period last year it decreased by PLN 10.455 thou.

Selling expenses in the first half of 2015 amounted to PLN 5.029 thousand - their level is higher by PLN 1.842 thousand compared to the same period of the previous year.

General and administrative expenses in the first half of 2015 amounted to PLN 12.524 thousand - their level is lower by PLN 686 thousand, compared to the same period of the previous year.

Other income and expenses and profits (losses) in the reporting period are as follows (PLN thou):

- other income:

	I-II Q 2015	I-II Q 2014
Dividends	52.477	80.289
Grants	580	1.333
Reversed impairment of the revaluation of assets	230	102
Damages, penalties, court costs,	95	337
Reversal of provisions from previous years	-	286
Cancelled commitment	-	88
Other	245	79
<b>TOTAL</b>	<b>53.627</b>	<b>82.514</b>

- other costs

	I-II Q 2015	I-II Q 2014
Court costs, substitution process, penalties, damages	106	305
Receivables written off	13	171
Established reserves	-	450
Other	54	147
<b>TOTAL</b>	<b>173</b>	<b>1.073</b>

- other profits (loss)

	I-II Q 2015	I-II Q 2014
The result on foreign exchange transactions (for which no accounting is performed with collateral)	52	-6
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	464	774
Foreign exchange differences (except for loans)	294	-20
Result from the sale and liquidation of fixed assets	-37	25
Result from the sale of financial assets (stocks, bonds)	-	-7.442
Revaluation of investments (valuation of loans, long-term settlements, shares)	-161	-472
Other	-	-33
<b>TOTAL</b>	<b>612</b>	<b>-7.174</b>

In the period January – June 2015 the Issuer has obtained an operating result of PLN 50.679 thousand.

Financial income and expenses in the reporting period are as follows (PLN thou):

- financial income:

	I-II Q 2015	I-II Q 2014
Interest	4.596	5.311
Positive balance of foreign exchange differences (re. financial activity)	248	648
Other including:	1.502	2.733
• commissions for providing limits, guarantees and sureties granted	1.488	2.578
• release of provisions for financial expenses	8	145
• Other	6	10
<b>TOTAL</b>	<b>6.346</b>	<b>8.692</b>

- financial costs:

	I-II Q 2015	I-II Q 2014
Interest	2.221	3.774
Negative balance of foreign exchange differences (re. financial activity)	-	-
Others, including:	1.133	1.291
• write-downs of financial receivables	642	64
• commissions on sureties, guarantees, loans	480	1.227
• Other	11	-
<b>TOTAL</b>	<b>3.354</b>	<b>5.065</b>

In the period January to June 2015 the Issuer obtained a positive balance on financial activities of PLN 2.992 thou.

For the first half of 2015 the Issuer generated a net profit amounting to PLN **53.880 thou.**

### Possibility of paying liabilities

Economic and financial situation of the Company is reflected in financial liquidity indices, as below:

	<b>30.06.2015</b>	<b>31.12.2014</b>
• <b>current liquidity</b> (current assets / current liabilities, net of provisions and accruals)	1,25	1,30
• <b>quick liquidity</b> (current assets - inventories / current liabilities, net of provisions and accruals)	1,24	1,29
• <b>cash liquidity</b> (cash / current liabilities, net of provisions and accruals)	0,05	0,13

The current level of liquidity ratios does not indicate a risk of losing the capability of paying the current liabilities.

## CONSOLIDATED RESULTS

### EMPLOYMENT SITUATION

Employment situation in the KOPEX S.A. Capital Group is as follows:

#### EMPLOYEES

	<b>30.06.2015</b>	<b>31.12.2014</b>
WHITE COLLAR WORKERS	1.618	1.614
BLUE COLLAR WORKERS	3.129	3.212
<b>TOTAL</b>	<b>4.747</b>	<b>4.826</b>

### OPERATING SEGMENTS

Information on consolidated operating segments in the industry and the geographical breakdown is included in item 10 of the Abbreviated mid-year consolidated and separate financial statements of Kopex S.A.

### COMMENTARY ON THE FINANCIAL SITUATION

Consolidated net revenues from sales of products, goods and materials Capital Group for the first half of 2015 amounted to PLN 613.717 thousand. These results are worse than the results that the group generated in the same period of 2014. The decrease in sales revenue in the reporting period amounted to PLN 136.862 thousand, ie. 18,2%.

MINING Industry segment: the structure of revenues, gross profit from sales and the operating result:

PLN THOU

	Mining services		Underground mining machinery and equipment manufacture and sales		Open cast mining machinery and equipment manufacture and sales		Electrical and electronic machinery and equipment manufacture and sales		Castings	
	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014
<b>Segment revenues</b>	<b>133 383</b>	<b>177 725</b>	<b>284 701</b>	<b>411 196</b>	<b>54 461</b>	<b>14 493</b>	<b>43 000</b>	<b>76 223</b>	<b>23 948</b>	<b>10 618</b>
Segment result - the result of gross sales	19 987	31 496	25 110	79 173	849	-1 649	14 343	22 714	6 470	5 263
The segment's operating result	13 047	22 801	4 260	51 596	-2 882	-14 487	1 324	11 348	3 003	2 816

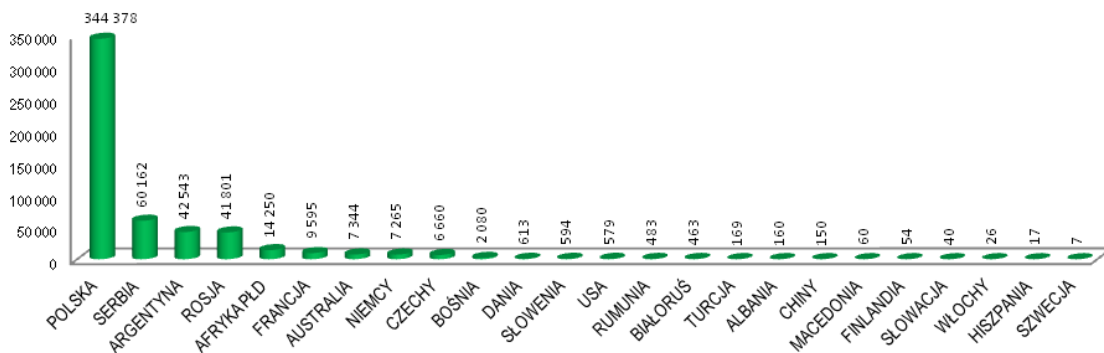
Geographical breakdown of revenues from sales in MINING segment:

PLN THOU

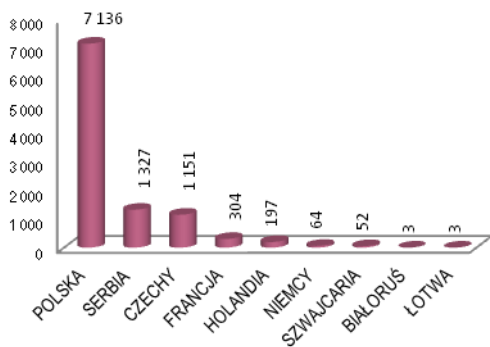
	Mining services		Underground mining machinery and equipment manufacture and sales		Open cast mining machinery and equipment manufacture and sales		Electrical and electronic machinery and equipment manufacture and sales		Castings	
	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014	I-II Q 2015	I-II Q 2014
SOUTH AFRICA	-	-	-	-	-	-	14 250	25 221	-	-
ARGENTINA	-	-	42 543	127 550	-	-	-	-	-	-
AUSTRALIA	-	-	7 146	9 255	-	-	198	-	-	-
AUSTRIA	-	-	-	-	-	-	-	-	-	21
BELARUS	-	-	-	-	-	-	463	1 500	-	-
BOSNIA	-	-	1 576	22 440	-	-	-	-	504	678
CHINA	-	-	150	29 391	-	-	-	-	-	-
CZECH REPUBLIC	468	-	4 018	13 507	-	-	2 005	3 205	169	-
FRANCE	9 562	9 533	-	-	-	-	-	-	33	-
SPAIN	-	-	-	11	-	-	17	-	-	-
GERMANY	2 228	1 805	-	-	-	1 093	41	11 001	4 996	-
POLAND	121 099	156 907	187 109	188 936	-	13 215	25 113	32 103	11 057	6 820
RUSSIA	-	-	41 636	17 626	-	-	165	2 954	-	-
SERBIA	-	-	-	-	54 461	185	-	-	5 701	2 587
SLOVAKIA	-	-	40	-	-	-	-	13	-	-
SWEDEN	-	-	-	-	-	-	-	226	7	-
TURKEY	-	9 133	-	226	-	-	169	-	-	-
OTHER	26	347	483	2 254	-	-	579	-	1 481	512
<b>TOTAL</b>	<b>133 383</b>	<b>177 725</b>	<b>284 701</b>	<b>411 196</b>	<b>54 461</b>	<b>14 493</b>	<b>43 000</b>	<b>76 223</b>	<b>23 948</b>	<b>10 618</b>

Geographical breakdown of revenues from sales in specific segments in the first half of 2015 is shown in the diagrams below [in PLN thou]:

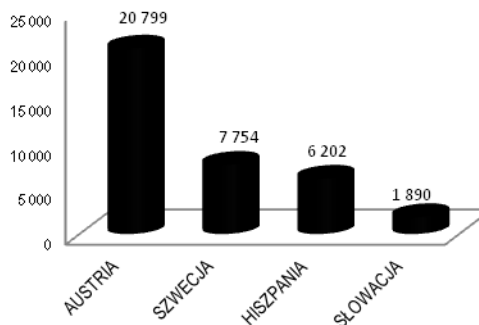
**Mining**  
Share in total sales 87,9%



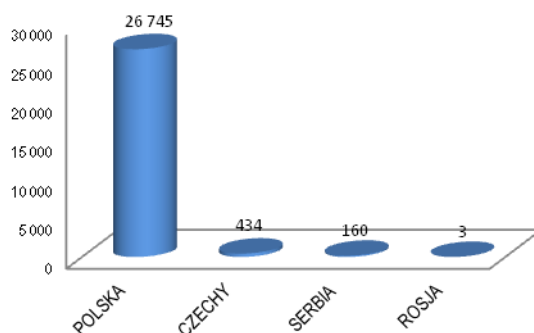
**Industrial machinery and equipment**  
share in total sales amounted to 1,7%



**Sale of coal**  
share in total sales amounted to 6,0%



**Other sale**  
share in total sales amounted to 4,4%



Consolidated gross profit in the first half of 2015 amounted to PLN 78.402 thousand compared to the result obtained in the same period last year decreased by PLN 71.730 thousand.

Selling expenses in the first half of 2015 amounted to PLN 18.509 thousand - their level is by PLN 6.753 thousand lower compared to the same period of the previous year.

General and administrative expenses in the first half of 2015 amounted to PLN 47.821 thousand - their level is by PLN 14.230 thousand lower compared to the same period of the previous year.

Other revenues and expenses incurred in this period are shown in the table below [in PLN thou]:

- Other revenues:

	I-II Q 2015	I-II Q 2014
Barred commitments	4.179	-
Damages, penalties and legal costs	1.775	12.683
Grants	778	1.383
The write-offs from the revaluation of assets	219	-
Sales of social services	152	213
Reversal of provisions from previous years	102	-
Surplus inventory	25	-
Other	1.540	904
<b>TOTAL</b>	<b>8.770</b>	<b>15.183</b>

- Other costs:

	I-II Q 2015	I-II Q 2014
The penalties, legal costs, compensation	1.007	1.709
The cost of maintaining social facilities	666	738
Receivables written off	343	261
Compensatory pensions	47	34
Scrapping current assets	5	573
The write-offs from the revaluation of assets	-	5.080
Established reserves	-	204
Costs of abandoned development	-	-
Other	645	1.218
<b>TOTAL</b>	<b>2.713</b>	<b>9.817</b>

- Other profits (losses)

	I-II Q 2015	I-II Q 2014
The result on foreign exchange transactions (for which no hedge accounting is carried out)	52	871
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	392	158
Foreign exchange differences (except for loans)	323	4.984
Result from the sale and liquidation of fixed assets	341	2.692
Result from the sale of financial assets (stocks, bonds)	-14	1.560
Revaluation of investments (valuation of loans, long-term settlements, shares)	-181	-603
Other	-320	-2.400
<b>TOTAL</b>	<b>593</b>	<b>7.262</b>

In the first half of 2015 the Group achieved operating profit in the amount of PLN18.722 thousand.

Financial revenues and expenses during the reporting period are as follows [PLN thou]:

- Financial income:

	I-II Q 2015	I-II Q 2014
Interest	4.575	4.928
Other, including:	4.287	480
• release of provisions for financial expenses	2.748	138
• commissions on guarantees and warranties	1.497	
• other	42	342
<b>TOTAL</b>	<b>8.862</b>	<b>5.408</b>

- Financial expenses:

	I-II Q 2015	I-II Q 2014
Interest	7.731	11.801
Other, including:	2.671	1.417
• commissions on sureties, guarantees and credit	1.006	493
• impairment losses on receivables	1.309	222
• Other	356	702
<b>TOTAL</b>	<b>10.402</b>	<b>13.218</b>

Financial situation of the Capital Group has been reflected in the liquidity indices, as below:

	30.06.2015	31.12.2014
• <b>current liquidity</b> (current assets / current liabilities, net of provisions and accruals)	1,51	1,63
• <b>quick liquidity</b> (current assets - inventories / current liabilities, net of provisions and accruals)	1,15	1,29
• <b>cash liquidity</b> (cash / current liabilities, net of provisions and accruals)	0,11	0,12

The current level of liquidity indices do not indicate a risk of losing the capability of paying the current liabilities.

Net financial result of the Capital Group was established at the level of revenues and costs of individual entities included in the Group, excluding revenues and costs of unrealised profits between the consolidated entities.

Consolidated gross profit for January-June 2015 amounted to PLN 18.176 thousand. For the first half of 2015 the Group generated a net profit attributable to shareholders of the parent company in the amount of PLN 15.886 thousand.

## FINANCIAL SITUATION

The value of the consolidated total assets at the end of the first half 2015 amounted to PLN 3.542.663 thousand, and compared to the end of 2014 increased by PLN 21.144 thousand, i.e. 0,6%. The main factor causing the increase of total assets was an increase in the value of assets by PLN 2.605 thousand, i.e. 0,2% and non-current assets by PLN 18.539 thousand, i.e. 0,8%

The liabilities and equity, there has been a reduction in the group's equity by PLN 7.555 thousand, i.e. 0,3% and a decline in the value of long-term liabilities by PLN 22.363 thousand, i.e. 24,2% and an increase in short-term liabilities by PLN 51.062 thousand, i.e. 6,3%. The exact structure of certain balance sheet items is presented on p. 3 of the Abbreviated mid-year consolidated and separate financial statements of Kopex S.A.

## 7. CONCISE DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OF FAILURES IN THE PERIOD COVERED BY THIS REPORT, INCLUDING A LIST OF ITS MOST IMPORTANT EVENTS

During the reporting period the Issuer and its subsidiaries conducted statutory economic activities.

Companies included in the Capital Group also signed number of commercial contracts during the reporting period, of which the most important are as follows:

- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that today it received an information from its subsidiary KOPEX – Przedsiębiorstwo Budowy Szybów S.A based in Bytom, on signing an Annex dated 02 January 2015 to the significant Agreement dated 05 June 2012 concluded between: KOPEX – Przedsiębiorstwo Budowy Szybów S.A (the “Contractor”) and KGHM Polska Miedź S.A. (the “Purchaser”) regarding performing of roadway excavations in Oddziały ZG Polkowice – Sieroszowice and ZG Rudna. Under the annex the contract period was extended to 2020 (formerly to 31.12.2016.). Also the remuneration was established in the amount of the estimated PLN 427,500,000.00 net for the execution of the works in 2015 - 2020. The final amount of compensation depends on the scope of work actually executed. Until 31.12.2014 works were made with a total value of net PLN 230,540,591.00.
- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 25.02.2015 it received information on the basis of which it states that the Issuer and the Issuer's subsidiaries, in the period from 4 March 2014 concluded number of contracts with Kompania Węglowa SA with its seat in Katowice. The total value of the contracts exceeds 10% of the equity of the Issuer (as of the last published by the Issuer's quarterly report QSr-4 2014 on 25 February 2015). Equity Issuer's underlying criterion is PLN 1,538,273 thousand. The total value of contracts concluded with Kompania Węglowa SA, of which the Issuer received information, in the period from 4 March 2014 to 25 February 2015 amounts to net PLN 172.562.952,18. Pursuant to § 2 section 1 point 44) and § 2 of 2 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws . Laws of 2009., No. 33, item. 259, as amended) - RMF, met the criteria for significant agreement. The highest value of the contained in the above mentioned period is the agreement dated 03.02.2015, received on 25.02.2015. The parties to the agreement are: Kompania Węglowa S.A. - The Purchaser and Kopex Machinery S.A. (a subsidiary of the Issuer) as a Contractor. The subject of the aforementioned agreement is “Financial leasing and delivery of three new belt conveyors type WAMAG PTD 1400 produced by KOPEX MACHINERY S.A. for KOMPANIA WĘGLOWA S.A. Branch KWK “Marcel”. Each of the conveyors is a subject of a separate lease. The value of the agreement amounts to net PLN 24.199.999,98 (capital installments + interest). Payment for the use of each of the leased asset is spread over 36 monthly installments. The interest portion will be determined based on the WIBOR 1M increased by the fixed margin. Every last 36 installment may be for a different amount in order to compensate for differences in rounding calculation - the so-called leveling installment. Lease payments will be made monthly starting from the last day of the following month after the date on which the Purchaser accepts the use of the leased item based on handover protocol. At the time of the last installment of the lease arrangements and all fees due under the contract, the leased asset will be sold to the Purchaser for an amount of net PLN 1,00.
- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 02.04.2015 it has been aware of concluding by KOPEX – Przedsiębiorstwo Budowy Szybów SA with its registered seat in Bytom (the Issuer's subsidiary) another annex to a significant agreement dated 30.07.2009 concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów SA – Contractor and Jastrzębska Spółka Węglowa SA – Orderer. The subject of the agreement is execution of the shaft tube and double sided shaft inlet of the BZIE shaft 1 in Jastrzębska Spółka Węglowa SA, Borynia – Zofiówka – Jastrzębie Coal Mine, Area Zofiówka. An annex applies to additional works performed and changes in unit prices. As a result of the above mentioned changes the total value of the agreement has been increased to the total value of PLN net 264.236.419,30.
- The Kopex Group will deliver a longwall system with hydraulic roof support and electrical equipment, longwall shearer and a belt conveyor to coal mines in Kuznetsk Coal Basin. The total value of the three signed agreements on the Russian market



amounts to more than 28 million euros (over 113 million PLN). The subject of the contracts is the delivery of two longwall shearers KSW460-NE. First of them, together with electrical equipment and roof support is meant for the mine Bierezowska (UKSK). The second shearer with electrical equipment and visualization system will be delivered to the mine Jubilejna (Topprom). The third agreement is the supply of longwall conveyor type Rybnik 750 to the mine Połosuchińska. All contracts will be realized in the second half of 2015. Subject of the largest contracts will be delivered to the mine Bierezowska the end of September 2015. The contracts were concluded by Polish companies belonging to Kopex Group through a company operating in Novokuznetsk - Sibir Kopex.

All relevant information for 2015 are available on KOPEX S.A. website at: <http://www.kopex.com.pl/idm,3336,biezace.html>

## 8. DESCRIPTION OF FACTORS AND EVENTS, IN PARTICULAR OF UNUSUAL NATURE HAVING A SIGNIFICANT INFLUENCE ON THE FINANCIAL RESULTS EARNED

Significant risks and threats are presented in SWOT analysis below:

CHANCES	THREATS
<ul style="list-style-type: none"> <li>• Growth in demand for complex supplies and services resulting from the development of underground mining in Poland and abroad;</li> <li>• Interest in underground and open-cast mining in several global markets;</li> <li>• Interest in feasibility study projects for mining industry;</li> <li>• Demand for mining services, also associated with mining of extraction of salt and other minerals;</li> <li>• A significant increase in quality of Polish industrial products and their attractive price;</li> <li>• Greater openness of Polish enterprises to activities in the global markets;</li> <li>• Increase in expenditures and requirements for environmental protection;</li> <li>• Implementation of the program to optimize asset management and production processes.</li> </ul> <p>Further decline in NBP reference rate</p>	<ul style="list-style-type: none"> <li>• Rapid consolidation processes of the major competitors of the Company;</li> <li>• Severe lack of specialists in typical industrial occupations;</li> <li>• Necessity of significant pre-financing, resulting from a very long time of return of investment in manufacture, supply and commissioning of the systems sold</li> <li>• Strengthening positions of competitive Polish and foreign companies;</li> <li>• Increasing competition in the world and domestic markets;</li> <li>• The risk associated with the current geopolitical situation in Ukraine and Russia;</li> <li>• Risks associated with the economic situation in Argentina;</li> <li>• Risk of executing works in the changing mining and geological conditions;</li> <li>• Delays in execution of certain contracts;</li> <li>• W High demands to enter certain markets;</li> <li>• Increased costs associated of renewal of the machinery fleet</li> <li>• Limits of use of the manufacture capacities;</li> <li>• Significant and unpredictable fluctuations in exchange rates;</li> <li>• The decline in financial standing and liquidity of Mining Companies</li> </ul>

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Access to production facilities providing complex commercial offers</li> <li>• Recognised position and trademark of the Company in Poland and abroad</li> <li>• Entry new sales markets, requiring advanced technologies</li> <li>• Geographical diversification of products and services offered</li> <li>• Stability of cooperation with customers</li> <li>• Stable financial situation</li> <li>• Vast experience in running large investment projects all over the world;</li> <li>• Diversified portfolio of products and services offered</li> <li>• Good orientation in demand of foreign customers and in manufacture capabilities of the Polish mining engineering industry</li> <li>• Experience in obtaining financing and building of trade finance for investment projects;</li> <li>• Experience in effective reducing exchange rate risk.;</li> <li>• Favourable ratio of debt to assets;</li> <li>• Diversification of financial institutions dealing with the Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Dissipation of the Company's assets</li> <li>• Too low potential of the reserve personnel of the projects executed abroad</li> <li>• Significant dependence of the revenues from demand in the coal mining industry.</li> <li>• The relatively long time of inventory and trade receivables turnover.</li> </ul>

## THE ISSUER - INTEREST RATE RISK

Kopex SA finances its activities using the loans variable interest rate WIBOR 1M + margin. As at 30.06.2015, the Company had no instruments hedging interest rate risk and used the current decrease reference rate WIBOR 1M and on an ongoing basis monitored the Monetary Policy Council decisions in this area.

## CURRENCY RISK – THE ISSUER

The Company is exposed to currency risk mainly due to core activities such as sale and purchase of goods and services in foreign currencies (primarily in EUR and USD).

Foreign exchange forward contracts are the main financial instruments hedging currency risk.

To reduce the currency risk in accordance with the strategy adopted by the Board, the procedure of actual cash flow hedge is applied.

The Company does not conclude speculative transactions

In 2005 KOPEX S.A. adopted the " Currency risk and interest rate hedging strategies ", according to which signing a commercial contract, currency risk hedging transactions are concluded, i.e.in relation to the exchange rate adopted in the offer's calculation. In case of contracts for trading in coal or electricity, they are concluded upon placing an order shipment or purchase of energy.

The Company applies hedge accounting (detailed description in accounting policies), and natural hedging.

As at 30.06.2015 the Company had open hedging foreign currency items in the following amounts:

- USD 2.584 thou;
- EUR 51.230 thou;
- CZK 1.072 thou.

The fair value of the above-mentioned transactions concluded on the day 30.06.2015 was estimated at total amount: PLN: 4.444 thousand, of which -1 thousand PLN were realized hedging transactions held in equity until the planned hedged transaction and PLN 4.445 thousand were unrealized transactions by valuation models used by the banks in which the transactions were carried out.

The fair value of PLN 4.444 thou consist of:

- the amount of PLN 3.471 thou (of which -1 thousand PLN were realized transactions, and PLN 3.472 thousand were unrealized transactions) was recognized as an update of the equity,
- the amount of PLN 973 thousand in the profit and loss (of which PLN 184 thousand relates to transactions for which hedge accounting is conducted).

Valuation of the Company's hedging transactions as at 30.06.2015 was made by the banks based on the spot rate: USD: 3,7645; EUR: 4,1944; CZK:0,1538.

## CURRENCY RISK – THE CAPITAL GROUP

Companies of the Capital Group are exposed to currency risk, mainly resulting from their core activities, i.e. sale and purchase of goods and services in foreign currencies (primarily in EUR, USD and CZK).

The main financial instruments hedging currency risk are foreign exchange forward contracts and options.

To reduce the currency risk in accordance with the strategy adopted by the Group, actual cash flow hedge procedure is applied. The Group does not conclude speculative transactions. In 2005 KOPEX S.A. adopted the " Currency risk and interest rate hedging strategies ", according to which signing a commercial contract, currency risk hedging transactions are concluded, i.e.in relation to the exchange rate adopted in the offer's calculation. In case of contracts for trading in coal or electricity, they are concluded upon placing an order shipment or purchase of energy.

The Company applies hedge accounting (detailed description in accounting policies), and natural hedging.

As at 31.03.2015 the Group had open hedging foreign currency items in the following amounts:

- USD 2.584 thou;
- EUR 52.063 thou.;
- CZK 1.072 thou.

The fair value of the above mentioned forward transactions as at 30.06.2015 was estimated at total amount of PLN 4.439 thousand, of which PLN -1 thousand were realized hedging transactions held in equity until the planned transaction, and PLN 4.440 thousand accounted for the valuation of unrealized transactions by valuation models used by the banks in which the transactions were carried out.

The fair value of PLN 4.439 thousand consists of:

- The amount of PLN 3.471 thousand was recognized as an update on equity ( PLN -1 thousand they were realized transactions, and PLN 3.472 thousand were unrealized transactions),
- The amount of PLN 968 thousand in the profit and loss account, of which PLN 182 thousand relates to transactions for which hedge accounting is conducted).

Valuation of hedging transactions of the Group companies as at 06/30/2015 was made by the banks based on the spot rate: USD: 3,7645; EUR: 4,1944; CZK: 0,1538.

## **9. SEASONAL INFORMATION**

The Issuer's business is not seasonal, so in this respect the current results do not fluctuate significantly during the year.

## **10. INFORMATION ON THE ISSUE, REDEMPTION AND REPAYMENT OF NON EQUITY -AND -EQUITY SECURITIES OF THE ISSUER**

- redemption and repayment of non-equity securities - not applicable
- issue of securities - not applicable
- redemption or repayment of equity securities - not applicable.

## **11. INFORMATION ON PAID (OR DECLARED) DIVIDENDS, IN TOTAL AND PER ONE SHARE, INCLUDING COMMON AND PREFERRED SHARES**

The Management Board of Kopex SA (Issuer) announces that on June 3, 2015 the Annual General Meeting of "Kopex" SA, pursuant to Resolution No. 7 on the distribution of the net profit for the fiscal year 2014 and determination of the dividend and the dividend payment date, allocated to a cash dividend to shareholders of the Company the amount of PLN 29,622,415.20. ie. PLN 0.40 per share. The dividend covered 74,056,038 shares of the Company. The own shares of the Issuer in a number 276,500 are not involved in the dividend. Annual General Meeting resolved: - the date the dividend / vesting date for the dividend / June 11, 2015; - Dividend payment date on July 2, 2015.

## **12. INDICATION OF EVENTS THAT OCCURRED AFTER THE DATE OF DRAWING UP THE QUARTERLY ABBREVIATED FINANCIAL STATEMENT, NOT INCLUDED IN THIS FINANCIAL STATEMENT BUT CAPABLE OF AFFECTING THE ISSUER'S FUTURE FINANCIAL RESULTS SIGNIFICANTLY**

No events occurred after the date of the quarterly condensed financial statements not included in this report, which could have a significant impact on the future financial results of the Issuer.

## **13. STANDPOINT OF THE MANAGEMENT BOARD ON CAPABILITIES OF AN EARLIER ACCOMPLISHMENT OF THE FORECASTS FOR THIS YEAR PUBLISHED PREVIOUSLY, IN THE LIGHT OF RESULTS PRESENTED IN THE QUARTERLY REPORT, IN RELATION TO THE FORECAST RESULTS**

The Issuer has not published forecasts for 2015.

## **14. INDICATION OF PROCEEDINGS PENDING IN FRONT OF THE COURT, THE COMPETENT AUTHORITY FOR ARBITRATION OR IN FRONT OF A PUBLIC ADMINISTRATION BODY**

- proceedings related with liabilities or debts of the Issuer or its subsidiaries whose values amount to at least 10 per cent of the equity of the Issuer, with determined subject of the proceedings, amount of dispute, date of commencing the proceedings, parties to the commenced proceedings and standpoints of the Issuer,
- two or more proceedings for liabilities and debts, whose total value constitutes at least 10 per cent of the equity of the Issuer, with determined total value of the proceedings, separately in relation to major liabilities or debts together with the Issuer's standpoint on this issue, an in relation to the largest proceedings in the group of liabilities and debts indication of their subject, with determined subject of the dispute, value of the dispute subject and the date of commencing the proceedings and the parties to the proceedings commenced;

On the day of the report, neither the Issuer, nor any of the Companies of the Issuer's Capital Group have pending proceedings in front of the court or the competent authority for arbitration, the authority responsible for arbitration or in front of a public administration body, whose value constitutes at least 10 per cent of the equity of the Issuer.

**15. LIST OF RELEVANT INFORMATION ON TRANSACTIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIARIES WITH RELATED PARTIES ON OTHER CONDITIONS THAN MARKET ONES TOGETHER WITH THEIR VALUES AND INFORMATION SPECIFYING NATURE OF THOSE TRANSACTIONS**

According to our knowledge, in the reporting period neither KOPEX S.A. nor subsidiaries or sub-subsidiaries of the Issuer concluded transactions with their related parties on the other conditions than market ones.

**16. INFORMATION ON STANDING SURETIES OR GRANTING GUARANTEES BY THE ISSUER OR BY ITS SUBSIDIARY – IN TOTAL TO ONE ENTITY OR TO THE ENTITY’S SUBSIDIARY- IF THE TOTAL VALUE OF THE SURETYSHIPS AND GUARANTEES GRANTED CONSTITUTES AT LEAST 10 PER CENT OF THE ISSUER’S EQUITY**

The total amount of credits and loans as at 30.06.2015, which was secured by a surety amounts to PLN 141.088 thousand. The remuneration of the issuer or its subsidiary for granted guarantees or warranties was set at vouches agreed between the company and the company for which bail is granted. The amount of remuneration was adopted at the market level.

**17. INDICATION OF THE FACTORS THAT ACCORDING TO THE ISSUER’S OPINION WILL AFFECT THE RESULTS ACHIEVED BY HIM OVER AT LEAST THE NEXT QUARTER**

Factors that, in the opinion of the Issuer may have a significant impact on the financial results to be earned by him within at least the next quarter are:

- The deepening recession in the global coal markets. Drastic declines in oil prices, coal import restrictions in the Chinese market, shale revolution in the US, increase the availability of coal in international trade which translates in Polish mining further regress of capital expenditure, which in 2015 will remain at a limited level, determined level of current and foreseeable future coal prices. Funds for investment in 2015 will not increase in both domestic and foreign markets.
- The second half of 2015 and the year 2016 will be a period of significant deterioration in sentiment to the sector of coal at national and global levels. The source of aversion to coal related parties are the decisions of the United States regarding CO<sub>2</sub>, China, the Norwegian funds, etc.
- Another problem is the issue of restructuring of the Polish mining industry.
- Risks related to the current geopolitical situation in Ukraine and Russia. Russia is one of the important markets of the Group. Recent geopolitical and economic turbulence observed in the region, especially the events in Ukraine, could have had and could have a negative impact on the Russian economy, including the weakening of the Russian currency, rising interest rates and limited liquidity. These events, including current and future international sanctions with regard to Russian companies and citizens associated with the uncertainty and variability in the supply chain may affect the Group's operations. The Management of the Group closely observes the development of events and adjusts strategic intentions in order to minimize currency risk and potential fluctuations in demand.
- Risks associated with profound restructuring of the mining industry on the financial sphere. Polish mining companies waive the pre-planned purchases of operating and investing further in the public procurement extending payment terms to 120, and even 150 days.
- Risks related to the economic situation in Argentina - the third largest economy in Latin America. Kopex Group involved in several mining projects in Argentina constantly analyzes the risks arising from the presence in this market.
- The long-term prospect of a gradual increase in demand for coal in the global commodity markets, although sharpened climate policy of the European Union today is not conducive to the formation of a viable alternative to coal power, and thus the demand for energy coal.
- Further diversification of the Company's activities, both in geographical and product terms. Leaving the tasks associated insignificantly with core activity of KOPEX S.A. or tasks of a low profitability, building new competences.
- Further continuation of the program of optimizing the use of assets of the Group and the program of optimization of production processes. The incorporation processes, sales and liquidation and the optimization of production processes will limit the technical manufacturing cost in all aspects of cost.
- Dynamizing the after-market services and service operations by building competencies in China (creating Kopex Tainan), expansion of Company Kopex Sibir in Russia, and developing aftermarket facilities in the region of Vorkuta.
- Further stabilization in the field of mining services provided by the company Kopex – PBSz and Dalbis. The results of this sector in the context of a slowdown in the mining industry, are particularly good. The Companies regularly participates in tenders announced by the investors, acquiring new contracts.

- Maintaining a good level of performance in the mining sector - electrical and electronic equipment. Elgór+Hansen is a leader in the studies, production and implementation of electrical equipment in explosion-proof enclosures. providing maneuvering kits for power supply and haulage for shearers and longwall systems, boxes of apparatus and explosion-proof equipment for road headers, as well as electrical equipment for longwall systems. Elgór+Hansen is also a supplier of electrical equipment for plow system produced by company CATERPILLAR, delivered to the Polish mines. In many subsets of the product in the field of power systems and power distribution in Polish mines Elgór+Hansen will in subsequent quarters have a dominant position.

## 18. STATEMENT OF THE BOARD

The Management Board states that the the report on the activities of the Issuer and the Group for the first half of 2014, presents a true picture of the development and achievements of the Issuer and the Group including a description of the main risks and hazards.

## SIGNATURES

Member of the Board

Joanna Węgrzyn

Member of the Board

Piotr Broncel

Member of the Board

Andrzej Meder

President of the Board

Józef Wolski

Katowice, 21.08.2015