



**ABBREVIATED MID-YEAR  
CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
01 JANUARY 2015 TO 31 MARCH 2015**

DRAWN UP IN PURSUANCE OF THE INTERNATIONAL  
FINANCIAL REPORTING STANDARDS (IFRS)

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**Consolidated statement of financial position of the Kopex SA Capital Group  
in thousands of zlotys**

	31.03.2015	31.12.2014
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>2 387 664</b>	<b>2 374 188</b>
Intangible assets	158 336	160 296
Goodwill of subsidiaries	1 246 395	1 249 955
Tangible fixed assets	707 581	693 891
Investment Property	26 585	26 571
Investments accounted for under the equity method	52 876	48 248
Long-term lease receivables	7 021	10 740
Other long-term assets	133 002	133 657
Assets from deferred income tax	55 868	50 830
<b>Current assets</b>	<b>1 201 176</b>	<b>1 147 330</b>
Inventories	262 324	239 057
Short-term receivables from supplies and services	416 668	381 787
Short-term other receivables	116 101	109 444
Short-term lease receivables	23 935	27 246
Granted short-term loans	35 649	39 874
Receivables related to current income tax	8 030	8 820
Other financial assets	10 172	1 377
Assets under contracts for construction services	245 511	254 880
Cash and cash equivalents	82 786	84 845
<b>Fixed assets held for sale</b>	<b>1</b>	<b>1</b>
<b>Total assets</b>	<b>3 588 841</b>	<b>3 521 519</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Shareholders equity</b>	<b>2 633 786</b>	<b>2 617 807</b>
Share capital	74 333	74 333
Treasury shares	-2 979	-2 979
The issue of shares above par value	1 054 942	1 054 942
Revaluation reserve	5 689	-515
Foreign exchange translation differences	23 737	19 855
Retained earnings	1 471 104	1 465 644
Capital of NCI	6 960	6 527
<b>Long-term liabilities</b>	<b>84 740</b>	<b>92 458</b>
Credits and long-term loans	7 790	13 374
Long-term other liabilities	2 092	1 868
Long-term lease liabilities	43 546	46 825
Provision for deferred income tax	5 959	5 592
Long-term provision for employee benefits	22 127	21 259
Other long-term provisions for liabilities	822	846
Long-term prepayments	2 404	2 694
<b>Current liabilities</b>	<b>870 315</b>	<b>811 254</b>
Short-term credits and loans	378 149	348 979
Short-term liabilities for supplies and services	236 721	174 396
Short-term other liabilities	102 642	134 686
Short-term lease liabilities	35 377	36 786
Liabilities for current income tax	5 695	6 343
Other financial liabilities	532	2 237
Short-term provision for employee benefits	17 516	14 227
Other short-term provisions for liabilities	15 123	15 247
Short-term prepayments	78 560	78 353
<b>Liabilities and equity, total</b>	<b>3 588 841</b>	<b>3 521 519</b>
<b>Book value</b>	<b>2 633 786</b>	<b>2 617 807</b>
<b>Number of shares</b>	<b>74 056 038</b>	<b>74 056 038</b>
<b>Book value per share (in PLN)</b>	<b>35,56</b>	<b>35,35</b>

Consolidated profit and loss account of the Kopex SA Capital Group  
in thousands of zlotys

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>CONTINUED OPERATIONS</b>		
Net revenues from sales of products, goods and materials	327 408	377 283
Costs of sold products, goods and materials	280 900	301 329
<b>Gross profit on sales</b>	<b>46 508</b>	<b>75 954</b>
Other income	3 424	3 533
Cost of sales	9 321	10 605
General and administrative expenses	24 010	34 882
Other costs	1 218	2 329
Other profit / (losses)	-1 640	3 274
<b>Profit from operating activities</b>	<b>13 743</b>	<b>34 945</b>
Financial income	2 641	2 996
Financial costs	5 832	6 239
Share of profits (losses) of subsidiaries valued with equity method	252	3 444
<b>Gross profit</b>	<b>10 804</b>	<b>35 146</b>
Income tax	2 977	9 097
<b>Consolidated net profit from continued operations</b>	<b>7 827</b>	<b>26 049</b>
<b>Consolidated net profit from discontinued operations</b>	<b>-</b>	<b>68</b>
<b>Consolidated net profit total</b>	<b>7 827</b>	<b>26 117</b>
<b>Net profit attributable to non-controlling interests</b>	<b>389</b>	<b>228</b>
<b>Net profit attributable to shareholders of the parent company, including:</b>	<b>7 438</b>	<b>25 889</b>
-from continued operations	7 438	25 821
-from discontinued operations	-	68
<b>Weighted average number of ordinary shares</b>	<b>74 056 038</b>	<b>74 056 038</b>
Net profit from continued operations attributable to shareholders of the parent company per 1 ordinary share	0,10	0,35
Net profit from discontinued operations attributable to shareholders of the parent company per 1 ordinary share	-	-
<b>Net profit attributable to shareholders of the parent company per 1 ordinary share</b>	<b>0,10</b>	<b>0,35</b>

**Total income statement of the Kopex SA Capital Group  
in thousands of zlotys**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>Consolidated net profit</b>	<b>7 827</b>	<b>26 117</b>
<b>Other total income, which will not be transferred to the financial result</b>	<b>-128</b>	<b>195</b>
Other income	-128	195
<b>Other total income, which can be transferred to the financial result</b>	<b>10 129</b>	<b>2 416</b>
Foreign currency translation differences	3 925	4 034
Cash flow hedges	7 659	-1 998
Income tax related to cash flow hedges	-1 455	380
<b>Total other comprehensive income after tax</b>	<b>10 001</b>	<b>2 611</b>
<b>Total comprehensive income</b>	<b>17 828</b>	<b>28 728</b>
Attributable to non-controlling interests	433	227
Attributable to shareholders of Kopex SA	17 395	28 501

**ABBREVIATED MID-YEAR CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENT OF KOPEX S.A.  
for the period 1 January 2015 to 31 March 2015**

Consolidated statement of changes in equity of the Kopex SA Capital Group  
in thousands of zlotys

	Share capital	Treasury shares	The issue of shares above par value	Revaluation reserve			Foreign exchange translation differences	Retained earnings	Total	Equity attributable to non-controlling interests	Total equity
				Hedging instruments	Financial assets available for sale	Deferred tax					
<b>Balance as at 01.01.2014</b>	<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>6 410</b>	<b>-176</b>	<b>-1 215</b>	<b>9 732</b>	<b>1 369 384</b>	<b>2 510 431</b>	<b>6 078</b>	<b>2 516 509</b>
Total comprehensive income	-	-	-	-6 803	-20	1 289	10 078	97 474	102 018	1 397	103 415
Acquisition / increase / decrease of control	-	-	-	-	-	-	45	-436	-391	-809	-1 200
Dividends	-	-	-	-	-	-	-	-	-	-139	-139
Donations	-	-	-	-	-	-	-	-778	-778	-	-778
<b>Balance as at 31.12.2014</b>	<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>- 393</b>	<b>-196</b>	<b>74</b>	<b>19 855</b>	<b>1 465 644</b>	<b>2 611 280</b>	<b>6 527</b>	<b>2 617 807</b>
<b>Balance as at 01.01.2015</b>	<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>-393</b>	<b>-196</b>	<b>74</b>	<b>19 855</b>	<b>1 465 644</b>	<b>2 611 280</b>	<b>6 527</b>	<b>2 617 807</b>
Total comprehensive income	-	-	-	7 659	-	-1 455	3 882	7 309	17 395	433	17 828
Acquisition / increase / decrease of control	-	-	-	-	-	-	-	-1 742	-1 742	-	-1 742
Donations	-	-	-	-	-	-	-	-107	-107	-	-107
<b>Balance as at 31.03.2015</b>	<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>7 266</b>	<b>-196</b>	<b>-1 381</b>	<b>23 737</b>	<b>1 471 104</b>	<b>2 626 826</b>	<b>6 960</b>	<b>2 633 786</b>

**Consolidated statement of cash flows of the Kopex SA Capital Group  
in thousands of zlotys**

	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Gross profit	10 804	35 230
Adjustments for:		
Depreciation	34 975	37 282
Share in profits (losses) of subsidiaries valued using the equity method	-252	-3 444
(Profits) loss on foreign exchange differences	6 285	1 469
Interest and share in profits (dividends)	4 211	2 940
(Profit) loss from investing activities	-225	-2 113
Change in reserves	2 800	4 102
Change in inventories	-21 483	-12 777
Change in receivables from supplies and services and other receivables	-42 401	-11 819
Change in term obligations under supplies and services and in other liabilities	24 240	28 322
Change in accruals	-83	3 814
Changes in assets under contracts for construction services	9 369	-42 272
Income tax paid	-7 162	-11 844
Write-downs on assets	-952	-798
Currency transactions	-2 855	44
Other adjustments	7 395	1 942
<b>Net cash flows from operating activities</b>	<b>24 666</b>	<b>30 078</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of intangible and tangible fixed assets	5 514	4 853
Disposal of financial assets	-	7 855
Received dividends and shares in profits	-	3 990
Repayment of loans	11 671	3 502
Interest received	133	160
Other proceeds	73	49
Purchase of intangible and tangible fixed assets *	-31 318	-30 365
Acquisition of financial assets	-1 102	-135
Acquisition of an organized part of the enterprise	-6 418	-
Loans granted	-13 757	-108
<b>Net cash flows from investing activities</b>	<b>-35 204</b>	<b>-10 199</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Credits and loans **	59 712	32 562
Received commissions on guarantees	125	-
Credits and loans repaid **	-37 005	-48 646
Payment of liabilities under finance lease agreements	-9 824	-7 461
Interest paid	-3 455	-4 796
Paid commissions on loans and guarantees	-729	-367
Transactions with non-controlling interests	-	-1 167
<b>Net cash flows from financing activities</b>	<b>8 824</b>	<b>-29 875</b>
<b>TOTAL NET CASH FLOW</b>	<b>-1 714</b>	<b>-9 996</b>
<b>Balance-sheet change in cash, including:</b>	<b>-2 059</b>	<b>-9 466</b>
- Change in cash due to foreign exchange differences	-345	530
<b>Cash and cash equivalents at beginning of period</b>	<b>84 845</b>	<b>88 587</b>
<b>Cash and cash equivalents at end of period, including:</b>	<b>82 786</b>	<b>79 121</b>
- Restricted cash	2 545	2 803

\* In the "acquisition of intangible and tangible fixed assets" included fixed assets produced in-house

\*\* loans granted within the limit of the financial amounts are recognized in net



Statement of financial position of KOPEX SA in thousands of zlotys

	31.03.2015	31.12.2014
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>1 525 160</b>	<b>1 527 012</b>
Intangible assets	9 770	10 073
Tangible fixed assets	21 919	23 593
Investment Property	5 864	5 923
Long-term lease receivables	15 506	21 318
Other long-term assets	1 460 175	1 457 368
Assets from deferred income tax	11 926	8 737
<b>Current assets</b>	<b>324 709</b>	<b>316 810</b>
Inventories	2 555	3 191
Short-term receivables from supplies and services	64 208	85 063
Short-term other receivables	46 766	57 134
Short-term lease receivables	28 475	28 803
Granted short-term loans	112 875	104 757
Receivables related to current income tax	811	1 508
Other financial assets	10 050	1 301
Assets under contracts for construction services	38 058	3 858
Cash and cash equivalents	20 911	31 195
<b>Total assets</b>	<b>1 849 869</b>	<b>1 843 822</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Shareholders equity</b>	<b>1 546 066</b>	<b>1 538 213</b>
Share capital	74 333	74 333
Treasury shares	-2 979	-2 979
The issue of shares above par value	1 054 942	1 054 942
Revaluation reserve	5 886	-318
Retained earnings	413 884	412 235
<b>Long-term liabilities</b>	<b>27 345</b>	<b>36 015</b>
Credits and long-term loans	5 601	11 203
Long-term other liabilities	154	154
Long-term lease liabilities	16 820	17 874
Provision for deferred income tax	973	2 697
Long-term provision for employee benefits	1 393	1 393
Prepayments and accrued income	2 404	2 694
<b>Current liabilities</b>	<b>276 458</b>	<b>269 594</b>
Short-term credits and loans	93 569	71 226
Short-term liabilities for supplies and services	85 166	110 938
Short-term other liabilities	46 432	54 338
Short-term lease liabilities	4 350	4 070
Liabilities for current income tax	4 652	401
Other financial liabilities	527	2 143
Short-term provision for employee benefits	1 461	1 213
Other short-term provisions for liabilities	1 088	1 096
Prepayments and accrued income	39 213	24 169
<b>Liabilities and equity total</b>	<b>1 849 869</b>	<b>1 843 822</b>
<b>Book value</b>	<b>1 546 066</b>	<b>1 538 213</b>
<b>Number of shares</b>	<b>74 056 038</b>	<b>74 056 038</b>
<b>Book value per share (in PLN)</b>	<b>20,88</b>	<b>20,77</b>

**Rachunek zysków i strat KOPEX S.A.  
w tysiącach złotych**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>CONTINUED OPERATIONS:</b>		
Net revenues from sales of products, goods and materials	121 977	87 485
Costs of sold products, goods and materials	112 413	78 672
<b>Gross profit on sales</b>	<b>9 564</b>	<b>8 813</b>
Other income	598	897
Cost of sales	2 742	2 211
General and administrative expenses	6 011	6 907
Other costs	259	456
Other profit / (losses)	-480	-164
<b>Profit (loss) from operations</b>	<b>670</b>	<b>-28</b>
Financial income	2 257	5 743
Financial costs	1 756	2 500
<b>Gross profit</b>	<b>1 171</b>	<b>3 215</b>
Income tax	-585	1 104
<b>Net profit from continued operations</b>	<b>1 756</b>	<b>2 111</b>
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>68</b>
<b>Net income, total</b>	<b>1 756</b>	<b>2 179</b>
Weighted average number of ordinary shares	74 056 038	74 056 038
Net profit from continued operations per 1 ordinary share	0,02	0,03
Net profit from discontinued operations per 1 ordinary share	-	-
<b>Net profit per 1 ordinary share</b>	<b>0,02</b>	<b>0,03</b>

**Total income statement of KOPEX SA  
in thousands of zlotys**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>Net profit</b>	1 756	2 179
<b>Other total income, which will not be transferred to the financial result:</b>	-	-
<b>Other total income, which can be transferred to the financial result:</b>	6 204	-1 618
Cash flow hedges	7 659	-1 998
Income tax related to cash flow hedges	-1 455	380
<b>Total other comprehensive income after tax</b>	6 204	-1 618
<b>Total comprehensive income</b>	<u>7 960</u>	<u>561</u>

Statement of changes in equity of KOPEX SA  
in thousands of zlotys

Share capital	Treasury shares	The issue of shares above par value	Revaluation reserve		Retained earnings	Total equity
			Hedging instruments	Deferred tax		

**Balance as at 01.01.2014**

Total comprehensive income (loss)

Other

**Balance as at 31.12.2014**

74 333	- 2 979	1 054 942	6 402	-1 216	315 225	1 446 707
-	-	-	-6 795	1 291	97 688	92 184
-	-	-	-	-	-678	-678
<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>-393</b>	<b>75</b>	<b>412 235</b>	<b>1 538 213</b>

**Balance as at 01.01.2015**

Total comprehensive income (loss)

Other

**Balance as at 03.31.2015**

74 333	-2 979	1 054 942	-393	75	412 235	1 538 213
-	-	-	7 659	-1 455	1 756	7 960
-	-	-	-	-	-107	-107
<b>74 333</b>	<b>-2 979</b>	<b>1 054 942</b>	<b>7 266</b>	<b>-1 380</b>	<b>413 884</b>	<b>1 546 066</b>

Statement of cash flows of KOPEX SA in thousands of zlotys

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Gross profit</b>	<b>1 171</b>	<b>3 299</b>
<b>Adjustments for:</b>		
Depreciation	1 267	1 141
(Profits) loss on foreign exchange differences	1 925	-105
Interest and share in profits (dividends)	-8	-1 313
(Profit) loss from investing activities	-46	-4
Change in reserves	240	-324
Change in inventories	636	-7 309
Change in receivables from supplies and services and other receivables	37 476	-28 806
Change in term obligations under supplies and services and in other liabilities	-33 195	65 208
Change in accruals	14 754	546
Changes in assets under contracts for construction services	-34 200	-18 569
Income tax paid	-700	-175
Derivative financial instruments	-2 715	-449
Donations	-107	-133
<b>Net cash flows from operating activities</b>	<b>-13 502</b>	<b>13 007</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of intangible and tangible fixed assets	1 097	23
Interest received	261	182
repayment of loans	11 256	3 216
Purchase of intangible and tangible fixed assets	-779	-1 583
Acquisition of financial assets	-1 102	-5
Loans granted	-21 857	-8 916
<b>Net cash flows from investing activities</b>	<b>-11 124</b>	<b>-7 083</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Credits and loans *	22 346	24 400
Received commissions on guarantees	117	2 557
Credits and loans repaid *	-5 601	-28 721
Payment of liabilities under finance lease agreements	-775	-
Interest paid	-919	-640
Paid commissions on loans and guarantees	-267	-1 482
<b>Net cash flows from financing activities</b>	<b>14 901</b>	<b>-3 886</b>
<b>TOTAL NET CASH FLOW</b>	<b>-9 725</b>	<b>2 038</b>
<b>Balance-sheet change in cash, including:</b>	<b>-10 284</b>	<b>1 813</b>
- Change in cash due to foreign exchange differences	-559	-225
<b>Cash and cash equivalents at beginning of period</b>	<b>31 195</b>	<b>21 498</b>
<b>Cash and cash equivalents at end of period, including:</b>	<b>20 911</b>	<b>23 311</b>
- Restricted cash	364	-

\* Credits and loans granted within the limit of the financial amounts are recognized in net

**ADDITIONAL INFORMATION TO ABBREVIATED MID-YEAR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY 2014 TO 31 MARCH 2014**

**1. GENERAL INFORMATION**

KOPEX S.A. (*The Company, the Issuer*) based in Katowice is a stock exchange company that on 3 January 1994 was registered in the District Court in Katowice, the Eight Commercial Division under the number RHB 10375. On 11 July 2001, KOPEX S.A. entered in the Register of Entrepreneurs of the National Court Register kept by the District Court Katowice-Wschód in Katowice, the Eight Commercial Division under KRS number KRS – 0000026782, based on the decision of the District Court in Katowice.

The duration of the Company is unlimited. The Company's headquarters is in Katowice at 1 Grabowa street.

KOPEX S.A. is the parent company and draw up consolidated financial statements of the KOPEX S.A. Capital Group (*Group*).

Entities included in the Consolidated Financial Statement as at 31 March 2015:

<i>Name of subsidiary</i>	<i>Consolidation Method</i>
KOPEX S.A.	Full
KOPEX MACHINERY S.A.	Full
TAGOR S.A.	Full
DOZUT-TAGOR Sp. z o.o.	Full
KOPEX CONSTRUCTION Sp. Z o.o.	Full
HSW ODLEWNIA Sp. z o.o.	Full
KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Full
PBSz INWESTYCJE Sp. z o.o.	Full
HANSEN SICHERHEITSTECHNIK AG (Germany)	Full
HANSEN+ELGÓR S.A. (formerly: KOPEX ELECTRIC SYSTEMS S.A.)	Full
HANSEN & GENWEST (Pty) Ltd (RSA) (formerly: KOPEX AFRICA)	Full
KOPEX HOLDINGS (Pty) Ltd (RSA)	Full
HANSEN CHINA Ltd (China)	Full
KOPEX MIN (Serbia)	Full
KOPEX MIN-LIV (Serbia)	Full
ZZM – MASZYNY GÓRNICZE Sp. z o.o.	Full
KOPEX-EKO Sp. z o.o.	Full
POLAND INVESTMENTS 7 Sp. Z o.o.	Full
KOPEX AUSTRALIA Pty Ltd (Australia)	Full
PT KOPEX MINING CONTRACTORS (Indonesia)	Full
KOPEX SIBIR SP. Z O.O. (Russia)	Full
KOPEX WARATAH PTY LTD (Australia)	Full
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	Full
KOPEX-EX-COAL Sp. Z o.o.	Full
STA-ODLEWNIE Sp. z o.o.	Full
HS LUBAŃ Sp. z o.o.	Full
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE Co. Ltd (China)	Full
<i>Name of associate</i>	<i>Consolidation Method</i>
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	Equity method
WS BAILDONIT Sp. z o.o.	Equity method
TIEFENBACH Sp. z o.o.	Equity method
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Equity method
MIILUX POLAND Sp. z o.o.	Equity method

In September 2014, the Group acquired 100% stake in Air Reliant (Pty) Ltd of South Africa. Company was not consolidated due to materiality. Settlement of the acquisition of this company will be made up to 12 months from the acquisition date, in accordance with IFRS 3.

The core business of the Group and the Issuer covers manufacture and sale of mining and industrial machinery and equipment, rendering mining services, and the purchase and sale of coal.

These abbreviated interim consolidated and separate financial statements have been drawn up on a continuing activities basis. There are no circumstances indicating a threat to their continuation.

Polish zloty [PLN] is the currency of this document and financial figures are presented in thousand Polish zlotys, unless otherwise stated.

These abbreviated interim consolidated and separate financial statements were authorised for issue by the Board on 13 May 2015.

## **2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 PRINCIPLE OF DRAWING UP FINANCIAL STATEMENTS**

Since 01 January 2005 the KOPEX S.A. Capital Group has applied International Financial Reporting Standards (IAS/IFRS), on the basis of Article 55 Par. 6a of the Accounting Act of 20 September 1994 (Dz.U. z 2009. Nr. 152, poz. 1223, z późn.zm.)

These financial statements are abbreviated financial statements drawn up for the interim period. These abbreviated interim consolidated and separate financial statements is in compliance with IAS/IFRS and with IAS34 Interim financial reporting.

These abbreviated interim consolidated and separate financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with consolidated and separate financial statements of the Issuer and the Group drawn up in accordance with IAS/IFRS for fiscal year ended on 31 December 2014.

These abbreviated consolidated and separate financial statements have been drawn up under the original cost rule, except for derivative financial instruments and financial instruments valued at fair value.

These interim consolidated financial statement and abbreviated interim separate financial statements have not been audited by a chartered accountant.

### **2.2 ADOPTED ACCOUNTING PRINCIPLES**

The same accounting principles (policies) and methods of computation have been followed in these interim condensed consolidated and separate financial statements as in the most recent annual financial statements.

## 2.3 DISCONTINUED OPERATIONS

In relation to the decision of the Board Kopex SA to cease operations of electricity trading below there were presented revenue, expenses, results and cash flows of discontinued operations in the reporting period and comparative period.

REVENUES, COSTS, RESULTS AND FLOW WITH DISCONTINUED OPERATIONS DURING THE CAPITAL GROUP	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
Income and expenses from discontinued operations:		
Net revenues from sales of goods and materials	-	991
Value of goods and materials	-	885
<b>Gross profit on sales</b>	<b>-</b>	<b>106</b>
Cost of sales	-	114
Other profit (losses)	-	92
<b>Profit from operating activities</b>	<b>-</b>	<b>84</b>
<b>Gross profit</b>	<b>-</b>	<b>84</b>
Income tax - deferred part	-	16
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>68</b>
<b>Net profit from discontinued operations attributable to shareholders of parent company</b>	<b>-</b>	<b>68</b>
Cash flows from discontinued operations:		
Cash flows from operating activities	-	1 284
<b>Cash flows from discontinued operations, total</b>	<b>-</b>	<b>1 284</b>

REVENUES, COSTS, RESULTS AND FLOW WITH DISCONTINUED OPERATIONS DURING THE PERIOD AT THE ISSUER	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
Income and expenses from discontinued operations:		
Net revenues from sales of goods and materials	-	991
Value of goods and materials	-	885
<b>Gross profit on sales</b>	<b>-</b>	<b>106</b>
Cost of sales	-	114
Other profit (losses)	-	92
<b>Profit from operating activities</b>	<b>-</b>	<b>84</b>
<b>Gross profit</b>	<b>-</b>	<b>84</b>
Income tax - deferred part	-	16
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>68</b>
Cash flows from discontinued operations:		
Cash flows from operating activities	-	1 284
<b>Cash flows from discontinued operations, total</b>	<b>-</b>	<b>1 284</b>

## 2.4 CHANGES IN ESTIMATES

Drawing up abbreviated interim financial statements in accordance with MSR34 requires the use of significant accounting estimates and judgments as to the accounting policies applied by the Company and the Group. During the Q1 2015 there were no significant changes in estimates and estimation methodology in relation to the financial figures presented in the annual financial statement for 2014 that would have an impact on the current period.



### 3. CHANGE IN CONTINGENT LIABILITIES

at the Capital Group

	<u>As at 31 March 2015</u>	<i>Increases (+) decreases (-)</i>	<u>As at 31 December December 2014</u>
<b>Total contingent liabilities, including:</b>	<b>114 661</b>	<b>-1 523</b>	<b>116 184</b>
1. To related parties			-
2. For the remaining units	114 661	-1 523	116 184
- Guarantees and sureties	76 785	-6 062	82 847
- Promissory notes	37 876	4 539	33 337

at the Issuer

	<u>As at 31 March 2015</u>	<i>Increases (+) decreases (-)</i>	<u>As at 31 December December 2014</u>
<b>Total contingent liabilities, including:</b>	<b>137 530</b>	<b>-18 090</b>	<b>155 620</b>
1. To related parties			-
2. For the remaining units	137 530	-18 090	155 620
- Guarantees and sureties *	131 145	-18 090	149 235
- Promissory notes	6 385		6 385

Guarantees granted by Kopex SA issued from Kopex SA limits, related guarantees in the amount of PLN 84 115 thousand of promissory notes received in exchange for surety granted by Kopex SA. Guarantees in the amount of PLN 89 140 thousand concern credit securities, obligations, guarantees, leases, loans. As at 03.31.2015 the value of these contracts still to be settled amounts to PLN 31 645 thousand.

Financial obligations in the Group compared to the balance as at 31.12.2014 did not change significantly.

#### Claims and disputes

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

a) a lawsuit filed by FAZOS S.A. on the payment against the companies KOPEX S.A. and TAGOR S.A. (sub- subsidiary). The value of the claim in the lawsuit was estimated at PLN 51 876 thou. According to the position of the law firm representing KOPEX S.A. and TAGOR S.A., the likelihood that the court accepts FAZOS S.A.'s claims and payment of the amount PLN 51 876 thou is lower than the probability of its dismissal, due to the lack of a contractual basis for the formulation and the lack of an adequate causal relationship. Therefore, KOPEX S.A. under the provisions of IAS 37, recognized that there has not a present obligation arising from past events and has not created reserves.

b) a lawsuit filed by Zakład Maszyn Górniczych „Glinik” Sp. z o.o. as a legal successor of Fazos S.A. on the payment against the companies KOPEX S.A. and TAGOR S.A. (sub- subsidiary). The value of the claim in the lawsuit was estimated at PLN 22 207 thou. On 29 March 2013 Katowice Regional Court delivered a judgment dismissing the claim entirely. Plaintiff company made an appeal against the judgement to the Court of Appeal in Katowice. On February 18, 2014 the appeal hearing was held. The court adjourned sentencing on March 3, 2014. Katowice Court of Appeal issued a judgment in which it dismissed the appeal of the company Fazos SA. S Company Fazos SA brought an appeal to the Supreme Court. On January 13, 2015, the Supreme Court issued a decision by which refused to accept the diagnosis of cassation lodged by Fazos company. The judgment of the Court of Appeal dismissing the Fazos company's claim in its entirety remains in power.

**4. INFORMATION FOR RANSLATION OF SELECTED FINANCIAL FIGURES**

- Items of assets and liabilities were translated into EUR at the average NBP bank exchange rate, as at the balance sheet date:
  - as at 31.03.2015 - 4,0890
  - as at 31.12.2014 - 4,2623
- Items of income statement and cash flow were calculated by the arithmetic average EUR exchange rates applicable at the end of each month in the reporting period
  - Q1 2015 - 4,1489
  - Q1 2014 - 4,1894
- Maximum exchange rates in the following periods
  - Q1 2015 - 4,2081
  - Q1 2014 - 4,2368
- Minimum exchange rates in the following periods:
  - Q1 2015 - 4,0890
  - Q1 2014 - 4,1602

**5. INFORMATION ON CHANGE IN RESERVES**

**at the Capital Group**

	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
<b>Change in provisions for liabilities</b>	<b>4 009</b>	<b>4 102</b>
increase, including:	6 324	6 419
- employee benefits	4 026	5 491
- provision for liabilities	1 088	928
- The purchase of an organized part of the enterprise	1 210	-
reduction, including:	2 020	2 392
- employee benefits	711	1 734
- provision for liabilities	1 309	658
exchange differences	-295	75

Increase in reserves for employee benefits mainly due to establishing reserves for employee bonuses and unused annual leave.

**at the Issuer**

	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
<b>Change in reserves for liabilities</b>	<b>240</b>	<b>-324</b>
a) increases, incl:	288	108
- employee benefits	288	107
- reserve for liabilities	-	1
b) decreases, incl:	48	432
- employee benefits	40	-
- reserve for liabilities	8	432

**6. INFORMATION ON CHANGE IN WRITE DOWNS ON ASSETS AFFECTING FINANCIAL RESULT**

**at the Capital Group**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>increases, incl:</b>	<b>1 807</b>	<b>948</b>
- Receivables	1 363	587
- Inventories	109	336
- Other long-term assets	335	25
<b>decreases, incl:</b>	<b>569</b>	<b>3 417</b>
- Receivables	277	1 234
- Tangible fixed assets, intangible assets, real estate investment	-	798
- Inventories	273	1 385
- Other long-term assets	19	-
<b>exchange rate differences</b>	<b>-33</b>	<b>627</b>

**at the Issuer**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
increase, of the:	<b>464</b>	<b>300</b>
- Receivables	143	300
- Other long-term assets	321	-
reduction, of the:	<b>14</b>	<b>262</b>
- Receivables	14	262

**7. ACQUISITIONS AND DISPOSALS OF TANGIBLE FIXED ASSETTS**

**at the Capital Group**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>Acquisitions<sup>1)</sup></b>	48 939	36 931
<b>Disposals (net sale value)</b>	4 380	906

<sup>1)</sup>This item also includes the tangible assets manufactured in the Group, mainly mining shearers.

**at the Issuer**

	01.01.2015 to 31.03.2015	01.01.2014 to 31.03.2014
<b>Acquisitions</b>	214	1 679
<b>Disposals (net sale value)</b>	1 207	12

**8. TRANSACTIONS WITH RELATED PARTIES AT THE CAPITAL GROUP**

	Revenues from sale of products, goods and materials	Other sale	Finance revenues
<b>01.01.2015 to 31.03.2015</b>			
From associates	673	1 094	15
From other related parties	931	110	1 604
<b>01.01.2014 to 31.03.2014</b>			
from affiliates	588	-	-
from other related parties	24	46	324

	Purchase of goods and services	Purchase of tangible and intangible assets	Finance costs
<b>01.01.2015 to 31.03.2015</b>			
From associates	5 075	-	-
From other related parties	3 005	-	5
<b>01.01.2014 to 31.03.2014</b>			
from affiliates	9 012	-	-
from other related parties	1 945	-	-

<b>Receivables and payables from related parties</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
Trade and other receivables from affiliates (net)	4 434	4 359
Trade and other receivables from other related parties (net)	22 273	23 925
Lease receivables from other related parties (net)	266	258
Liabilities to associated companies	5 721	4 192
Liabilities to other related parties	885	971

<b>Impairment losses on receivables from other related parties</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
Balance at beginning of period	5 323	4 894
impairment allowance	48	429
Release of allowance	161	-
Balance at end of period	5 210	5 323

<b>Accounts receivable and loan commitments</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
Loans receivable from other related parties (net)	149 482	153 854
Loans receivable from affiliates (net)	2 132	2 645
Loan commitments to other related parties	-	-
Loan commitments to	-	-

<b>Impairment losses on loans receivable from other related parties</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
Balance at beginning of period	6 580	6 324
impairment allowance	212	256
Balance at end of period	6 792	6 580

9. TRANSACTIONS WITH RELATED PARTIES AT THE ISSUER

	Revenues from sales of products, goods and materials	Other income (including dividends)	Financial income
<b>01.01.2015 to 31.03.2015</b>			
From subsidiaries	3 109	6	798
From associates	392	1 094	-
From other related entities	286	110	1 099
<b>01.01.2014 to 31.03.2014</b>			
From subsidiaries	5 230	-	3 745
From associates	494	-	-
From other related entities	15	-	241

	Purchases of goods and services	Purchase of tangible and intangible assets	Financial costs
<b>01.01.2015 to 31.03.2015</b>			
From subsidiaries	29 042	5	270
From other related entities	1 934	-	-
<b>01.01.2014 to 31.03.2014</b>			
From subsidiaries	30 926	1	632
From other related entities	387	-	-

Receivables and payables from related parties	31.03.2015	31.12.2014
Trade and other receivables from subsidiaries (net)	17 247	35 870
Trade and other receivables from affiliates (net)	589	605
Trade and other receivables from other related parties (net)	12 136	9 318
Lease receivables from subsidiaries (net)	15 508	16 151
Lease receivables from other related parties (net)	266	258
Liabilities to subsidiaries	43 859	70 072
Liabilities to other related parties	800	505
Lease commitments to subsidiaries	21 170	21 944

Impairment losses on receivables from subsidiaries and associates	31.03.2015	31.12.2014
Balance at beginning of period	2 365	2 365
Balance at end of period	2 365	2 365

Impairment losses on receivables from other related parties	31.03.2015	31.12.2014
Balance at beginning of period	3 401	3 401
Balance at end of period	3 401	3 401

Accounts receivable and loan commitments	31.03.2015	31.12.2014
Loans receivable from subsidiaries	88 565	87 104
Loans receivable from other related parties	125 923	127 702
Loan commitments to subsidiaries	-	2

Impairment losses on lease receivables from other related parties	31.03.2015	31.12.2014
Balance at beginning of period	183	183
Impairment allowance	6	-
Balance at end of period	189	183

## 10. FAIR VALUE

Financial assets and liabilities measured at fair value as at 31 March 2015:

### At the Capital Group :

Classes of financial instruments	The fair value hierarchy		
	level 1	level 2	level 3
Stocks and shares	29		
Derivatives, including:		9 611	
Assets		10 143	
Liabilities		-532	

### At the Issuer

Classes of financial instruments	The fair value hierarchy		
	level 1	level 2	level 3
Stocks and shares	29		
Derivatives, including:		9 494	
Assets		10 021	
Liabilities		-527	

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

The following valuation levels were adopted for financial instruments at fair value included the statement of financial position:

- level 1 - prices quoted from active markets for identical assets or liabilities
- level 2 – input data-in different than quoted prices classified to the level 1, that are observable for assets or liabilities, either directly ( i.e. as prices ) or indirectly ( i.e. based on prices )
- level 3 – input data for valuation of assets and liabilities not based on observable market data.

The fair value of financial instruments classified as level 2 was determined by using appropriate valuation techniques ( made by the banks ) .

The Group is not able to determine reliably the fair value of shares held in companies not listed on active markets , classified as financial assets available for sale . The KOPEX Group values this group of assets at cost less accumulated impairment losses .

The fair value of other financial assets and liabilities approximates their value recognized in the statement of financial position.

## 11. 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.**

### 11.1. 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 **ZZM S.A.**. It resulted in the establishment of the **ZZM - 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 **ZZM- 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 **ZZM S.A.** in the second half of 2007, and the reverse takeover transaction of **ZZM 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 "ZZM-Kopex Group" to the new name "Kopex GROUP" with the simultaneous adoption of the new graphic symbols.

## 12. 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.

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.

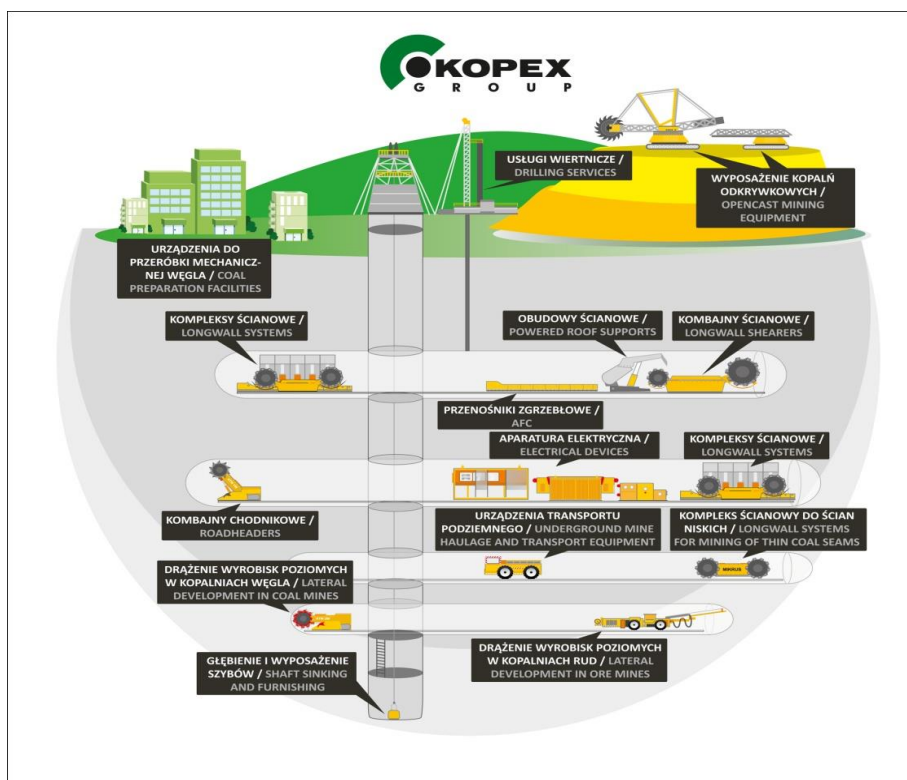
The Kopex Group brings together the leading manufacturers of high quality machinery, equipment and modern technologies for mining.

### 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





## 12.1. 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.

### 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 53 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. (formerly KOPEX ELECTRIC SYSTEMS S.A. until 03.03.2014 )** – 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.

- ⇒ **„HANSEN AND GENWEST” Pty Ltd /RSA/** (untill 10.09.2014 under company name KOPEX AFRICA Pty Ltd) - 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

⇒ **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

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

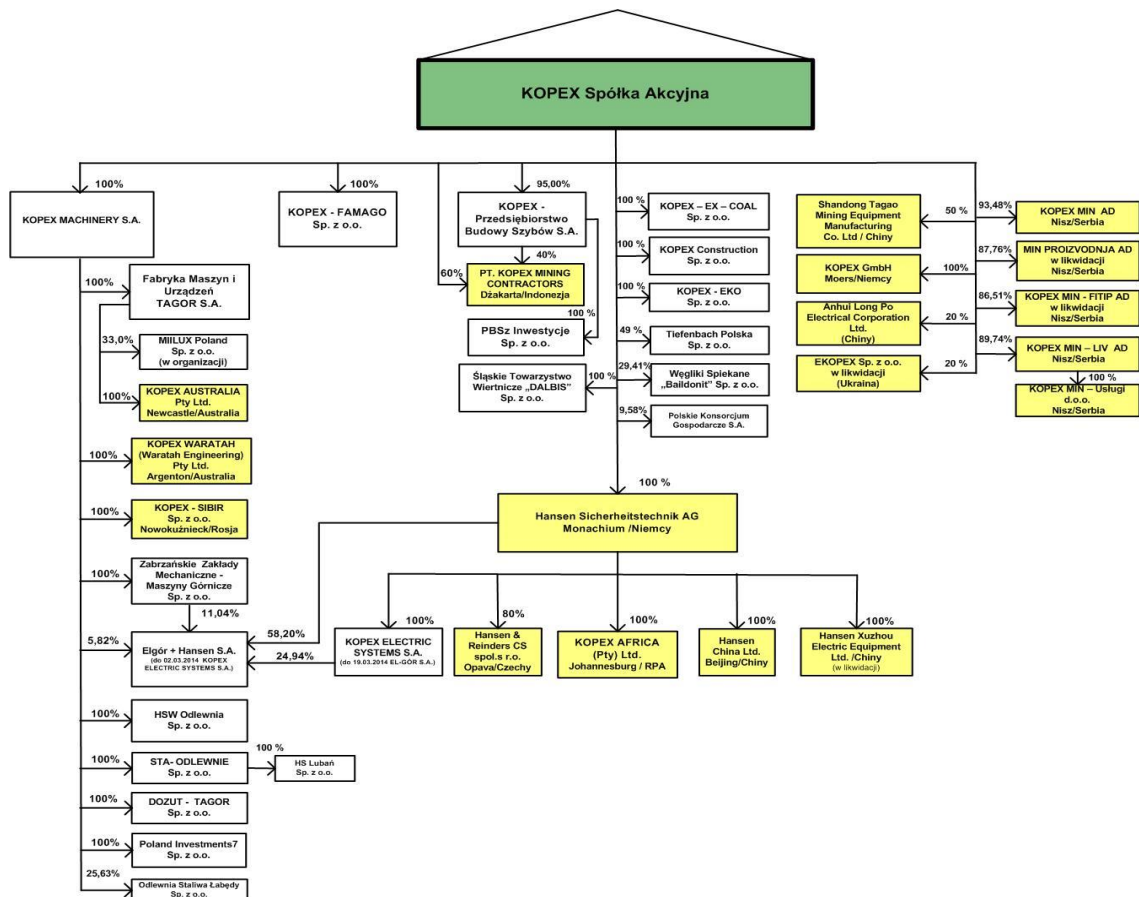
**13.1. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP**

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.**



Notice: companies established abroad are indicated in yellow  
Source: Company as at 31.03.2015

**14. 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:

- a) coal mining - carrying out preparatory work for the construction of the mine in Oświęcim Przepiszów and Polanka Wielka, including obtaining concessions for the extraction of coal projected for the year 2015
- b) 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 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 the Q1 2015 in the reporting period the following significant changes described below occurred in the organizational structure of the Kopex Group companies:*

**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 there was registered a share capital increase of Miilux Poland Sp. z o.o.. The company currently has Miilux On 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.

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.

### 3) **Investment expenditure**

The Group companies in the first quarter of 2015 invested a total amount of PLN 50,883 thousand. The main expenditures were focused on the purchase of an organized part of business and asset replacement for machinery and equipment. The Group for the first quarter 2015 suffered depreciation costs of the resources in the amount of PLN 34,975 thousand. The investments were financed from own funds of the companies and external sources of finance (bank loans, loans).

## 15. 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 QUARTERLY REPORT AND INDICATION OF THE CHANGES IN THE SHAREHOLDING STRUCTURE OF SUBSTANTIAL BLOCKS OF SHARES OF THE ISSUER SINCE THE PREVIOUS QUARTERLY REPORT

### 15.1. 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 QUARTERLY REPORT

The share capital of „KOPEX” S.A. 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 - Gielda 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 quarterly 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:

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.

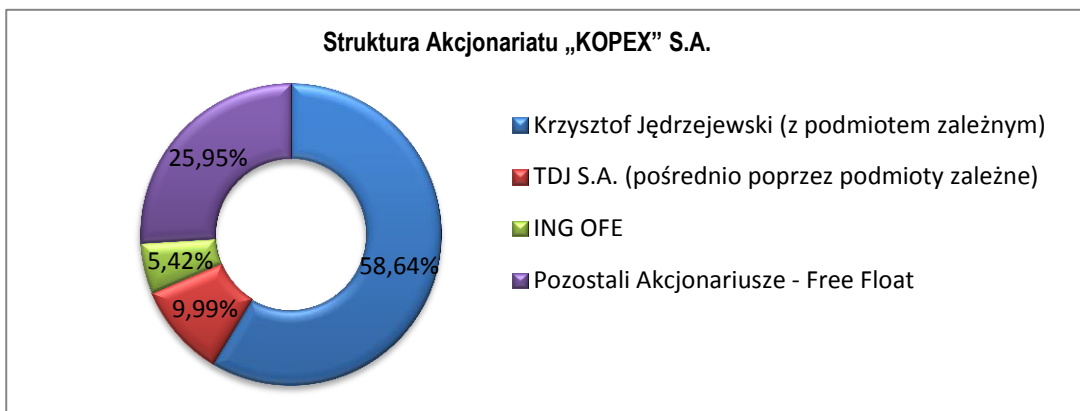
2) The Company TDJ S.A. based in Katowicach jointly held indirectly through its subsidiaries 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 votes at the General Meeting and representing 9,99% of total votes incl.:

- Company ZEH Sp. z o.o. based in Wieszow held directly 4.720.000 shares of „KOPEX” S.A., representing 6,35% in the share capital of the Company and entitling to 4.720.000 votes at the General Meeting and representing 6,35% of total votes;
- Company GALANTINE Sp. z o.o. based in Warszawa held directly 2.713.000 shares of „KOPEX” S.A., representing 3,64% in the share capital of the Company and entitling to 2.713.000 votes at the General Meeting and representing 3,64% 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 Issuer informed about the above mentioned changes in shareholding in the current reports No. 1/2014, 2/2014 and 3/2014 of 3 January 2014 and in the current report No. 5/2014 dated 8 January 2014, about changes in Kopex S.A. shareholding by ING OFE according to the received notifications under Article 160 clause 1 item 1) of the Act on Trading in Financial

3) 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)..



**15.2. INDICATION OF CHANGES IN OWNERSHIP STRUCTURE OF SIGNIFICANT HOLDINGS IN THE PERIOD FROM THE PREVIOUS QUARTERLY REPORT**

In the period since the previous quarterly report i.e. report QSr-4/2014 on 25 February 2015 to the date of this interim report, changes occurred in the ownership of shareholdings which the Issuer announced publicly in the current report No., 2/2015 of 5 January 2015 on change of Kopex SA shares ownership by ING OFE. According to the notification ING Otwarty Fundusz Emerytalny informed the Issuer that as a result of the acquisition of Kopex SA shares in transactions on the Warsaw Stock Exchange, settled on 18 December 2014, the ING Otwarty Fundusz Emerytalny (the "Fund") managed by ING Powszechnie Towarzystwo Emerytalne S.A., increased the number of Kopex SA shares held, exceeding 5% of votes at the General Meeting of Shareholders. Prior to the acquisition, the Fund held 3,041,306 shares of the Company, representing 4.09% of the share capital of the Company, and was entitled to 3,041,306 votes at the General Meeting of Shareholders of the Company, representing 4.09% of the total number of votes. On 29 December 2014, on account of the Fund, there are securities to 4,029,002 shares of the Company, representing **5.42% of the share capital** of the Company. These shares entitle to **4,029,002** votes at the General Meeting of Shareholders of the Company, representing 5.42% of the total number of votes.

**16. 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 QUARTERLY REPORT, INCLUDING THE INDICATION OF CHANGES IN THE SHAREHOLDING SINCE THE ISSUE OF THE PREVIOUS QUARTERLY REPORT**

**16.1. 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 QUARTERLY 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>
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>

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-4/2014 on 25 February 2015

**16.2. 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	43.892.956 <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:

<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 Issuer's shareholding **did not change** in the period since the previous quarterly report QSr-4/2014 on 25 February 2015

17. **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:

##### EMPLOYEES

	31.03.2015	31.12.2014
WHITE COLLAR WORKERS	229	225
BLUE COLLAR WORKERS	37	37
<b>TOTAL</b>	<b>266</b>	<b>262</b>

##### COMMENTARY ON THE FINANCIAL SITUATION

Value of the balance sheet sum at the end of Q1 2015 amounted to PLN 1.849.869 thou and compared to the end of 2014 it increased by PLN 6.047thou, i.e. 0,3%. 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 7,899 thousand, i.e. 2.5% and a decrease in non-current assets of PLN 1.852 thousand, i.e. 0.1%. The commitments and the equity recorded an increase in Group equity of PLN 7.853 thousand and reduce the value of long-term liabilities PLN 8.670 thousand, i.e. 24.1% and an increase in current liabilities of 6.864 thousand PLN, i.e. 2.5%.

##### **SEPARATE INCOME STATEMENT**

In the first quarter 2015 sales revenues of the Issuer reached PLN 121,977 thousand, and were higher than performance in the same period last year by PLN 34 492 thousand, ie. 39.4%.

In the period from January to March 2015, the Issuer had revenues from export sales in the amount of PLN 117,548 thousand, including.:

- Sales of mining machinery and equipment to Argentina, Bosnia and Hercegovina, China, Russia, Romania, Serbia, amounting to PLN 94.174 thou;
- Sales of bulk raw materials (coal) in the amount of PLN 18.502 thou to Austria, Spain, Slovakia and Sweden;
- Mining services in amount of PLN 4.872 thou implemented in France;

In the period January – March 2015, the Issuer earned revenues from sales in Poland amounting to PLN 4.4294 thou, including:

- Sales of mining machinery and equipment amounting to PLN 387 thou;
- other sales in amount of PLN 4,042 thou (lease, rental, accounting, financial services, information services, logistics services, internal control).

Gross profit in the first quarter of 2015 amounted to PLN 9,564 thousand, as compared to the result achieved in the same period last year increased by PLN 751 thousand.

Selling expenses in the first quarter of 2015 amounted to PLN 2.742 thousand - their level is higher by PLN 531 thousand compared to the same period of the previous year.

General and administrative expenses in the first quarter of 2015 amounted to PLN 6.011 thousand - their level is lower by PLN 896 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 Q 2015	I Q 2014
Grants	290	290
Damages, penalties, court costs,	88	279
Reversal of provisions from previous years	-	286
Reversed impairment of the revaluation of assets	-	25
Other	220	17
<b>TOTAL</b>	<b>598</b>	<b>897</b>

- other costs

	I Q 2015	I Q 2014
Write-offs due to revaluation of assets	129	-
Court costs, substitution process, penalties, damages	97	273
Receivables written off	13	171
Other	20	12
<b>TOTAL</b>	<b>259</b>	<b>456</b>

- other profits (loss)

	I Q 2015	I Q 2014
The result on foreign exchange transactions (for which no accounting is performed with collateral)	91	2
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	1.340	-
Foreign exchange differences (except for loans)	-1.740	403
Result from the sale and liquidation of fixed assets	49	4
Revaluation of investments (valuation of loans, long-term settlements, shares)	-220	-573
Other	-	-
<b>TOTAL</b>	<b>-480</b>	<b>-164</b>

In the period January – March 2015 the Issuer has obtained an operating result of PLN 670 thou.

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

- financial income:

	I Q 2015	I Q 2014
Interest	2.132	2.684
Positive balance of foreign exchange differences (re. financial activity)	-	350
Other including:	125	2.709
• commissions for providing limits, guarantees and sureties granted	117	2.557
• release of provisions for financial expenses	8	145
• Other	-	7
<b>TOTAL</b>	<b>2.257</b>	<b>5.743</b>

- financial costs:

	I Q 2015	I Q 2014
Interest	934	1.798
Negative balance of foreign exchange differences (re. financial activity)	230	-
Others, including:	592	702

• write-downs of financial receivables	321	63
• commissions on sureties, guarantees, loans	267	639
• Other	4	-
<b>TOTAL</b>	<b>1.756</b>	<b>2.500</b>

In the period January to March 2015 the Issuer obtained a positive balance on financial activities of PLN 501 thou.

For the period of Q1 2015 the Issuer generated a net profit amounting to **PLN 1.756 thou.**

**Possibility of paying liabilities**

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

	<b>31.03.2015</b>	<b>31.12.2014</b>
• current liquidity	1,38	1,30
• quick liquidity	1,37	1,29
• cash liquidity	0,09	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>31.03.2015</b>	<b>31.12.2014</b>
WHITE COLLAR WORKERS	1.612	1.620
BLUE COLLAR WORKERS	3.215	3.206
<b>TOTAL</b>	<b>4.827</b>	<b>4.826</b>

**OPERATING SEGMENTS**

Considering regulations of IFRS 8, in force since 1 January.2009, activities of the Capital Group have been divided into segments reflecting main activities and mining has been selected as a major segment. The basic criterion for the presentation of operating segments is the result of a breakdown of the management structure and internal reporting structure of the Group.

- The mining segment include:
  - mining services,
  - manufacture and sale of underground mining machinery and equipment,
  - manufacture and sale of open cast mining machinery and equipment,
  - manufacture and sale of electrical and electronic machinery and equipment
  - castings.

Other operating segments:

- manufacture and sale of industrial machinery and equipment,
- sale of coal,
- other activities.

Due to the discontinued operations related to the sale of electricity on 1 October 2013, the Issuer excluded from the presentation of operating segments: sales revenue, gross profit on sales and operating result falling within the above operations.

Companies included in the Capital Group offer underground and surface mining as well as industrial machinery and equipment, complete industrial solutions, mining services, raw materials and electricity, as well as consulting and agency services in domestic and foreign trade.

Besides, they offer construction, workshop, lease, agency, forwarding, transport services, leasing, maintenance and repair services tailor-made, dependent on individual clients' needs.

Reliability and comparability of information over time for various groups of products and services of the Capital Group as well as its organisational structure were taken into account when selecting an operating segment.

It should be noted that not all of these segments meet the quantitative threshold of 10% or more of total external and internal revenue but they were presented considering their significance.

The body responsible for making decisions in the entity evaluates performance of individual operating segments based on the result of gross sales and operating profit, what has been reflected in their presentation. Consolidation adjustments, exemptions are included in revenue and segment result, which objectifies the segment result.

The Group operates in a number of geographical areas and therefore the Company's management found it necessary to supplement revenues presented in different countries, due to the fact that the complexity of territorial activities of the Group. The following tables provide information about operating segments in the consolidated division of industry and geographical location.

**CONSOLIDATED SEGMENT INFORMATION BY OPERATING INDUSTRY**

PLN THOU

			Manufacture and sale of industrial machinery and equipment		Sale of coal		Other activities		Eliminations from consolidation		Consolidated value	
	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014
<b>CONTINUED OPERATIONS</b>												
<b>Total revenues of the segment</b>	290 726	341 410	5 710	5 384	18 502	10 179	24 089	33 919	-11 619	-13 609	327 408	377 283
Segment revenues from external clients	290 726	341 410	5 710	5 384	18 502	10 179	12 470	20 310	-	-	327 408	377 283
Revenue between segments	-	-	-	-	-	-	11 619	13 609	-11 619	-13 609	-	-
<b>Result of the segment- gross result from sale</b>	39 020	69 283	532	977	983	619	5 973	5 075	-	-	<b>46 508</b>	<b>75 954</b>
<b>Operating result of the segment</b>	13 356	34 744	-451	-437	96	88	742	550	-	-	<b>13 743</b>	<b>34 945</b>
Result on financial activities of the whole group											-3 191	-3 243
Share in profit (loss) of the subordinated entities valued with the equity method											252	3 444
<b>Gross profit</b>											<b>10 804</b>	<b>35 146</b>
Income tax											2 977	9 097
Net consolidated profit from continued operations											7 827	26 049
Net consolidated profit from discontinued operations											-	68
<b>Total net consolidated profit</b>											<b>7 827</b>	<b>26 117</b>
Net profit (loss) contributable to non-controlling shareholders											389	228
<b>Net profit contributable to the parent company's shareholders</b>											<b>7 438</b>	<b>25 889</b>
incl:												
- from continued operations											7 438	25 821
- from discontinued operations											-	68

**INFORMATION ON CONSOLIDATED REVENUES BY GEOGRAPHICAL DESTINATIONS**

PLN THOU

	Mining		Manufacture and sale of industrial machinery and equipment		Sale of coal		Other activities		Consolidated value	
	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014
SOUTH AFRICA	7 215	10 151	-	-	-	-	-	-	7 215	10 151
ARGENTINA	29 814	80 198	-	-	-	-	-	-	29 814	80 198
AUSTRALIA	5 253	4 562	-	-	-	-	-	227	5 253	4 789
AUSTRIA	5	20	-	-	10 415	1 272	-	-	10 420	1 292
BOSNIA	1 972	21 521	-	-	-	-	-	52	1 972	21 573
CHINA	20	2 726	-	-	-	-	-	298	20	3 024
CZECH REPUBLIC	3 961	15 631	575	626	-	-	91	19	4 627	16 276
FRANCE	4 872	3 855	305	-	-	-	-	33	5 177	3 888
SPAIN	12	5	-	-	3 804	4 038	-	-	3 816	4 043
GERMANY	1 152	4 710	51	5	-	-	-	707	1 203	5 422
POLAND	182 178	184 360	4 119	4 280	-	353	12 326	16 274	198 623	205 267
RUSSIA	14 355	6 138	-	-	-	-	-	1 729	14 355	7 867
SERBIA	38 507	1 300	574	379	-	-	53	118	39 134	1 797
SLOVAKIA	40	-	-	-	386	1 199	-	-	426	1 199
SWEDEN	-	434	-	-	3 897	3 317	-	-	3 897	3 751
TURKEY	41	3 047	-	-	-	-	-	-	41	3 047
UKRAINE	-	1 520	-	-	-	-	-	-	-	1 520
OTHER	1 329	1 232	86	94	-	-	-	853	1 415	2 179
<b>TOTAL</b>	<b>290 726</b>	<b>341 410</b>	<b>5 710</b>	<b>5 384</b>	<b>18 502</b>	<b>10 179</b>	<b>12 470</b>	<b>20 310</b>	<b>327 408</b>	<b>377 283</b>

Information on the Group's major external clients, from whose income exceeds 10% or more of total revenue of the Group, i.e. amounts to PLN 32.741 thousand or more

For the period from January to March 2015 quantitative criterion defining the main customer has been achieved with four partners. Revenues from the first contractor were realized in the amount of PLN 37 411 thousand. These revenues were realized in the segment of mining. Kopex SA is not formally associated with the above customer. Revenues from the second contractor were realized in the amount of PLN 36 299 thousand. These revenues were realized in the segment of mining. Kopex SA is not formally associated with the above customer. Revenue from third contractor were realized in the amount of PLN 36 112 thousand. These revenues were realized in the segment of mining. Kopex SA is not formally associated with the above customer. Revenues from the fourth partner were realized in the amount of PLN 35 303 thousand. These revenues were realized in the segment of mining. Kopex SA is not formally linked with the above recipient.

Fixed assets (other than financial instruments, deferred tax assets, Post-employment assets and rights arising under insurance contracts) of the Capital Group are in 92,4% located in the country of origin of the Parent Company.

**COMMENTARY ON THE FINANCIAL SITUATION**

Consolidated net revenues from sales of products, goods and materials Capital Group for the first quarter of 2015 amounted to PLN 327 408 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 49 875 thousand, ie. 13.2%..

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 Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014
<b>Przychody segmentu</b>	<b>67 377</b>	<b>85 878</b>	<b>153 129</b>	<b>207 137</b>	<b>35 303</b>	<b>13 114</b>	<b>21 399</b>	<b>30 800</b>	<b>13 518</b>	<b>4 481</b>
Wynik segmentu - wynik brutto ze sprzedaży	12 364	12 950	16 191	47 972	156	-738	6 748	7 083	3 561	2 016
Wynik operacyjny segmentu	8 275	8 167	5 453	27 693	-1 978	-5 063	-192	3 191	1 798	756

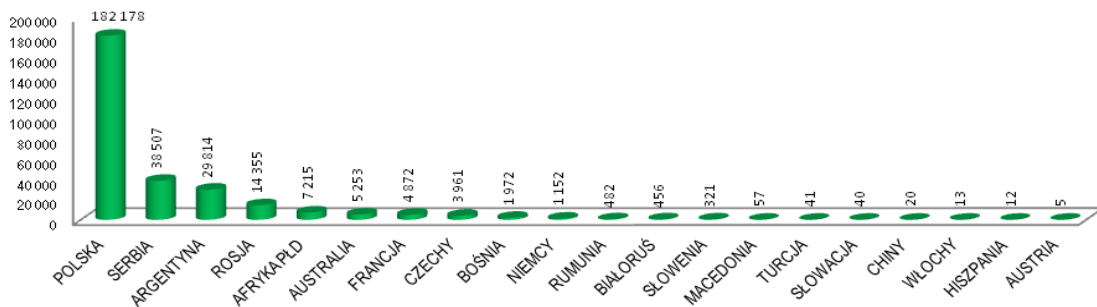
Geographical breakdown of revenues from sales in MINING segment:

PLN THOU

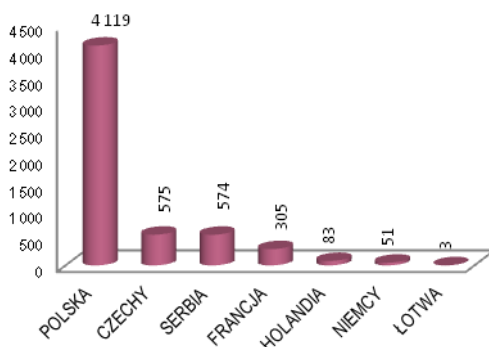
	Mining services		Underground mining machinery and equipment manufacture and sales		Open cast mining machinery and equipment manufacture and sales		Electrical and electronic machinery and equipment manufacture and sales		Castings	
	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014	I Q 2015	I Q 2014
SOUTH AFRICA	-	-	-	-	-	-	7 215	10 151	-	-
ARGENTINA	-	-	29 814	80 198	-	-	-	-	-	-
AUSTRALIA	-	-	5 054	4 562	-	-	199	-	-	-
AUSTRIA	-	-	-	-	-	-	-	-	5	20
BOSNIA	-	-	1 576	21 341	-	-	-	-	396	180
CHINA	-	-	20	2 726	-	-	-	-	-	-
CZECH REPUBLIC	74	-	2 862	13 004	-	-	1 025	2 627	-	-
FRANCE	4 872	3 855	-	-	-	-	-	-	-	-
SPAIN	-	-	-	5	-	-	12	-	-	-
GERMANY	1 135	882	-	-	-	863	17	2 965	-	-
POLAND	61 283	78 154	98 926	77 107	-	12 169	12 434	14 280	9 535	2 650
RUSSIA	-	-	14 355	5 795	-	-	-	343	-	-
SERBIA	-	-	-	-	35 303	82	-	-	3 204	1 218
SLOVAKIA	-	-	40	-	-	-	-	-	-	-
SWEDEN	-	-	-	-	-	-	-	434	-	-
TURKEY	-	2 821	-	226	-	-	41	-	-	-
UKRAINE	-	-	-	1 520	-	-	-	-	-	-
OTHER	13	166	482	653	-	-	456	-	378	413
<b>TOTAL</b>	<b>67 377</b>	<b>85 878</b>	<b>153 129</b>	<b>207 137</b>	<b>35 303</b>	<b>13 114</b>	<b>21 399</b>	<b>30 800</b>	<b>13 518</b>	<b>4 481</b>

Geographical breakdown of revenues from sales in specific segments in the period Q1 2015 are shown in the diagrams below [in PLN thou]:

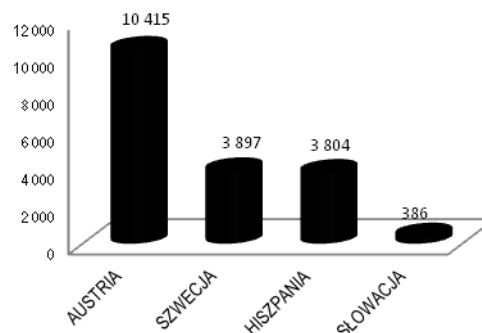
**Mining**  
Share in total sales 88,8%



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

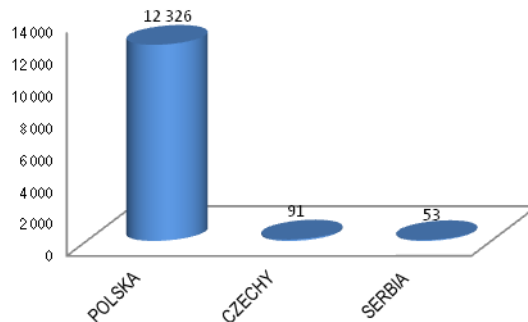


**Sale of coal**  
share in total sale amounted to 5,7%





**Other sale**  
share in total sale amounted to 3,8%



Consolidated gross profit in the first quarter of 2015 amounted to 46.508 thousand PLN, compared to the result obtained in the same period last year decreased by PLN 29 446 thousand, ie. by 38.8%.

Selling expenses in the first quarter of 2015 amounted to PLN 9321 thousand - their level is by PLN 1284 thousand lower compared to the same period of the previous year.

General and administrative expenses in the first quarter of 2015 amounted to PLN 24,010 thousand - their level is by PLN 10,872 thousand lower compared to the same period of the previous year.

Other revenues and expenses incurred in the period Q1 2015 are shown in the table below [in PLN thou]:

- Other revenues:

	I Q 2015	I Q 2014
Damages, penalties and legal costs	1.464	549
Grants	400	315
Reversal of provisions from previous years	14	256
Cancelled commitment	14	2
Termination of impairment of assets	-	2.105
Other	1.532	306
<b>TOTAL</b>	<b>3.424</b>	<b>3.533</b>

- Other costs:

	I Q 2015	I Q 2014
Cost of maintaining social facilities	286	302
The write-offs due to revaluation of assets	196	-
Penalties, legal costs, compensation	177	921
Compensatory pensions	24	17
Receivables written off	13	173
Inventory shortages	10	-
Scrapping current assets	5	488
Other	507	428
<b>TOTAL</b>	<b>1.218</b>	<b>2.329</b>

- Other profits (losses)

	I Q 2015	I Q 2014
Result on foreign exchange transactions (for which no hedge accounting is carried out)	91	286
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	1.393	-315
Foreign exchange differences (except for loans)	-2.795	1.769
Result from the sale and liquidation of fixed assets	216	549
Result from the sale of financial assets (stocks, bonds)	-14	1.564
Revaluation of investments (valuation of loans, long-term settlements, shares)	-210	-583
Other	-321	4
<b>TOTAL</b>	<b>-1.640</b>	<b>3.274</b>

In the first quarter of 2015 the Group achieved operating profit in the amount of 13 743 thousand PLN, compared to the result obtained in the same period last year deteriorated by 21 202 thousand PLN.

Financial revenues and expenses during the reporting period are shown in the table below [PLN thou]:

- Financial income:

	I Q 2015	I Q 2014
Interest	2.438	2.757
Other, including:	203	239
• commissions on quarantees and warranties	124	-
• release of provisions for financial expenses	8	148
• Other	71	91
<b>TOTAL</b>	<b>2.641</b>	<b>2.996</b>

- Financial expenses:

	I Q 2015	I Q 2014
Interest	3.950	5.697
Other, including:	1.882	542
• commissions on sureties, quarantees and credit	598	308
• impairment losses on receivables	689	21
• Other	595	213
<b>TOTAL</b>	<b>5.832</b>	<b>6.239</b>

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

	31.03.2015	31.12.2014
• current liquidity index	1,58	1,63
• quick liquidity index	1,24	1,29
• cash liquidity index	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-March 2015 amounted to 10.804 thousand PLN. For the first quarter 2015 the Group generated a net profit attributable to shareholders of the parent company in the amount of 7,438 thousand PLN.

## FINANCIAL SITUATION

The value of consolidated total assets at the end of the first quarter 2015 amounted to PLN 3,588,841 thousand, and compared to the end of 2014 increased by PLN 67 322 thousand, ie. 1.9%. The main factor causing the increase of total assets was an increase in the value of assets by PLN 53,846 thousand, ie. 4.7%. (increase in inventories by 9.7%, the increase in short-term receivables from supplies and services by 9.1%, increase in other short-term receivables 6.1% increase in other financial assets of 638.7% and a decrease in assets under agreements construction services by 3.7%, decrease in short-term loans by 10.6%, decrease in short-term lease receivables 12.2%). The liabilities and shareholders' equity recorded an increase in Group equity of PLN 15 979 thousand, ie. 0.6% and a decrease in the value of long-term liabilities PLN 7,718 thousand, ie. by 8.3% (decrease in long term loans 41.8 %; reduction of long-term lease liabilities 7.0%) and an increase in short-term liabilities 59 061 thousand PLN, ie. by 7.3% (growth in loans and short-term loans by 8.4% and an increase in short-term liabilities from supplies and services by 35 , 7%, increase in short-term provisions for employee benefits by 23.1% and a decrease in other short-term liabilities by 23.8%).

### 18. 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 – Sierszowice 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 Bydowy 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 thwo longwall shearers KSW460-NE. First of them, together with electrical equipment and roof support is meant for the mine Bierzowska (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 Połosuchńska. All contracts will be realized in the second half of 2015. Subject of the largest contracts will be delivered to the mine Bierzowska 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>

**19. 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> <li>• Further decline in NBP reference rate.</li> </ul>	<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>• 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 03.31.2015, 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 31.03.2015 the Company had open hedging foreign currency items in the following amounts:

- USD 2.584 thou
- EUR 52.846 thou

The fair value of the above-mentioned transactions concluded on the day 31.03.2015 were estimated at total amount: PLN 9,382 thousand, of which -112 thousand PLN were realized hedging transactions held in equity until the planned hedged transaction and PLN 9,494 thousand were unrealized transactions by valuation models used by the banks in which the transactions were carried out.

The fair value of PLN 9.382 thou consist of:

- the amount of PLN 7.266 thou (of which -112 thousand PLN were realized, and PLN 7.378 thousand transactions were unrealized) was recognized as an update of the equity,
- the amount of PLN 2.116 thousand in the profit and loss (of which PLN 452 thousand relates to transactions for which hedge accounting is conducted).

As at 03.31.2015 the Company's valuation of hedging transactions was made by the banks based on the spot rate: USD: 3.8125; EUR: 4,089

#### **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 54.448 thou

The fair value of the above mentioned transactions concluded on the day 03.31.2015 was estimated at total amount: PLN 9.499 thousand, of which PLN -112 thousand were realized hedging transactions held in equity until the planned transaction hedged, and PLN 9,611 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 9.499 thousand consists of:

- amount of PLN 7,266 thousand was recognized as an update on equity ( PLN -112 thousand of which were realized and PLN 7378 thousand were unrealized transactions)
- amount of PLN 2,233 thousand in the profit and loss account, of which PLN 447 thousand relates to transactions for which hedge accounting is conducted).

As at 31.03.2015 there was a positive valuation of the Company's hedging transactions made by the banks based on the following spot rates: USD: 3,8125; EUR: 4,089.

#### **20. SEASONAL INFORMATION**

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

#### **21. 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.

#### **22. 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 the Supervisory Board of Kopex SA at its meeting on 4 May 2015 made the evaluation of the proposal of the Board as to the allocate net income for the fiscal year 2014 and passed a resolution "on the evaluation of the proposal of the Board regarding the proposed distribution of net profit for financial year 2014 and the proposal of the Supervisory Board to the General Assembly". In a resolution adopted by the Supervisory Board, unlike the proposals of the Board, the entire net profit for the fiscal year 2014 will be allocated to

supplementary capital, while the Board has decided to present to the Ordinary General Meeting of Shareholders of "Kopex" SA a proposal that the net profit for the fiscal year 2014 in the amount of PLN 98,383,385.42 would be divided into the following:

- a) a cash dividend to shareholders of the Company in the amount of PLN 29,622,415.20, ie. PLN 0.40 per share, representing 30.11% of the total net profit
- b) the remaining amount of net profit in the amount of PLN 68,760,970.22, which represents 69.89% of the total net profit for reserve capital.

The Supervisory Board further proposes to the General Meeting that as the date of right to dividend - (D) specify the date of 11 June 2015, and the dividend payment date (W) fixed at 2 July 2015. In support of its request, the Supervisory Board concluded that it recommended to the General Meeting the distribution of profit is a compromise approach in relation to the proposal of the Management Board and meets the expectations and demands reported by minority shareholders, regarding the dividend payment to Shareholders of the Company

**23. 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.

**24. 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.

**25. 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.

**26. 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.

**27. 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 31.03.2015, which was secured by a surety amounts to 141 135 thousand PLN. 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.



**28. 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, particularly in Russia and China.
- 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
- Conducting further intensive research and development efforts for greater modularization of machines and equipment for mining. The Kopex Group is actively working on new types of machinery and equipment, which would meet previously unmet needs of customers both domestic and abroad. In order to increase sales volume group promotes and encourages customers to purchase complete longwall systems. Technological possibilities of Kopex Machinery in conjunction with the potential of companies TAGOR and Elgór + Hansen (formerly Kopex Electric Systems) allow to offer a complete longwall mining equipment also allowing an opportunity to improve profitability at such a sale. The works on a system for automated exploitation of thin and extremely thin seams named MIKRUS moved from test phase to the operational/excavation phase. Taking into consideration the fact that over 30% of carbon is in arrears in the corrugated board, inclined and overgrown with hard rock, where the efficiency of very expensive plow system is very low. MIKRUS in these circumstances, is surely a promising alternative, not only in the domestic market.
- 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 will reduce the number of entities in the Group to 22 in 2016, 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 Taian), expansion of Company Kopex Sibir in Russia, and developing aftermarket facilities in the region of Vorkuta. Furthermore Kopex together with Shandong Machinery Group creates a research and development center in Beijing. Centre facilities will constitute technological solutions for products intended for the Chinese market.
- In the Polish market, the primary form of distribution of longwall shearers is a lease of such equipment, where Kopex Machinery and ZZM - Maszynny Gómicze has more than 40% of share.
- 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.
- Further enhancement of product offerings of Kopex Africa - specializing in the production of power distribution stations in explosion-proof and fire-proof housing. High quality products means that the Company's key customers are the world's largest mining companies such as Sasol Mining, BHP Biliton, Glencore Xtrata



**SIGNATURES**

Member of the Board

Piotr Broncel

Member of the Board

Andrzej Meder

Member of the Board

Joanna Węgrzyn

President of the Board

Józef Wolski

The person responsible  
for bookkeeping:

Director of Accounting and Taxation  
Alina Mazurczyk

Katowice, 13.05.2015