(Translation from the Polish language)

SUPPLEMENTARY INFORMATION TO THE ABBREVIATED ITNERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD 01 January 2011 to 31 December 2011

1. DESCRIPTION OF MORE IMPORTANT ACCOUNTING PRINCIPLES

Since 01 January 2005 the KOPEX S.A. has drawn up financial statements and consolidated financial statements in accordance with IFRS /IAS principles, basing on Art. 45 and Art. 55 of the Accounting Act dated 29 September 1994 (Dz.U. No. 121, poz. 591 as amended) .

The presented financial statement is an abbreviated interim statement. The abbreviated interim consolidated and separate financial statements comply with IAS / IFRS and with IAS 34 "Interim Financial Reporting".
The same accounting principles and calculation methods have been followed in the interim mid-year financial statement as in the latest annual financial statement, with the exception of the recognition of financial statements of Tagao Shandong Mining Equipment Manufacturing Co. Ltd., based in China, with the full consolidation method on the equity method. The change has also included comparative data presented in this paper.

This abbreviated consolidated and separate interim financial statements have not been subject to audit by the chartered accountant.

KOPEX Group's entities being subject to consolidation:

Entity	Consolidation method
KOPEX S.A.	Full
ZZM S.A.	Full
TAGOR S.A.	Full
DOZUT-TAGOR Sp. z o.o.	Full
BREMASZ Sp. z o.o.	Full
GRUPA ZARZĄDZAJĄCA HBS Sp. z o.o.	Full
KOPEX GmbH (Germany)	Full
KOPEX-ENGINEERING Sp. z o.o.	Full
KOPEX-FAMAGO Sp. z o.o.	Full
KOPEX CONSTRUCTION Sp. z o.o.	Full
HSW ODLEWNIA Sp. z o.o.	Full
WAMAG S.A.	Full
KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Full
PBSz INWESTYCJE Sp. z o.o.	Full
Grupa HANSEN (Germany)	Full
KOPEX MIN-MONT (Serbia)	Full
KOPEX MIN-OPREMA (Serbia)	Full
KOPEX MIN-LIV (Serbia)	Full
ZZM – MASZYNY GÓRNICZE Sp. z o.o.	Full
ZEG S.A.	Full
KOPEX-EKO Sp. z o.o.	Full
POLAND INVESTMENTS 7 Sp. z o.o.	Full
KOPEX TECHNOLOGY Sp. z o.o.	Full
KOPEX AUSTRALIA Pty Ltd (Australia)	Full
PT KOPEX MINING CONTRACTORS (Indonesia)	Full
RYBNICKA FABRYKA MASZYN RYFAMA S.A.	Full
KOPEX SIBIR SP. Z O.O. (Russia)	Full
KOPEX WARATAH PTY LTD (Australia)	Full
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS	Full
KOPEX-EX COAL Sp. z o.o.(formerly: Grupa ZZM-KOPEX Sp. z o.o.)	Full
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	Equity
.NEPEAN LONGWALL (formerly: INBYE MINING SERVICES) (Australia)	Equity
WS BAILDONIT Sp. z o.o.	Equity
TIEFENBACH Sp. z o.o.	Equity
ODLEWNIA STALIWA ŁABĘDY Sp. z o.o.	Equity
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Equity

The consolidation has excluded EKOPEX, an associated company, based in Ukraine, due to the fact that the company has not started business.

The following assets and liabilities valuation principles as well principles of determining the financial result have been adopted in the Group:

• Consolidation methods

Pursuant to IFRS /IAS principles, KOPEX S.A. is a controlling entity and it consolidates, i.e. it combines a financial statement of KOPEX S.A. with the financial statements of its subsidiaries by summing the relevant items of financial statements, including the necessary exclusions and adjustments.
The consolidated financial statement is a financial statement of the KOPEX S.A. Capital Group, drawn up in such a manner as if it were a financial statement of a single entity.

To draw up a consolidated financial statement, KOPEX S.A. takes up the following actions:

– exclusion of the balance sheet value of its investments in each of the subsidiaries and exclusion of those parts of subsidiaries equities that correspond to KOPEX S.A.'s interest held, on the day of taking over control
– identification of non-controlling interests in net profit or in loss of consolidated subsidiaries for the reporting period as well as defining and presenting the non-controlling interests in net assets of the consolidated subsidiaries, separately from the equity .
– Non-controlling interests in net assets include:
  - value of non-controlling interests of the original call date and
  - changes in equity attributable to non-controlling interests from the call date.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity of KOPEX S.A. Interests in profit or in loss of the capital group are also presented separately.
Balances between the entities of KOPEX S.A. Capital Group, transactions, revenues and expenses are eliminated in full.
Most of the subsidiaries apply the same accounting principles (accounting policy) that are applied at KOPEX S.A. When an entity of the capital group applies accounting policies different from those ones adopted in the consolidated financial statement, the financial statement of that entity is adjusted accordingly during drawing up the consolidated financial statement.

Separate items of the consolidated financial statement of KOPEX S.A. show the interests in the affiliated entities (being influenced by KOPEX S.A. significantly and whose major investor is KOPEX S.A.). Those interests are valuated using the equity method.
The equity method is a method of accounting, whereby the investment is initially recognised at acquisition cost, and then, after the acquisition date , its value is adjusted accordingly by change of interests of KOPEX S.A. in net assets of the company. Participation of KOPEX S.A. in profit or loss of the company in which investment has been made is shown in the profit or loss account of KOPEX S.A. Payments received from the profit generated by the company in which investment has been made, reduce the balance sheet value of the investment. Adjustment of the balance sheet value may also be necessary because of changes in the interest proportion of KOPEX S.A. in that company, resulting from changes in equity of the company, that has not been included in the income statement. Those changes may also result from the revaluation of tangible fixed assets and exchange rate differences from conversion. Participation of KOPEX S.A. in those changes is shown directly in its equity.

In the case where KOPEX S.A. ceases to have significant impact on a specific affiliated company, it starts showing the specific investment in accordance with IAS 39, from that date, provided that the affiliated entity has not become a subsidiary or a joint venture. The investment balance sheet value on the date on which it ceases to be an affiliated entity, is regarded as the price of its acquisition, at the time of its initial valuation as an element of financial assets, pursuant to IAS 39.

• Intangible assets

An element of intangible assets is shown at the purchase price or production cost less amortisation
and the total amount of impairment losses. Intangible assets impairment should be evenly distributed over its most correctly estimated lifetime. Depreciation should commence when the element of assets is ready for use. The applied method reflects the way of consuming economic benefits from the element of assets.

Intangible assets, excluding goodwill, are depreciated on a straight-line basis, as follows:
- licenses for the use of computer programs 10 to 30 per cent
- computer programs 20 per cent
- other intangible assets - in accordance with the duration of the contract or with the estimated lifetime.
Intangible assets with a low purchase price per unit (initial value less than PLN 3.5 thousand) are impaired in the costs once. Other intangible assets are depreciated on a straight-line basis over its most correctly estimated lifetime.
Period and method of intangible assets depreciation with a significant initial value are verified at least at the end of each financial year.
Depreciation of intangible assets is included in the following items in the income statement: manufacture cost of the products sold, selling costs, overheads.

Disclosure of information on intangible assets is divided into homogeneous groups of intangible assets, underlying the intangible assets created by the entity on its own.
The following items are not recognised as an element of intangible assets:
- the goodwill established by the entity on its own,
- brands, magazine titles, publishing titles, lists of customers and items of a similar substance produced by the entity on its own
- start-up expenses, training, advertising and promotional activities, and expenses on reorganisation of a part or of the whole entity.

• Goodwill

Goodwill represents the excess of the a) value over the b) value, where:

a) value is the sum of the following amounts:

- the payment transferred, valuated in accordance with IFRS 3, that generally requires the fair value method. It is a transfer payment it means payment, excluding any costs associated with the direct acquisition,
- the amount of any non-controlling shares in the acquiree, which are valuated at fair value or at the value of the proportional share of non-controlling shares in the identifiable net assets of the acquiree,
- in the case of a merger of entities, accomplished in stages, the fair value at the acquisition date of the share capital of the acquiree, previously held by the acquirer,

b) the net acquisition date values of the identifiable assets and liabilities acquired valuated in accordance with IFRS 3.

In the case of a negative value, review of valuation of the fair values of the individual components of net assets acquired is made once more. If the result of the review is still a negative value, it is recognised in the profit and loss account.
Goodwill on acquisition of KOPEX S.A. subsidiaries is recognised in the fixed assets valuation.
The subsequent valuation of goodwill consists of its testing for impairment and showing in the balance sheet at cost less accumulated impairment loss of the value which is recognised in the profit and loss account.

To accomplish the goodwill impairment test, the goodwill is allocated to specific cash-generating units, which are expected to have benefit from the synergy resulted from the merger.

Each unit or group of units to which goodwill has been allocated, should:
- correspond to the lowest level at which goodwill is monitored for internal management purposes,
- be not larger than one business segment with a defined of basic or supplementary financial reporting format.

Cash-generating unit of the specific assets- element is the smallest definable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If it is not possible to determine the recoverable amount of an individual asset, the Company should determine what is the smallest set of assets that generate significant cash inflows.

Subordination of the cash-generating units the specific assets or a group of assets belong to, should be done in a consistent manner from period to period, unless a change is justified, but then the Company provides the necessary information about this unit. Units generating cash flow, where the goodwill is allocated, are tested for impairment once a year or more often if one can reliably assume that the loss of value occurred. If the recoverable value of the cash-generating unit is less than its balance sheet value, impairment loss is allocated in the first turn, to reduce the balance sheet value of goodwill allocated to that unit, and then to other assets of the unit, proportionately to the balance sheet value of each asset of the unit.

An impairment loss recognised for goodwill is not reversed in the subsequent period. At the time of disposal of a subsidiary, portion of the goodwill attributable to it, is included in the calculation of profit / loss on disposal (loss of control).Goodwill resulting from the acquisition of a foreign entity is expressed in the functional currency of the foreign operation and converted at the NBP average exchange rate at the reporting date. The resulting exchange differences are recognised in equity in the position - exchange rate differences. Goodwill of the associated company is recognised in the balance sheet value of the investment. The entire balance sheet value of the investment, not the goodwill, is subject to the study on impairment. Any surplus share of net fair value of identifiable assets, liabilities and contingent liabilities over the cost of the acquisition after the revaluation is recognised immediately in the income statement.

• Costs of research and development

Expenditures on research are recognised in the income statement when incurred.
Expenditures incurred on development projects are included when the activation criteria are met. After initial recognition, development costs are reduced by accumulated depreciation and goodwill impairment write- offs.
Depreciation write-offs are made by the linear method in the period of expected revenue from sales related to the specific project, but not exceeding 5 years.

• Fixed Assets

The initial value of fixed assets is determined as a purchase price, and in case of fixed asset creation on its own, in the amount of technical cost of creation.
External financing costs arose as a result and during the period of accomplishment of the project, increase the acquisition price or production cost. The initial value of fixed assets is increased by expenditures on their improvement, if it is expected that they will be used longer than during one period, and if it is probable to get economic benefits related to a specific assets component. If the exit value of fixed assets component is increased to the value higher or equal to its balance sheet value, then it is ceased to depreciate this fixed assets component until its residual value falls below the balance sheet value. Value of the fixed assets is subject to depreciation, having regard to the planned period of their operation and recovery in case of liquidation.
Fixed assets of the initial value below PLN 3,500 are depreciated once at the time of adoption for use for the purposes of balance and tax sheets.
Fixed assets are amortised by the straight line method from the month following the month of adoption for use, during the corresponding period of their estimated economic utility. The exit value and fixed asset life are subjects to annual reviews and are updated in the subsequent periods by the depreciation rate.

For tax purposes, depreciation rates are adopted under the Act on Corporate Income Tax dated 15 February 1992, specifying the amount of depreciation that is the cost of earnings income.

Depreciation rates used for fixed assets are as follows:
- buildings and structures 2.5 per cent to 4.5 per cent,
- technical equipment and machinery 10 per cent to 38.72 per cent
- means of transport 20 per cent to 33.06 per cent
- other 14 per cent to 40 per cent
- the right of perpetual usufruct of land, purchased for possession:
  acquisition value of up to PLN 500 thou 20 per cent,
  acquisition value of more than PLN 500 thou - duration of the contract.

The right of perpetual usufruct of land obtained free of charge from the State Treasury is recorded off-balance sheet.
Own land is not subject to depreciation.

• Fixed assets available for sale

Fixed assets, whose sale is highly probable, for which there is an active programme to find a buyer, and it is expected to complete a selling plan in one year, are classified as fixed assets available for sale and their depreciation is ceased.

• Investment real- estates

Investment real estates - held in order to achieve income from the lease and / or to achieve increase of their value, are valuated at the balance sheet day at acquisition cost less depreciation write- offs. Period and the method of depreciation of investment properties with a significant initial are verified at least at the end of each financial year in terms of their expected useful economic lives.

Investment real estates are depreciated by the straight-line method, starting from the month following the month of service, in the period corresponding to the estimated period of their useful economic lives.

Depreciation rates used for investment properties are as follows:
- buildings and structures 2.5 per cent to 4.5 per cent
- the right of perpetual usufruct of land, purchased for possession:
acquisition value of up to PLN 500 thou 20 per cent,
acquisition value of more than PLN 500 thou - duration of the contract.
Own land is not subject to depreciation.

• Fixed assets under construction

At the balance sheet day, assets under construction are valuated at the amount of all expenses incurred in direct connection with their acquisition or creation, less goodwill impairment write- offs.

• Long-term receivables

Long-term receivables are receivables from other titles than charges for supplies and services whose payment falls in a period longer than one year from the balance sheet date. Long-term loans and receivables are valuated by the Company at depreciated costs, using the effective interest rate method. At the balance sheet date, long-term receivables in foreign currencies are valuated at the average NBP exchange rate on that day. The arising negative exchange rate differences are recognised in financial expenses and the positive exchange rate differences are fully recognised in financial income.

• Financial Instruments

Financial instruments have been classified to the following categories:

- Financial assets at fair value through profit or loss
- Investments held to maturity
-Loans and financial receivables
-Financial assets available for sale
- Financial liabilities at fair value through profit or loss
-Other financial liabilities
-Derivatives for which hedge accounting is applied

- Financial assets at fair value through profit or loss

include assets acquired for rapid resale in a short term, and other financial assets that are part of a portfolio of similar assets for which there is a high probability of the assumed short-term economic benefits, and those financial assets that upon initial recognition are designated as valuated at fair value through profit or loss, if it leads to obtaining more useful information.
Upon initial recognition they are valuated at fair value without increasing transaction costs that are directly attributable to the acquisition or issue of such instruments. After initial recognition, they are valuated at fair value and recognised in financial income or expenses in the item "Revaluation of investment value".

The following financial assets , in particular, are included by the company to this category of assets:
- derivatives for which no hedge accounting is kept - in the statement of financial position they are presented in current assets, "Derivative Financial Instruments". Valuation of such instruments

- shares in companies that are not subsidiaries or affiliates and are destined to be resold quickly, in the statement of financial position are shown in current assets: "Financial assets at fair value through profit or loss". Results of valuation of such financial assets are recognised in financial income or expenses in the item "Revaluation of investments", while their sale is recognised in the financial income in the item "Income from sales of investments" and in the financial costs in the item: "Investments sale value."

- Investments held to maturity

include financial assets that are not derivatives, but are determined or determinable by payments and by fixed maturity, provided that the entity is not only going to keep them to maturity, but is able to accomplish this plan, other investments than those ones designated by entity upon initial recognition as at fair value through profit or loss, designated as available for sale or meeting the definition of loans and receivables.
Upon initial recognition they are valuated at fair value plus transaction costs that can be directly attributable to the acquisition or issue of a specific asset.

After initial recognition, investments held to maturity are valuated at depreciated cost using the effective interest method. Valuation result is also recognized in financial income or expenses in the item "Revaluation of investments". These assets are presented by the company in the statement of financial position as a separate item in the distribution of long-term and short-term assets.

- Loans and financial receivables

include financial assets that are not derivatives, with determined or determinable payments that are not quoted in an active market. Upon initial recognition, loans and receivables are valuated at fair value and then at depreciated costs using the effective interest method, excluding receivables with maturities under 12 months of reporting, that are recognised in the due payment value. Valuation result is also recognized in financial income or expenses in the item "Revaluation of investments".

The following items are included by the company to this category of loans and receivables:

- receivables for goods and services - presented as current assets in a separate item of the statement of financial position
- other financial receivables, in particular : employee receivables, receivables from sales of financial assets, receivables from dividends, receivables from sale of fixed assets - presented in the statement of financial position in the item "Long-term other receivables" (with maturity over 12 months) and in the item "Short-term other receivables" (with maturity of 12 months from the date of reporting).
- loans granted - presented in the statement of financial position as a separate item, divided into long-term receivables (maturity over 12 months after reporting date) and short-term receivables (maturity less than 12 months after reporting date).

-Financial assets available for sale

include financial assets that are not derivatives and that were previously designated as available for sale or financial assets that are not: loans and receivables, investments held to maturity or financial assets at fair value through profit or loss. Upon initial recognition of financial assets available for sale they are valuated at fair value plus transaction costs that can be directly attributable to the acquisition or issue of an asset component. After initial recognition they are valuated at fair value, and the consequences of this valuation are recognised in other comprehensive income, increasing or decreasing the revaluation reserve. Write-offs for impairment losses and exchange rate differences are recognised in the income statement.

When the asset component is derecognised from the statement of financial position, cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. For financial assets available for sale that have no fixed maturity date and it is not possible to determine their fair value, the valuation is made at purchase cost.
In particular shares in entities that are not subsidiaries or affiliates, purchased without the intention to resell them quickly and being recognised in the statement of financial position as a separate item, in the distribution of long-term and short-term , are included in the financial assets available for sale by the entity.

- Financial liabilities at fair value through profit or loss

include liabilities raised for quick resale in a short term, as part of a portfolio of similar financial instruments for which there is a high likelihood of achieving them in a short period under unfavourable conditions, and those ones that after initial recognition are designated as valuated at fair value through profit or loss, if this leads to gaining more relevant information. Upon initial recognition they are valuated at fair value without increasing by transaction costs that are directly attributable to the acquisition or issue of such instruments. After initial recognition, they are valuated at fair value and recognised in financial income or expenses in the item "Revaluation of investments".

Derivatives for which no hedge bookkeeping is maintained, are in particular included by the company in the statement of financial position and recognised in current liabilities in the item: "Derivative Financial Instruments". Implementation of the derivative is recognised in income or in financial costs. For forward contracts on sale / purchase of currency, the implementation is referred to in the item "Exchange rate differences" under the income or financial costs.

- Other financial liabilities

Other financial liabilities than liabilities at fair value through profit or loss are qualified to this category by the entity. Upon initial recognition they are recognised at fair value, and then at depreciated cost using the effective interest rate, except for short-term financial liabilities that are recognised at the amount due.

The following items are included by the company to other financial liabilities:
- credits and loans received - recognised in the liabilities of financial statements in the item "Long-term credits and long-term loans "(in the part with a maturity exceeding 12 months from the date of reporting) and in the item "Short-term credits and loans "(in the part with a repayment term of 12 months from the date of reporting)
- liabilities for goods and services recognised in the liabilities of financial statements in a separate item as current liabilities,
- other financial liabilities, in particular the following ones: employee liabilities, liabilities from purchase of fixed assets- recognised in the statement of financial position in the item "Long-term other liabilities " (with maturity over 12 months) and in the item "Short-term other liabilities " (with maturity of 12 months from the date of reporting).

- Derivatives for which hedge accounting is maintained

include instruments designated in accordance with the principles of hedge accounting, whose fair value or cash flows resulting from them balance the changes in fair value or cash flows of the hedged item.

An entity may apply hedge accounting if all the below conditions set out in IFRS / IAS are met:
- there was formally designated and documented the hedging relationship, risk management objective and hedging inception strategy upon inception of the hedge,
- the hedge is expected to be highly effective,
- for cash flow hedges, the hedged planned transaction is highly probable and is subject to risk changes in cash flows that could affect profit and loss
- hedge efficiency can be reliably assessed,
- hedge is continuously reviewed and the hedge efficiency is maintained in all reporting periods.

Derivatives for which hedge accounting is maintained are recognised in assets or liabilities - appropriately for the valuation of the instrument in the positive or negative item of the "Derivative Financial Instruments".

The revaluation of the hedging instrument fair value refers to:
- the gain or loss - for the fair value of hedging instruments
- other total income - in the case of the hedging instruments for future cash flows that increase or decrease the revaluation reserve (the effective hedge portion)
- the gain or loss - in the case of the hedging instruments for future cash flows (in the ineffective hedge portion),
in the item of income or financial costs (for the sale of foreign currency contracts - under "Exchange rate differences").
To hedge future cash flows, if the hedged forecast transaction affects the financial result, so the profits or losses associated with the item hedging the profits or losses, that were recognised directly in equity, are transferred to other income or other expenses in the same period or periods.

If the forecast transaction happens and the hedging instrument is implemented, it will result in the recognition of the result of the hedging instrument in the item "Other revenue" or "Other expense".
An entity discontinues to apply hedge accounting principles in each of the following cases:
- the hedging instrument expires, is sold, terminated or implemented;
- the hedge no longer meets the criteria for hedge accounting, as set out in IFRS / IAS,
- the entity invalidates the hedging relationship.

In such cases, the cumulative earnings or losses related to the hedging instrument, that have been recognised in other total income for the period in which the hedge was effective, will still remain in equity under "Revaluation reserve" until the occurrence of the forecast transaction;
- the forecast transaction is no longer expected to be implemented - in this case, all the accumulated earnings or losses related to the hedging instrument are recognised in other total revenue during the period in which the hedging was effective and are recognised in revenue or finance costs (in the item " Exchange rate differences" for forward contracts to sell currency).Company does not apply hedge accounting for net assets in foreign entities.

• Inventories

Inventories are valuated at purchase price or at production cost or at net realisable value to obtain, depending on whichever is lower. At the balance sheet date, write-offs of inventories will be made if there are reasons for making them. Write-offs are included in other operating expenses.
At the balance sheet date inventories are recognised at acquisition price less any impairments.
The Capital Group makes inventory disbursement by the following methods:
– materials according to the weighted average method,
– materials purchased for a specific order and goods through the detailed identification of the actual prices of the components, regardless of the date of purchase or manufacture,
– electricity at average costs, i.e. fixed at the amount of weighted average prices for a specific period.
-ready made products, in accordance with the weighted average method

• Short-term receivables

Receivables and claims are recognised in the amount due, i.e. taking into account the interest due. Interest is calculated and posted into the financial income in the item "Interest". Interest is charged in accordance with significance criterion. Besides, no interest is charged on the receivables due from customers, who are not usually charged with interest for late payment, due to maintain good business relations.

Short-term receivables include:
- receivables from goods and services regardless of the contractual maturity date – recognised in a separate item in the statement of financial position,
- other financial receivables, in particular the following ones: employee receivables, receivables from sales of financial assets, dividends, sale of fixed assets - recognised in the statement of financial position in the item "Long-term other receivables" (with maturity over 12 months from the date of reporting) and in the item "Short-term other receivables" (with maturity of 12 months from the date of reporting).
- non-cash charges, such as prepayments and advances granted, public and legal duties – recognised in the statement of financial position in the item "Long-term other receivables" (with maturity over 12 months from the reporting date) and "Short-term other receivables" (with maturity of 12 months from the date of reporting).
Receivables and claims are shown on a net basis, i.e. less write downs on the irrecoverability risk.

Write downs on receivables are established for:

- receivables from debtors into liquidation (except for when it comes under the provisions on privatisation of the state- owned enterprises), bankruptcy, composition proceedings - to the amount of the receivables not covered by guarantee or other security of receivables, notified to the judge commissioner in bankruptcy or composition proceedings, or to the amount of the amortisation proposal,
- receivables from debtors in the event of dismissal of the motion for bankruptcy if the debtor's assets are insufficient to cover the costs of insolvency proceedings,
- receivables questioned by the debtors (contentious receivables) to the amount not covered by the guarantee or other hedge,

- any liabilities whose maturity has not expired yet, or has expired, and the debtor's economic and financial situations are unfavorable- to the amount of receivables,

- the total amount of unpaid interest on overdue payments, including the criterion of significance.
Write downs on receivables are recognised in the item “Other expenses", except for write downs on interest receivables, that are recognised in financial expenses in the item "Other financial expenses".

Dissolution of write downs occurs when the payment is received and it is included in the profit and loss account in the item "Other income", except for write downs for receivables deductions for interest receivable, which are resolved in a financial income in the item "Other financial income". Receivables denominated in foreign currencies, except for non-cash items in the form of advances, are valued at the reporting date, at the average exchange rate fixed for a specific currency by the Polish National Bank on that date. Negative exchange rate differences on receivables denominated in foreign currencies arising from the valuation date and on the payment date are recognised in financial costs of and positive exchange rate differences are recognised in the financial income in the item "Exchange rate differences". In justified cases, they are also referred to the unit cost of fixed assets or to intangible assets (to increase or decrease those costs respectively).

• Cash assets

Cash assets are recognised at nominal values. Cash assets denominated in foreign currencies are valuated at the balance sheet date at average exchange rate fixed for a specific currency by the Polish National Bank on that day. Exchange rate differences relate to the income or financial costs.

• Accruals

Prepaid expenses are established if the costs incurred relate to the future reporting periods.

The below items are subject to settlement over time, for example:
–rents for lease or rental of premises, machinery and equipment,
– energy paid for several months in advance,
– property insurance,
– annual fees for land taken in hereditary tenure,
– annual deduction for Company Social Benefits Fund
– magazines subscription paid in advance for the next year,
– other costs relating to several reporting periods, if the title to their activation results from the content of their documented proof.
Revenue surpluses resulting from valuation over cumulative net advances are recorded in short-term accruals and recognised in assets.

Active prepayment titles that do not affect the normal operating cycle of the Company, and their period of settlement is going to be longer than 12 months from the balance sheet date, are recognised in long-term accruals.

• Equity

Equity capital comprises core capital (share capital), supplementary and reserve capitals, revaluation reserve and retained profits.
Core capital is shown in the amount specified in the statutes of association and entered in the commercial register. Declared but not paid capital contributions are recognised as outstanding equity payments.
Core capital is valuated in nominal value in the balance sheet liabilities.

Own shares are included in the balance sheet at purchase cost, as a deduction from equity. In case of the sale, issuance or redemption of own shares, no gains or losses are recognised.

• Reserves

Reserves are liabilities whose amount or due date is uncertain.
Reserves are established in the following cases:
a) when the Company is obliged to fulfill legal or customary obligation arising from the past events
b) when it is likely that the fulfillment of the obligations will result in the outflow of resources embodying economic benefits
c) the amount of this obligation may be estimated reliably.
Unless the aforesaid conditions are met, the reserve will not be established.

The amount of reserves should be the best estimate of expenditure required to settle the existing obligation at the balance sheet date, namely:
a) the amount - which the Group could pay as a fulfillment of the obligation at the balance sheet date, according to rational prerequisites or

b) the amount that the Group would have paid to a third party in return for assuming any obligation in the same period.

Reserves are valuated, considering risk and uncertainty , however, uncertainty does not justify to establish excess reserves or to overstate the liabilities deliberately . If there is a significant change of money value in time, the amount of reserves is equal to the current value of the expenditure that will be necessary to fulfill the obligation.
Estimates of the outcome and the financial effect are made according to the opinion of the Company's management, supported by the previous experiences on similar transactions and possible reports from independent experts.

Reserves are established for the following titles:
– loss from business transactions in progress,
– guarantees and suretyships granted,
– results of pending litigations and appeals,
– value of unused annual employee leaves,
– retirement bonuses and death benefits,
– reserve for future financing costs,
– future liabilities related to restructuring.
Reserves for employee benefits are estimated by the actuary.

The Company has chosen the method of immediate recognition of actuarial profits and losses, both falling within the range described in IAS 19, Par. 92, as well as outside it.

• Assets and reserve for income tax

As a result of temporary differences recorded in the accounting books between the value of assets, liabilities as well as between their tax value and the possible tax loss to be deducted in the future, the entity establishes a reserve and establishes assets for deferred income tax, which is taxable.

Reserve for deferred income tax is established in the amount of income tax, that is required to be paid in the future, in respect of taxable temporary differences, i.e. the differences that will increase the tax base in the future. The reserve is valuated in accordance with tax rates that are expected to be applied when the reserve is terminated, basing on tax rates (and tax laws) that were legally or factually binding at the balance sheet date.

Current and deferred taxes are recognised as income or expense that affects net profit or loss of a specific period, with the exception of taxes resulting from:
– transactions or events that are recognised directly in equity, in the same or in a different period, or
– merger of economic entities
Deferred tax from activities in a special economic zone has been activated in the consolidated financial statement. The basis for calculation of the value of deferred tax liability is the amount of investment costs incurred, because the amount of income exempted from income tax depends on it. Reserves for deferred tax and for activated are updated in the reporting periods, basing on the titles they have been established.

Deferred tax is recognised in the income statement in the item "Income Tax".
Reserves for income tax and activated income tax are established only in relation to the adjustments of a temporary nature.

Deferred tax is recognised outside income statement if the tax relates to the items that are recognised outside profit or loss in the same or in a different period. If it applies to the items that have been recognised in the same or other periods in other total income, the deferred tax will be recognised in equity. If it applies to the items that have been directly recognised in equity, the deferred tax will be recognised in equity.
If the temporary differences arise from a merger of projects, the Company recognises all assets or deferred tax liabilities as a identifiable component assets and liabilities at the acquisition date, in accordance with IFRS 3. Such assets and deferred tax liabilities affect goodwill or profit of the bargain purchase recognised by the Company. However, the Company does not recognise reserve for deferred income arising from the initial recognition of goodwill.

• Liabilities

Liabilities are understood as fulfillment of obligations arising from the past events, of reliably determined values which will cause to use the current or the future assets of the Company.

Liabilities include:
– liabilities arising from credits and loans – recognised in a separate item of the statement of financial position, divided into long-term and short-term liabilities,
– liabilities for goods and services regardless of the contractual maturity date - recognised in a separate position statement of financial position as short-term liabilities;
– other financial liabilities, particularly: employee liabilities, for the purchase of financial assets from the sale of fixed assets – recognised in

the statement of financial position in the item "Long-term other liabilities" (with maturity over 12 months from the reporting date) and "Short-term other liabilities "(with maturity to12 months from the date of reporting)

– non-cash liabilities, such as prepayments and advance payments received, public law obligations, the excess of recognised losses and liabilities subject to the fulfillment of the contract (partial invoices) over the fixed income increasingly from the valuation- recognised in the statement of financial position in the item: "Long-term other liabilities" (with maturity over 12 months from the reporting date) and "Short-term other liabilities" (with a maturity to12 months from the date of reporting).

Long-term liabilities include liabilities or a part thereof for which the due date is at least one year after the date of reporting, except for liabilities for goods and services.

This item also recognises a long-term portion of bank credits and loans. Division of credits and loans for short-term and long-term portions is accomplished in accordance with the terms described above.
Upon initial recognition, bank credits and loans are recognised at purchase price, equivalent to the fair value of cash received, less the cost of obtaining the loan.

In subsequent periods, long-term credits and loans are valued at the amortised cost using the effective interest rate. The depreciated purchase cost reflects all the costs associated with obtaining a credit or loan, and discounts or premiums obtained in accounting for liabilities.
Long-term liabilities outside a normal operating cycle are valuated at the reporting date at depreciated cost, using the effective interest rate.

Profit and loss account comprises all the results of the liability valuation at depreciated cost and the results of removing the them from the balance sheet.
Short-term liabilities include total liabilities for goods and services as well as all or a part of other liabilities that are due within 12 months from the reporting date.

Short-term liabilities are valuated at the amount due, which means that the liabilities that have already passed the due date, include the late payment interest. The criterion of significance is adopted in calculation of the late payment interest. Besides, late payment interest on overdue payments may not be charged, if there is a reasonable assurance that the eligible entity ceases to calculate it. In other cases, the interest will be calculated in the reporting periods.

Long-and short-term liabilities denominated in foreign currencies, except for non-cash liabilities are valuated at the reporting date at the average exchange rate fixed for a specific currency by the Polish National Bank on that date. Exchange rate differences on liabilities denominated in foreign currencies arising from the valuation date and the settlement are included, respectively: negative to the financial costs and positive to the financial income, in the item "Exchange rate differences".

• Accruals (liabilities)

- Accrued liabilities
include liabilities to be paid for goods or services that have been received / made, but have not been paid, invoiced or formally agreed with the supplier. Although it is sometimes necessary to estimate the amount or the payment date, the degree of uncertainty is less than in the case of reserves.

The planned costs of auditing the financial statements, reserves for unpaid bonuses for employees, value of the services rendered for the Company that have not been invoiced, and the contractor under the contract, has not been required to invoice them, the cost of fees for pollution emissions, the cost of the current period documented in the next invoice period are included to the accrued liabilities by the entity.
Accrued liabilities are recognised in short-term liabilities, in the item "Accruals"

- Unearned revenues

include in particular money received to finance the acquisition or creation of fixed assets, including fixed assets under construction and development works, if they do not increase equity, in relation to other standards.

The amounts of receivables classified as accruals increase gradually the operating income in line to depreciation or amortisation write - offs of fixed assets or the development costs funded from these sources. Unearned revenues are shown in the liabilities in the item "Accruals", divided into long- and short-term ones.

• Leases

- Finance lease

Lease agreement is classified as finance lease, if it transfers substantially all the risks and rewards due to ownership of the leased asset. If the entity is a party to a finance lease agreement as a lessee, at the first day of the lease agreement, the asset being a subject of the lease agreement and lease liabilities are recognised in the amount equal to fair value or in the amount equal to the value of the minimum lease payments determined at the inception of the lease, if it is lower than the fair value. Afterwards, the subject of the lease agreement is depreciated on the same basis as other tangible assets. If there is no reasonable assurance that the entity obtains ownership by the end of the lease, the asset will be amortised over the shorter of two periods: the period of lease or the useful life.

Finance costs are accounted for in such a way on specifc periods during the lease term, to obtain a constant periodic rate of interest on the outstanding liability. Liabilities under lease agreements are recognised in the statement of financial position in a separate item, divided into long- and short term liabilities. Finance costs are recognised in the income statement in the finance costs, in the item "Interest".
If the entity is a party to a financial lease agreement as a lessor, on the lease commencement day, the assets leased are recognised in receivables in the amount equal to the gross investment in the lease, referring to unearned financial income in the item " Unearned revenues ". In the statement of financial position, receivables are shown in the amount equal to the lessor's net investment in a separate item, divided into long-and short-term receivables. Financial income is recognised rationally and systematically, to reflect a constant periodic return on investment. Financial income is recognised in the income statement in the financial income under "Interest".

- Operating Lease
A lease agreement is classified as an operating lease if it transfers substantially all the risks and rewards incidental to ownership of the leased asset.
If the entity is a party to the operating lease as a lessee, payments under operating leases are recognised as expenses on the straight-line basis over the lease term, unless another systematic basis is more representative to reflect timing of the benefits derived by the entity.
If the entity is a party to operating leases as a lessor, it presents an asset operationally leased pursuant to the nature of this asset, and revenues are recognised on the straight-line basis over the lease term, unless another systematic basis is more representative to reflect timing of reducing the benefits derived from the leased asset.
In the financial statements the entity disclosures details on the lease required by IFRS / IAS.

Revenues

Revenue is gross inflow of economic benefits of a specific period, arising in the ordinary business activity and resulting in the increase in equity, other than an increase in equity resulting from shareholders' contributions.
Income and expenses of the same transaction are recognised in parallel. Revenues will be recognised at the time when it becomes probable that the company gain economic benefits related to the specific transaction and when the amount of revenue can be reliably determined. Revenues are identified by deduction of tax on goods and of services and applicable discounts and deductions.

Revenues from asset sales are recognised upon delivery and when the significant risks and rewards of ownership of the assets have been transferred to the buyer.
Revenues from services (except for contracts for construction services) are recognised when services are rendered to a third party.
Dividend revenues are recognised upon granting the Company the right to dividend distribution.

• Government Grants
Government grants, including non-cash grants, will be recognised at fair value if there is a sufficient certainty that:
- the Company meets the conditions related to the grants,
- they have been received.

The term "government" refers to the government, government institutions, government agencies and similar bodies whether local, national or international. Government grants are recognised systematically as revenues in specific periods, to match them with the related expenses that should be compensated by the grants.

The grants do not increase the equity directly. Government grant that becomes payable as compensation for expenses already incurred or loss or granted to the Company for the purpose of giving immediate financial support, with no future related costs , will be recognised as income in the period in which it becomes payable.

Non-cash government grant may take the form of transfer of non-monetary asset such as land or other resources devoted to the Company for use. In such cases, the fair value of non-monetary asset is defined and is accounted for at fair value. Government grants related to assets, including non-cash grants at fair value presented in the balance sheet as deferred income or deducted the amount of subsidies to the carrying amount of the asset.

The company adopts the method of determining non-cash grants related to assets at fair value and of presenting them as deferred income on the systematic recognition as revenue over the life. Grants are presented in the income statement as other operating revenues. Government grants that become repayable are recognised as a change in the size of estimates. It means that the repayment of the grant is recognised in the first place on the outstanding balance of deferred revenues. The remainder of the expenses is recognised in the current period. The standard does not settle the issue of EU grants. The company treats the EU subsidies equally with government grants.

• Construction Contracts

Construction contracts include individually signed agreements on creation of an asset or a set of assets, remaining with them in close relation or dependence, due to the design, technology, and the fulfilled functions or the final destination or use.

Most contracts are executed in fixed prices and they are accounted for by contract advancement method.
Contract advancement method is calculated as a ratio, expressed in percents, of costs actually incurred and documented by relevant accounting documents and of the estimated total costs of the contract.
Total revenues from the contract include the initial amount of revenues agreed in the contract and changes implemented during the contract, claims and premiums.

Changes in revenues from the contract are taken into account if there is a likelihood that they will be accepted by the recipient of services and that it is possible to determine their value reliably. Revenues from contracts are valuated at fair value of the payment received or of the receivables.
Total cost of the contract include costs directly related to a specific contract, costs generally associated with the activity resulting from the agreement, which may be attributed to the contract and other costs, which may be charged to the recipient of services under the terms of the contract. Periodically, at least at the reporting date, there is performed review and updating of total costs and revenues from contract execution, and there is always performed review and updating the revenue estimates or contract costs, in the event of significant changes.

The effects of changes in estimates of revenues and costs associated with the contract, and the effects of changes in the result of the contract are recognised as a change of the estimated amount. Changed estimates are used to determine the amount of revenues and expenses, recognised in the reporting period where the change appeared, and in subsequent periods. Revenue at the end of the reporting period is determined in proportion to the stage of the contract advancement, less income that affected the financial results in the previous reporting periods.
If the estimated total and ultimate revenues and costs related to the accomplished construction contract indicate a loss, so there is established a provision for costs in this case .

Revenues from contracts in progress are recognised in relation to the agreement advancement and the resulting differences of valuation are recognised as follows:

- surplus of valuation of fixed income accrued on the sum of recognised losses and receivables dependent on execution of the contract (partial revenues invoiced) is recognised in the short-term accruals and shown in the assets, presented in the item "Accruals".
- surplus of recognised losses and receivables dependent on execution of the contract (partial revenues invoiced) is recognised in the progress billings agreement (partial revenues invoiced) the valuation of fixed income accrued and shown in the short-term accrued expenses and liabilities, presented in the item "Other liabilities".

If reasonably valuated total and final revenues and expenses related to the construction contract in progress indicate a loss, so in this case, the expected loss is recognised immediately as expenses.

• Net financial result
The financial result of the Company and of the Capital Group are fixed using the memorial and proportion of revenues and expenses methods.

2. STANDARDS AND INTERPRETATIONS PUBLISHED, BINDING SINCE 1 JANUARY 2011, AND THEIR IMPACT ON THE FINANCIAL STATEMENT

• Amendments to IAS 32 "Financial Instruments: Presentation" - classification of pre-emptive rights issue, approved in the EU on 23 December 2009 (effective for annual periods beginning on 1 February 2010 or after that date);

• Amendments to IFRS 1 "First-time adoption" - limited relief for entities applying IFRSs for the first time from disclosure of comparative, in accordance with IFRS 7, approved in the EU on 30 June 2010 (effective for annual periods beginning on 1 July 2010 or after that date);

• Amendments to IFRIC 14 ”IAS 19 - Asset valuation limit on defined benefits, minimum funding requirements and their interaction "- prepayments within the minimum funding requirements, approved in the EU on 19 July 2010 (effective for annual periods beginning on 1 January 2011 or after that date)

• IFRIC 19 "Regulating financial liabilities with equity instruments," approved in the EU on 23 July 2010 (effective for annual periods beginning on 1 July 2010 or after that date);

• Amendments to various standards and interpretations, "Improvements to IFRSs (2010)" - the changes in the procedures for annual amendments to IFRSs published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13) focused primarily on resolving inconsistencies and clarifying vocabulary, approved in the EU on 18 February 2011 (effective for annual periods beginning on 1 January 2011 or after that date).

• IAS 24 - "Disclosure of information on related party" is applicable for annual periods beginning on
1 January 2011 or later. The revised standard simplifies the definition of related entity, clarifies the meaning and eliminates the inaccuracies of definition.

Application of those changes had no effect on the financial position or results of operations of the Group.

3. STANDARDS AND INTERPRETATIONS PUBLISHED THAT HAVE NOT ENTERED INTO FORCE AND HAVE NOT BEEN ACCEPTED BY THE EUROPEAN UNION

• IFRS 9 - "Financial Instruments". The standard has been published by the IASB on 12 November 2009 and on 28 September 2010 (amendment). The standard will be applied from 1 January 2013.

• IFRS 1 - "Application of IFRS for the first time." Changes to the standard were published by the IASB on 20 December 2010 and effective for annual periods beginning on or after 1 July 2011.

• IFRS 7 - "Financial Instruments - Disclosures". The revised standard was published by the IASB on 7 October 2010 and it will applied for annual periods beginning on 1 July 2011 or after that date.

• IAS 12 - "Income Tax". Changes to the standard were published by the IASB on 20 December 2010 and will be applied for annual periods beginning on 1 January 2012 or after that date.

• IAS 27 - "Separate Financial Statements". The changes will apply to annual periods beginning on or after 1 January 2013 or later. The changes in question have not been accepted by the European Union.

• IAS 28 - "Investments in associates and joint ventures." The changes will apply to annual periods beginning on or after 1 January 2013 or later. The changes in question have not been accepted by the European Union.

• IAS 1 - "Presentation of Financial Statements". The changes will apply to annual periods beginning on or after
1 July 2012 or later. The changes in question have not been accepted by the European Union.

• IAS 19 - "Employee Benefits". The changes will apply to annual periods beginning on or after 1 January 2013 or later. The changes in question have not been accepted by the European Union.

• IFRS 10 - "Consolidated Financial Statements." The standard will apply to annual periods beginning on or after
1 January 2013 or later. The standard in question has not been accepted by the European Union.

• IFRS 11 - "Joint ventures". The standard will apply to annual periods beginning on or after 1 January 2013 or later. The standard in question has not been accepted by the European Union.

• IFRS 12 - "Disclosures about involvement in other entities". The standard will apply to annual periods beginning on or after 1 January 2013 or later. The standard in question has not been accepted by the European Union.

• IFRS 13 - "Valuation at fair value. " The standard will apply to annual periods beginning on or after
1 January 2013 or later. The standard in question has not been accepted by the European Union.

4. CHANGES OF CONDITIONAL LIABILITIES OR CONDITIONAL ASSETS

in the Capital Group

in PLN thou

	as at 31 Dec 2011	increase (+) decrease (-)	as at 31 Dec.2010
1. Conditional receivables	119 324	+62 084	57 240
1.1. From related entities	-	-	-
1.2. From other entities	119 324	+62 084	57 240
- guarantess and sureties received	116 126	+90 054	26 072
- bills of exchange received	3 198	-27 970	31 168
2. Conditional liabilities	1 928 448	+768 167	1 160 281
2.1. For the benefit of related entities			
- guarantess and sureties granted			
2.2. For the benefit of other entities	1 928 448	+768 167	1 160 281
- guarantess and sureties granted	265 486	+35 807	229 679
- bills of exchange drawn	217 505	-13 511	231 016
- others		-588	588
-hedgings of credits and loans	1 445 457	+746 459	698 998

at the Issuer

in PLN thou

	as at 31 Dec 2011	increase (+) decrease (-)	as at 31 Dec.2010
1. Conditional receivables	1 427 376	+544 313	883 063
1.1. From related entities	1 323 658	+456 556	867 102
- guarantees and sureties received	641 393	+312 012	329 381
- bills of exchange received	682 265	+144 544	537 721
1.2. From other entities	103 718	+87 757	15 961
- guarantees and sureties received	103 451	+90 735	12 716
- bills of exchange received	267	-2 978	3 245
2. Conditional liabilities	1 297 130	+498 088	799 042
2.1. For the benefit of related entities	515 711	+86 119	429 592
- guarantees and sureties granted	-	-94 119	94 119
- bills of exchange drawn	515 711	+180 238	335 473
2.2. For the benefit of other entities	781 419	+411 969	369 450
- guarantees and suretiesgranted	208 078	+143 013	65 065
- bills of exchange drawn	75 385	+69 000	6 385
- hedgings of credits and loans	497 956	+199 956	298 000

Copies of the following lawsuits were delivered to Kopex S.A. by the Regional Court in Katowice on 8 and 11 January 2010:
a) the lawsuit filed by Fazos S.A. for payment, against companies Kopex S.A. and Tagor S. A. (a sub-subsidiary). The dispute value in

the lawsuit has been determined to the amount of PLN 51, 876 thou.
b) the lawsuit filed by Fazos S.A. for payment against companies Kopex S.A. and Tagore S. A. (a sub-subsidiary). The dispute value in the lawsuit has been determined to the amount of PLN 22 207 thou.
c) the lawsuit filed by Famur S.A. against Kopex S.A. for payment of PLN 40, 262 thou.
d) a request to compromise filed by Fazos S.A. - the proposed payment amount of PLN 6, 683 thou.

According to the standpoint of the Law Office representing Kopex S.A. and Tagor S.A., the aforesaid claims are totally unfounded and devoid of any factual and legal bases. Kopex S.A. and Tagor S.A. basing on a legal opinion and on the available evidences have concluded that there is no present obligation resulting from past events (IAS 37 par.15) and therefore the reserve debiting profit and loss account has not been established in accordance with IAS 37 par.14 .

5. INFORMATION TO CONVERT SELECTED FINANCIAL DATA

• The items of assets and liabilities have been converted into EURO by the NBP Bank average exchange rate binding on the balance sheet date:

- as at 31 December 2011 - 4.4168
- as at 31 December 2010 - 3.9603

• The items of income statement and cash flow have been converted at exchange rate being the average arithmetic of the EURO exchange rates binding at the end of each month in the reporting period

-in 2011 - 4.1401
-in 2010 - 4.0044

• The maximum exchange rates in the following periods

- in 2011 - 4.5494
- in 2010 -4.1458

• The maximum exchange rates in the following periods

- - in 2011 - 3.9345
- - in 2010 - 3.8622

6. INFORMATION ON THE CHANGE IN RESERVES AND CHANGE IN ASSETS FROM DEFERRED INCOME TAX

in the Capital Group

PLN thou

	01 January 2011 to 31 December 2011	01 January 2010 to 31 December 2010
1) change in reserves for liabilities	4 451	31 164
a) increase, including:	52 774	41 982
- retirement pay, pension benefits and holiday entitlements	9 035	8 093
- reserve for liabilities	10 209	19 623
- from deferred income tax	33 530	14 266
b) decrease	48 323	10 818
- retirement pay, pension benefits and holiday entitlements	7 924	2 636
- reserve for liabilities	21 734	6 683
- from deferred income tax	18 665	1 499
2) change in assets from deferred income tax	8 790	11 788
- increase	33 870	13 397
- decrease	25 080	1 609

at the Issuer

in PLN thou

	01 January 2011 to 31 December 2011	01 January 2010 to 31 December 2010
1) change in reserves for liabilities	5 267	-2 991
a) increase, including:	7 416	3 638
- retirement pay, pension benefits and holiday entitlements	266	262
- reserve for liabilities	2 554	35
- from deferred income tax	4 596	3 341
b) decrease	2 149	6 629
- retirement pay, pension benefits and holiday entitlements	186	192
- reserve for liabilities	205	770
- from deferred income tax	1 758	5 667
2) change in assets from deferred income tax	1 231	-5 642
- increase	6 642	2 482
- decrease	5 411	8 124

7. INFORMATION ABOUT CHANGE IN ASSETS IMPAIRMENTS, AFFECTING FINANCIAL RESULT

in the Capital Group
in PLN thou

	01 January 2011 to 31 December 2011	01 January 2010 to 31 December 2010
1) increases on the following items:	26 879	12 677
- receivables	22 021	5 994
-short-term investments	458	1 095
-fixed and intangible assets	67	397
-goodwill of the controlled entities	1491	
- other long-term financial assets	282	140
- inventories	2 560	5 051
2) decreases on the following items:	12 468	14 527
- receivables	10 839	13 498
- short-term investments	591	285
- fixed and intangible assets	149	61
- other long-term financial assets	3	26
- inventories	886	657

at the Issuer
in PLN thou

	01 January 2011 to 31 December 2011	01 January 2010 to 31 December 2010
1) increases on the following items:	13 945	10 201
- receivables	12 164	124
- short-term investments	458	963
- fixed and intangible assets	5	12
- other long-term financial assets	273	9 102
- inventories	1 045	
2) decreases on the following items:	4 075	1 065
- receivables	3 483	644
- short-term investments	592	285
- inventories		136

8. ACQUISITIONS AND SALES OF TANGIBLE FIXED ASSETS

in the Capital Group
in PLN thou

	01 January 2011 to 31 December 2011	01 January 2010 to 31 December 2010
Acquisitions	246 357	176 001
Sales	23 713	9 176

at the Issuer

in PLN thou

	01 January 2011 to 31 December 2011	01 January 2010 to 31 December 2010
Acquisitions	12 298	679
Sales	266	151

9.TRANSACTIONS WITH RELATED ENTITIES [in PLN thou]

a) in the Capital Group

Revenues from sale to the related entities

01 January 2011 to 31 December 2011

	Revenues from sales of products, goods and materials	Other sale	Financial revenues
from affiliates	402	-	-
from other related entities	145	135	1 124
Total	547	135	1 124

01 January 2010 to 31 December 2010

	Revenues from sales of products, goods and materials	Other sale	Financial revenues
from affiliates	62	-	123
from other related entities	5 739	26	227
Total	5 801	26	350

Purchases from related entities

01 January 2011 to 31 December 2011

	Purchase of goods and services	Purchase of fixed assets and intangible assets	Financial expenses
from affiliates	-	-	-
from other related entities	2 767	351	-
Total	2 767	351	-

January 2010 to 31 December 2010

	Purchase of goods and services	Purchase of fixed assets and intangible assets	Financial expenses
from affiliates	691	-	18
from other related entities	2 212	-	8
Total	2 903	-	26

Receivables from related entities

		31 December 2011	31 December 2010
from affiliates		20 936	-
from other related entities		754	6 930

Liabilities from related entities

	31 December 2011	31 December 2010
from affiliates	-	-
from other related entities	87	39

Impairment for receivables from related entities

	31 December 2011	31 December 2010
as at the beginning of the period	-	-
establishing impairment	6 647	-
solving impairment	-	-
as at the end of the period	6 647	-

b) at the Issuer

Income from sales to associated entities

01 January 2011 to 31 December 2011

	Revenues from sales of products, goods and materials	Other sale	Financial revenues
from subsidiaries	16 277	7 183	30 696
from affiliates	402	-	-
from other related entities	-	125	945
Total	16 679	7 308	31 641

01 January 2010 to 31 December 2010

	Revenues from sales of products, goods and materials	Other sale	Financial revenues
from subsidiaries	16 313	4 904	14 336
from affiliates	-	-	-
from other related entities	-	-	-
Total	16 313	4 904	14 336

Purchases from related entities

01 January 2011 to 31 December 2011

	Purchase of goods and services	Purchase of fixed assets and intangible assets	Financial expenses
from subsidiaries	195 010	7 183	-
from affiliates	-	-	-
from other related entities	325	-	-
Total	195 335	7 183	

01 January 2010 to 31 December 2010

	Purchase of goods and services	Purchase of fixed assets and intangible assets	Financial expenses
from subsidiaries	164 398	2 918	519
from affiliates	-	-	-
from other related entities	221	-	-
Total	164 619	2 918	519

Receivables from related entities

	31 December 2011	31 December 2010
from subsidiaries	85 334	47 786
from affiliates	-	-
from other related entities	-	-

Liabilities from related entities

	31 December 2011	31 December 2010
for subsidiaries	86 237	26 473
for affiliates	-	-
for other related entities	-	-

Impairment for receivables from related entities

From subsidiaries and affiliates	31 December 2011	31 December 2010
as at the beginning of the period	512	107
establishing impairment	-	451
solving impairment	175	46
as at the end of the period	337	512

From other related entities	31 December 2011	31 December 2010
as at the beginning of the period	-	-
establishing impairment	6 647	-
solving impairment	-	-

as at the end of the period	6 647	-

10. INFORMATION ON SIGNIFICANT EVENTS

Loss of joint control and control

NEPEAN LONGWALL (former: INBYE MINING SERVICES)

On 10 February 2011 there was signed a contract of sale of half of the shares held by the Issuer , i.e. 25 per cent all shares in Inbye Mining Services company, based in Australia. Tagor S.A. ,the Issuer's sub-subsidiary, had held 50 per cent all shares in Nepean Longwall before the signing date of the agreement . Before 10 February 2011 Nepean Longwall company had been consolidated under the proportional method, and since the day when joint control was lost, the aforesaid shares have been recognised in accordance with IAS 28 and have been consolidated under the equity method. On the day of loss of joint control over Nepean Longwall, the retained shares were valued at fair value, based on the selling price of 25 per cent of shares and there was established profit on loss of joint control , which was recognised in the consolidated separate income statement, in the item "loss of control over a subsidiary", amounting to PLN 326 thou.

HANSEN ELECTRIC

In August 2011 Hansen Sicherheitstechnik AG. sold 30 per cent shares of Hansen Electric spol s.r.o., and since then it has held 50 per cent shares in the company. Until 31August 2011 the company had been accounted for under the full method. As a result of the sale of shares and contractual arrangements, Hansen Sicherheitstechnik AG. has lost control over Hansen Electric spol. s.r.o. and the preserved shares have been accounted for under the equity method. At the time of loss of control over Hansen Electric spol. s.r.o., the shares preserved in the company were valuated at fair value, based on the selling price of 30 per cent shares and the gain on the loss of control amounting to EUR 5,867 thou (PLN 24,293 thou), which was shown in the consolidated separate income statement , in the item "Loss of control over the subsidiary."

Merger of economic entities

KOPEX- EQUITY

On 1 July 2011 KOPEX S.A. (the Issuer) merged with KOPEX EQUITY Sp. z o.o., basing on Art. 492 Par. 1 Item1 of the Commercial Companies Code, considering Art. 515 Par.1 and Art. 516 Par.1 of the Commercial Companies Code, i.e., by transferring all the assets of the acquiree (KOPEX EQUITY Sp.z o.o.) to the acquirer (KOPEX S.A.), without increasing the share capital of the acquiring company. It is a merger of economic entities being under joint control. The pooling of shares method, referred to in Art.44c of the Accounting Act dated 29 September 1994 , was used when the merger was accounted for in the Issuer's separate financial statement.

In accordance with Article 44c Par. 6 of the Accounting Act, the comparative figures in the separate financial statements have been presented in such a way as if the merger had been effected at the beginning of the previous financial year.

The following items in the statement of financial position as at 31 December 2010 were changed as a result of the merger:

- fixed assets: + PLN 1,690 thou
- current assets: + PLN 18,768 thou
- supplementary capital: + PLN 408 thou
- retained earnings: + PLN 2,587 thou
- long-term liabilities: + PLN 9,089 thou
- short-term liabilities: + PLN 8,374 thou

The comparative figures in the consolidated statement of financial position have not changed as a result of the aforesaid merger, due to the fact that the merger was effected within the Group and KOPEX EQUITY Sp.z o.o. and it was included in the consolidated financial statements as at 31 December 2010.

DALBIS

On 15 September 2011 Kopex S.A. acquired 75 per cent shares and the same number of voting rights in DALBIS Sp. z o. o. (drilling company). As a result of this transaction, Kopex S.A. has taken control over that company.
The acquisition of this company is the result of the strategy pursued by Kopex, including, among others, strengthening the capacity to accomplish mining horizontal development by complementing and enhancing the existing Kopex Group's offer in the mining services sector.
Merger settlement has not been completed since the date of taking over control to the date of publication of this interim report.

There have been made corrections to the preliminary fixed values of identified assets and liabilities of the subsidiary, in connection to the completion of the settlement acquisition process in Q4 2011.

Goodwill in the amount of PLN 17,899 thou included in the consolidated statement of financial position is associated with future operating cash income.

Goodwill is not a cost of tax-generating asset. for tax purposes.

Any payment for the shares acquired in Dalbis Sp. z o.o. has been transferred in cash whose fair value is higher than the fixed value of net assets. At the date of acquisition, the non-controlling shares were valuated at the pro rata share of net assets of the acquiree and were recognised in the amount of PLN 2,700 thou in the statement of financial position.
At the date of acquisition, the acquired tangible assets amounting to PLN 4,187 thou, current assets amounting to PLN 11,032 thou and the acquired liabilities amounting to PLN 4,418 thou were recognised in the consolidated statement of financial position.

Other merger costs in the amount of PLN 130 thou were recognised in the consolidated income statement in the item "other financial costs."
If the merger had been effected at the beginning of the fiscal year, the consolidated revenues for the period 01 January 2011 to 31 December 2011 would have amounted to PLN 3,965,021 thou, the consolidated net profit would have amounted to PLN 163,518 thou and the consolidated profit attributable to the shareholders of the parent company would have amounted to PLN 153,871 thou.

Transfer of ownership of shares.

The sale of 10,000 (ten thousand) registered shares of EL-GÓR S.A., based in Chorzów, held by KOPEX S.A. was completed on 26 September 2011. Hansen Sicherheitstechnik AG, based in Munich 80333, at Brienner Str 10, entered into the Commercial Register kept by the District Court in Munich, Germany under the number HRB 159053 became the new owner of the company in the transaction effected through the BRE Bank. The aforesaid transaction has no significant effect on the consolidated financial statements.

Increased control in subsidiaries

RYFAMA S.A.

In Q1 2011 Kopex S.A. increased its direct shareholding in RYFAMA S.A. from 78.97 per cent to 100per cent in the share capital and also from 78.97per cent to 100 per cent in the voting rights. The results of the transactions increasing the capital commitment were recognised as operations, directly accounted for in the equity, in accordance with Par.30 IAS 27. To reflect the changes in the relative shares in RYFAMA S.A., there was made an adjustment to the balance value of non-controlling shares and the supplementary capital of Kopex S.A. (agio) was reduced by the amount of PLN 2,357 thou, i.e. the difference between the adjustment amount of non-controlling shares amounting to PLN 10,863 thou and the fair value of the price paid. All the costs associated with the increased participation in RYFAMA S.A . have been included directly in the consolidated income statement in the item "other financial charges" in the amount of PLN16 thou.

HANSEN SICHERHEITSTECHNIK A.G.

In Q3 and Q4 2011, Kopex S.A. acquired 216,000 shares in Hansen Sicherheitstechnik AG and increased its capital commitment to 97.58 per cent in the share capital and to 97.58 per cent in the voting rights. The results of the transactions increasing the capital commitment have been recognised as operations, directly accounted for in the equity, in accordance with Par.30 IAS 27. To reflect the changes in the relative shares in Hansen Sicherheitstechnik AG , there was made an adjustment to the balance value of non-controlling shares and the supplementary capital of Kopex S.A. (agio) was reduced by the amount of PLN 1,504 thou, i.e. the difference between the adjustment amount of non-controlling shares amounting to PLN 14,825. thou and the fair value of the price paid. All the costs associated with the increased shareholding in Hansen Sicherheitstechnik AG have been included directly in the consolidated income statement in the item "other financial charges" in the amount of PLN 40 thou.

Changing the method of consolidation

SHANDONG TAGAO

In 2011, recognition of financial statements of Tagao Shandong Mining Equipment Manufacturing Co.Ltd., based in China, was changed from the full method- to the equity method in its consolidated financial statements.

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The change also included the figures that had been shown in the previous period .
Form the establishment of the Company in 2007, the Company had been recognised in the consolidated financial statement of Kopex S.A. under the full method, due to the fulfillment of the conditions of control, pursuant to the Memorandum of Association, i.e. 50 per cent of the

voting rights held and a majority in the Board of Directors, resulting in the influence over the operating and financial policies of the Company.

However, during its business activities the Company used largely from the operational and financial potentials of the other shareholder- Shandong Taishan Jianneng Machinery Group Co. Ltd.

Due to the involvement of the other shareholder, its power to govern financial and operating policies of the Tagao company has increased. Considering the above the factors set out in Par. 13 IAS 27 have been re-rated and it has been found that it was Jianneng Shandong Taishan Machinery Group Co. Ltd. that has taken control over Tagao and the equity method is the correct consolidation method.

The above has resulted in the following changes in the items of the statement of financial position as at 31 December 2010:
- Intangible assets: -PLN 91 thou.
- Tangible fixed assets: -PLN 57,414 thou.
- Investments accounted for using the equity method: +PLN 8,282 thou.
- Inventories: -PLN 184, 367 thousand. zł
- Short-term receivables and services: -PLN 30,287 thou.
- Cash and cash equivalents: -PLN 483 thou.
- Retained earnings: PLN 788 thousand.
- Capital of non-controlling shares: - PLN 9,257 thou.
- Deferred tax assets: PLN 185 thou.
- Loans short term: - PLN 50, 740 thou.
- Short-term liabilities and services: - PLN 148,939 thou.
- Short-term other liabilities: - PLN 6,930 thou.

The following items were changed in the consolidated income statement for the period 01 January 2010 to 31 December 2010
- Income from sales of products: - PLN 221,172 thou.
- Cost of products sold: - PLN 203,305 thou.
- Gross profit on sales: - PLN 17,867 thou.
- Profit from operations: - PLN 5,130 thou.
- Financial income: - PLN 28 thou.
- Financial costs: - PLN 3,281 thou.
- Gross profit – PLN 1,877 thou.
- Income tax - deferred:+ PLN 185 thou.
- Share in profit (loss) of subordinated entities valuated under the equity method: +PLN 1,425 thou.
- Consolidated net profit: -PLN 637 thou.
- Net profit attributable to minority shareholders: -PLN 1,425 thou.
- Net profit attributable to shareholders of parent company: +PLN 788 thou.

11. INFORMATION ON THE PREVIOUS YEARS EVENTS

There were changed comparative figures in the consolidated statement of financial position as at 31 December 2010, resulting from the compensation by the Issuer's sub-subsidiary of the items, that were qualified for this change. As a result, the corrections changed the following items as at 31 December 2010:
- Long-term accruals (assets): -PLN 2,682 thou.
- Short-term accruals (assets): -PLN 1,416 thou.
- Long-term other liabilities: - PLN 2,682 thou.
- Short-term other liabilities: - PLN 1,416 thou.

In addition, there were changed comparative figures in the consolidated statement of financial position as at 31 December 2010, due to erroneous valuation of the long-term contracts by the Issuer's a subsidiary, and due to issuance of invoice increasing revenues in 2010, which in 2011 after negotiations with a customer was considered to be groundless.
As a result, the following items were changed in the statement of financial position as at 31 December 2010.
- Deferred tax liabilities (assets): - PLN 72 thou.
- Inventories (assets): +PLN 1,331 thou.

-Short-term receivables and services: -PLN 1,026 thou.
- Short-term other receivables: +PLN 185 thou.
- Short-term accruals (current): - PLN 9,007 thou.
- Retained earnings: -PLN 6,901 thou.
- Deferred income taxes – PLN 1,688 thou.

The following changes were made in the consolidated income statement for the period 01 January 2010 to

31 December 2010:
- Income from sales of products: -PLN 9,845 thou.
- Cost of products sold: -PLN 1,328 thou.
- Gross profit, operating profit, gross profit: -PLN 8,517 thou.
- Deferred income tax : -PLN 1,616 thou.
- Consolidated net profit attributable to shareholders of the parent company: -PLN 6,901 thou.

In the Issuer's subsidiary there were errors corrections from the previous years recognised retrospectively, by entering the depreciation of an asset, which ceased to be depreciated from 01 December 2009 and by correction of incorrectly calculated deviations from the finished products. As a result, as at 01 January 2010 the retained earnings in the balance in the equity decreased by PLN 118 thou.

As at 31 December 2010 the following items were changed in the statement of financial position:
- Tangible fixed assets: -PLN 1,290 thou.
- Inventories: -PLN 1,952 thou.
- Retained earnings: -PLN 3,487 thou.
- Deferred tax assets: PLN 245 thou.

In the consolidated income statement for the period 01January 2010 to 31 December.2010 have changed the following items:
- Cost of products sold: PLN 1,952 thou.
- Gross profit on sales: - PLN 1,952 thou.
- General and administrative expenses: +PLN 1,191 thou.
- Operating profit, gross profit: - PLN 3,143 thou.
- Income tax - deferred: +PLN 226 thou.
- Consolidated net profit attributable to shareholders of the parent company: - PLN 3,369 thou.

As at 01 January 2011,the Issuer revised the presentation of reserves and accruals.
Before the change, the Issuer had presented "Other short-term reserves" in the item of liabilities in the Statement of Financial Position as follows:
– losses of business transactions in progress,
– guarantees and sureties granted,
– results of the proceedings and appeal pending
– passive accruals - future financing costs,
– passive deferred costs - costs of contracts to preserve revenues and costs balance,
– future liabilities related to restructuring.

Since 01 January 2011, passive cost accruals have been shown in the liabilities in the item "Accruals". There has also been changed the presentation of receivables and liabilities for goods and services, that since 01 January 2011 have been regarded as short-term ones, regardless of the contractual due date. There have also been identified the long-term and short-term receivables and liabilities resulting from the lease obligations, which had been previously presented in the item of other long-term and short-term receivables and payables. As a result of this change, the statement of financial position has been converted in the following way:

- Long-term receivables from goods and services: - PLN 4,961 thou.
- Long-term other receivables: - PLN 11,087 thou.
- Long-term lease receivables: +PLN 11,256 thou.
- Short-term receivables from goods and services:+ PLN 4,793 thou.
- Short-term other receivables: - PLN 5,783 thou.
- Short-term lease receivables: +PLN 5,783 thou.
- Long-term liabilities from goods and services: - PLN 9,386 thou.
- Long-term other liabilities: - PLN 311 thou.
- Long-term lease commitments: +PLN 78 thou.
- Other long-term reserves for liabilities: +PLN 580 thou.
- Short-term liabilities for goods and services: +PLN 9,620 thou.
- Short-term other liabilities: - PLN 2,989 thou.
- Short-term lease commitments: +PLN 2.989 thou.
- Short-term reserves for retirement benefits: +PLN 974 thou.
- Other short-term reserves for liabilities: - PLN 10,350 thou.
- Short-term accruals (liabilities): +PLN 8,795 thou.

12. BASIC INFORMATION ABOUT THE ISSUER – THE PARENT COMPANY

Company name and address:
Kopex Spółka Akcyjna (Joint Stock Company)
Grabowa 1 40-172 Katowice
Telephone.: +48 32 604 70 00, Facsimile: + 48 32 604 71 00;
E-mail: kopex@kopex.com.pl
Website: www.kopex.com.pl
REGON Statistical Number: P-271981166;
Tax Identification Number NIP: 634-012-68-49;
Register: the Company entered in the National Court Register kept by the District Court Katowice-Wschód in Katowice, the Eighth Commercial Division of the National Court Register under the number KRS 0000026782
Share Capital: PLN 74,332,538.00 fully paid.

12.1. HISTORY 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 25 October 1993, Minister of Industry and Trade issued the Regulation No. 267/Org/93 to transform the state-owned Przedsiębiorstwo Eksportu i Importu KOPEX into a one-person joint-stock company of the State Treasury Joint-Stock Company, under the name Przedsiębiorstwo Eksportu i Importu KOPEX Spółka Akcyjna /KOPEX Export and Import Joint Stock Company/.
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.
Capital (equity) amounted to 1,989,270 mill common bearer series-A shares of nominal value amounting to PLN 100, 000 (PLN 10 each after the denomination).

On 17 December 1996 the Council of Ministers, passed the Resolution No. 142 under the privatisation programme, authorising to implement KOPEX S.A. to publicly traded companies listed on the WSE, to sell at least 25 per cent shares in a public offering and to subscribe 15 per cent shares by the employees of KOPEX S.A. The first ever listing of KOPEX S.A. shares on the Warsaw Stock Exchange based in Warsaw was on 4 June 1998.

Following the entry into force of new regulations on business registration in 2001, on 12 July 2001 KOPEX S.A. entered the National Court Register kept by the District Court Katowice-Wschód in Katowice, the Eighth Commercial Division of the National Court Register under the number 0000026782, REGON: (Statistical Number) 271981166, NIP (Tax Identification Number): 634-012-68-49.
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- Zabrzańskie 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. (KOPEX S.A. acquired 1,285,406 shares of ZZM SA, representing 97.57 per cent of its share capital).
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, offered for subscription to the selected investors, as per Art. 7 Cl. 4 item 2) of the Public Offering Act.
On 01 December 2009 there was registered increase of the share capital, that currently amounts to PLN 74,332,538.

13. SUBJECT AND SCOPE OF ACTIVITIES OF THE CAPITAL GROUP

KOPEX S.A. Capital Group hereinafter referred to as "KOPEX Group" or "the Group", is a general contractor of investment projects in hard and brown coal mining as well as in non-ferrous metals industry, and it offers a complete project service.

The KOPEX Group offers comprehensive solutions for underground and opencast mining sector. It is a major manufacturer and supplier of high quality mining machinery, equipment and modern technologies. The Group uses specialised capabilities of its subsidiary companies, whose offers are complementary to each other in the implementation of projects.

The KOPEX Group operates in the global mining industry. It consists of KOPEXS.A., a parent company- a publicly traded company, hereinafter referred to as "the Issuer", "Company" or "parent entity". and its subsidiaries within the meaning of the Act on Accounting.

KOPEX S.A. Capital Group, together with its subordinate entities are currently participating in more than a few dozen companies in Poland and abroad. The KOPEX Group has its own companies in Europe, South Africa, Asia and Australia. Description of the subordinate entities of KOPEX S.A. Capital Group and its organisational chart is presented in section 14.1.of this interim report.

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

- Parent company- KOPEX S.A .based in Katowice

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 50 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.

The core business offer of KOPEX S.A. includes:
- General contracting of complete investment projects, especially mining ones.
The Company's capabilities cover the whole investment process in the mining industry :

⇒ project feasibility study,
⇒ supervision of geological surveys of the mining area and mineral resources assessment ,
⇒ technologies of deposit development,
⇒ designing the mining plants,
⇒ manufacture, supply and assembly of machinery, equipment and technological systems,
⇒ construction, development, modernisation, mining execution and liquidation of mines,
⇒ staff training and engineering support during project execution

-The provision of specialized services consisting of the mining shaft sinking, construction of underground facilities,
as well as construction and renovation of the tunnels, to provide design services and know - how,
⇐ The supply of machines and technological systems for career,
⇐ Turnover and trading of electricity,
⇐ The export of energy resources, in particular: steam coal and coking
⇐ Financial lease.

-Subsidiary - ZZM S.A. based in Zabrze

This is a leader among manufacturers of longwall shearers. ZZM S.A. and its subsidiaries form the largest Polish group of suppliers of modern technologies for the mining industry. It is an exporter of up-to-date mining technology.
ZZM S.A. is specialised in the manufacture of mining machinery and equipment, rendering services and rental of machinery for mining.

The offer ZZM S.A. includes the following machinery and equipment:
• longwall shearers,
• shearer cutting drums and roadheader cutting heads,
• pick holders for cutting drums, adjusted to different types of picks as well as mining and geological conditions,
• filters for dust suppression systems - used in longwall shearer spray systems in preliminary and secondary water treatment,
• creepers – for mine car handling.

ZZM S.A. also performs welding works of steel structures, according to customer records, as well as mechanical working and thermal treatment. The offer also comprises overhaul of shearer subassemblies and repair of hydraulic pumps and motors authorized by

Mannesmann Rexroth.

-Subsidiary KOPEX – Przedsiębiorstwo Budowy Szybów S.A. based in Bytom
hereinafter referred to as KOPEX- PBSz S.A. /KOPEX –Shaft Sinking Joint Stock Company/

KOPEX- PBSz S.A. belongs to a small group of highly specialised companies of the industrial construction sector. The Company is the unquestioned leader in the mining and construction industry. It is experienced and has significant achievements in civil and industrial engineering and as well as in the most demanding investment projects in the mining industry.

Underground construction, whose important sector is mining construction, has been the core activity of the company from its very beginning.

KOPEX- PBSz S.A. offer covers a comprehensive execution of any types of underground constructions, especially comprising execution of the works as follows:
• shafts, staple shafts and tanks, together with the related facilities (shaft stations, insets, pockets, fan drifts, etc.) executed both from the surface and form the underground workings;
• horizontal and chamber workings – cross-cuts, drifts, inclines and adits;
• tunnels, underground passages, culverts and pipe-jacking passes;
• furnishing all of the above constructions with in steel structures, piping and wiring systems and related installations;
• modernisation, repair and liquidation of mining facilities, dewatering heading galleries

Civil engineering
• construction works - industrial, administrative and residential facilities,
• engineering works,
• installation works - industrial, sanitary and electrical systems,
• insulation works,
•anti- corrosive works – also using the climbing techniques,
• construction, assembly and overhaul of steel structures,
• demolition works- also using the mine warfare techniques.

Drilling works
• drilling holes from the surface and in the underground workings;
• drilling normal and small diameter holes of for different purposes: freezing, research, technical, etc.;
• drilling large diameter holes, to a diameter of 6,000 mm;
• stabilisation of the rock mass by freezing, piling and injections;
• protection of excavations by various methods;
• construction of security structures for historical buildings;
• drilling for exploration of groundwater;
• rectification of surface objects.
as well as designing, steel structures, transport, automation and measurement, rental of machinery and equipment (without operator).

-Subsidiary – Rybnicka Fabryka Maszyn RYFAMA S.A. based in Rybnik
hereinafter referred to as RYFAMA S.A. /RYFAMA Rybnik Machinery Factory Joint Stock Co./
RYFAMA S.A. is a company with a rich tradition in designing and manufacturing machines and equipment for underground mining. The company specializes and is known in Poland and abroad mainly for the manufacture of various types of complete means of transport and scraper conveyors. The company is also a manufacturer of crushers mounted over the BSLs and other components used in mining equipment: toothed reduction gearboxes, overlapping return – end stations, anchoring and advancing conveyor facilities, rope suspensions etc.

- Subsidiary - WAMAG S.A. based in Walbrzych
The scope of activities comprises the manufacture of machinery and equipment for mechanical processing of minerals (including crushers, screens, separators and dewatering equipment), roadheaders and transporting devices (tube belt conveyors, belt conveyors, bucket elevators, bucket elevators with profile rubber belt).
Products of WAMAG S.A. are designed for customers from various industries, mainly: mining, energy, metallurgy, chemical industry, cement and lime as well as sugar industries.

- Subsidiary - KOPEX – EKO Sp. z o.o. based in Katowice
The Company's scope of activities comprises sourcing raw materials for biomass production and its sale, waste management and trading in energy.

- Subsidiary KOPEX Construction Sp. z o.o. based in Katowice
The Company's scope of activities comprises the manufacture of concrete products for construction and rendering advisory and consulting

services, including the organisation of tenders, technical and engineering consulting, services in preparation of documents and specifications, engineering supervision.

- Subsidiary – Śląskie Towarzystwo Wiertnicze DALBIS Sp. z o.o based in Radzionków hereinafter referred to as DALBIS Sp. z o.o / DALBIS Drilling Co.Ltd./

The company is specialized in drilling holes for various purposes, implementing drilling technologies in civil engineering and in geotechnical works both on the surface and in underground mines.

The company's scope of activities is based on three main areas:

a) civil engineering and in geotechnical works using drilling technologies:
The company offers a comprehensive execution of works and modernisation of engineering facilities using up-to-date technologies. The company is capable to prepare the site, including the following stages:
• identification of hydrogeological site
• dehydration potential of natural cavities or voids in the rock mass,
• drainage of the site,
• modification of the structural and physicochemical properties of soil and rock mass by piling, injections, chemicals and cement, etc.
• protection of embankments, slopes and embankments.

b) drilling in underground mining workings:
The company has a developed machinery fleet approved for work underground, and therefore the company is capable of offering the following works:
• geological and exploration drillings along with coring,
• drainage
• technical and small-diameter hole drillings,
• large diameter hole drillings up to 2000 mm, used as shafts of the following type: drilled, for sinking and deepening of shafts, coal bunkers, rescue, ventilation, drainage, technical - for cables, pipelines, etc.

c) drilling in the performance of underground water intakes and the construction of wells:
The company is also specialized in construction of underground water intakes of different types (normal, mineral, treatment and thermal). Depending on the geological, hydrogeological and technical conditions, works are carried out by the following methods:
• rotary drillings with normal or inverted water circulation,
• drilling with hammer.
Besides the company perform also additional tasks, such as:
• developing design and as-built documentation,
• mounting monitoring system,
• intake housing (also from stainless steel),
• the entire range of control tests and measurements, defining the well operating parameters.

- Subsidiary - KOPEX-EX – COAL Sp.z o.o. based in Katowice (to 15 November 2011r. operated under the name Grupa ZZM-KOPEX Sp.z o.o.)

The Company's main scope of activities comprises mining of coal, services related to forestry, peat extraction and mining. The company was suspended up to 31August 2011 and since 01 September 2011 it has renewed its activities.

- Subsidiary - HANSEN Sicherheitstechnik AG based in Munich / Germany

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.

- Subsidiary – KOPEX GmbH based in Moers / Germany
The Company's scope of activities comprises the intermediation in contracts on supplies and technical services and execution of them in Germany.

- Subsidiary – PT.KOPEX MINING CONTRACTORS Ltd. based in Jakarta / Indonesia
The Company's scope of activities comprises rendering mining services on the territory of Indonesia

- Subsidiary – KOPEX MIN-MONT A.D., KOPEX MIN-FITIP A.D. under liquidation, KOPEX MIN-OPREMA A.D.

based in Nis/ Serbia
The Companys' scopes of activities comprise the manufacture of mining machinery and equipment steel structures and rendering services in the assembly of machinery and equipment.

- Subsidiary – KOPEX MIN-LIV A.D.based in Nis/ Serbia
The Company's scope of activities comprises the manufacture and supply of cast steel and cast iron castings.

- Subsidiary – SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO.LTD based in Taian/ China

The Company's scope of activities comprises the design and manufacture of mining machinery and equipment, sale of the own products and after-sale maintenance services.

Other selected entities of the KOPEX S.A. Group

TAGOR S.A. based in Tarnowskie Góry	⇒ manufacturer of powered roof supports, belt and scraper conveyors, overhaul and modernisation of the operated powered roof supports.
KOPEX-Famago Sp. z o.o. based in Zgorzelec	⇒ the Company operates in the machinery industry, serving the following sectors: mining, power energy, electric machinery, handling and mineral resources. KOPEX-Famago has continued manufacturing activities of the acquired FAMAGO company. It has a nearly 30 - year experience in the manufacture of excavators and a 50 – year experience in the manufacture of spreaders, belt conveyors and spare parts for open-cast mining equipment and the Company is the leading manufacturer in this field in Poland and one of a few in the world. The Company's main scope of activities comprises the manufacture of: • machinery for open-cast mining and construction industry, • machinery subassemblies and spare parts , including: toothed rings, ball cradles, gear wheels, drums, shafts, axles and large-size machined elements • wear parts (knives, sleeves, buckets, etc.), • conveyor system elements (drums, rollers, steel structures) • large size valves for hydropower plants (butterfly-, ball- and slide valves), • components and subassemblies of crane equipment, • bridge structures • supporting structures of power blocks, • steel structures for ship's coamings • non-ferrous castings, • bunkers etc.
Zakład Elektroniki Górniczej ZEG S.A. based in Tychy (since 02 January 2012, after a merger with Elgór+ Hansen Sp. z o.o., the merged companies have operated under the name KOPEX ELECTRIC SYSTEMS S.A.)	⇒manufacturer of industrial automation electronic appliances, control and measurement as well as signaling and communication appliances for the industry, for mining in particular. Commercial offer of ZEG S.A. includes manufacture of the following mining electronics and automation appliances: • appliances and systems for underground mine automation and haulage, • mining transmission communication appliances and systems, • appliances and systems for mine atmosphere parameters analysis, • methane monitoring systems, • control, measurements and blasting appliances, • power network protection appliances for underground mines, • power electronics converters, • open-cast mining appliances.
Elgór+ Hansen Sp. z o.o. based in Chorzów (since 02 January 2012, after a merger with Górniczej ZEG S.A., the merged companies have operated under the name KOPEX ELECTRIC SYSTEMS S.A.)	⇒ comprehensive assistance in investment projects, including design, manufacture and repair of explosion-proof equipment, preparation of technical documentation of mining electrical equipment , elaboration of documentation of the integrated power and control systems used in longwall systems. Elgór + Hansen also provides the following services: • complete preparation of supplies of mining equipment electrical outfit, • repair and modernisation of flameproof (explosion proof) enclosures, • development of technical documentation of mining electrical systems , particularly used in hazardous areas.

Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o. based in Zabrze . (formerly operated under the name INFRABUD Sp. z o.o.)	⇒ Rental and lease of other machinery, equipment and tangible goods, manufacture of metal structures and parts, manufacture of general purpose machinery, civil engineering construction contractor (construction of buildings, acquisition, sale and letting of real estates, construction, urban and technological design, manufacture of plastics products for the construction sector.
EL-GÓR S.A. based in Chorzów	⇒ The Company's scope of activities comprises the manufacture of switchgear and control appliances, services related to installation, repair and maintenance of switchgear of switchgear and control appliances, manufacture of electrical equipment as well as sales and rental of machinery and equipment.
DOZUT – TAGOR Sp. z o. o. based in Zabrze	⇒manufacture and repair of power hydraulics, hydraulic subassemblies, manufacture and repair of sealing elements, manufacture of DURACHROM protective ecological coatings.
BREMASZ Sp. z o.o. z based in Dąbrowa Górnicza	⇒ repair and maintenance of mining machinery, manufacture, overhaul and modernization of powered roof supports, welding of steel structures.
„KOPEX Technology" Sp. z o.o. based in Zabrze	⇒ technical research and analyses (rendering services).
Hansen Electric spol. s.r.o. based in Opava /Czech Republic/ (to 01 August 2011 operated under the name Ostroj-Hansen+Reinders spol. s.r.o.)	⇒design, manufacture, assembly and repair of electrical devices as well as trading in those products.
KOPEX AFRICA (Pty) Ltd. based in Benoni /Johanesburg/ South Africa	⇒ manufacture, repair and modification of switching equipment in fire-proof or non fire- proof housing and transformers for mining.
KOPEX AUSTRALIA (Pty) Ltd. based in Newcastle/ Australia	⇒overhaul, repair and modernisation of mining machinery and equipment
KOPEX WARATAH (Pty) Ltd. based in Argenton/ Australia	⇒ manufacture of mining machinery and equipment, in particular manufacture of shuttle cars under its own Waracar brand and service of them, manufacture of flameproof electrical enclosures, bolter miners, mobile roof support offered in cooperation with America's Fletcher, as well as continuous miners `and roadheaders offered in cooperation with Germany's AckerWirth. ⇒ manufacture of heavy-duty scraper conveyors, technical coordinator of supply of longwall systems in Australia's market.

14. THE CAPITAL GROUP. INFORMATION ON ORGANISATIONAL OR CAPITAL CONNECTIONS OF THE ISSUER AND OF THE ISSUER'S SUBSIDIARIES

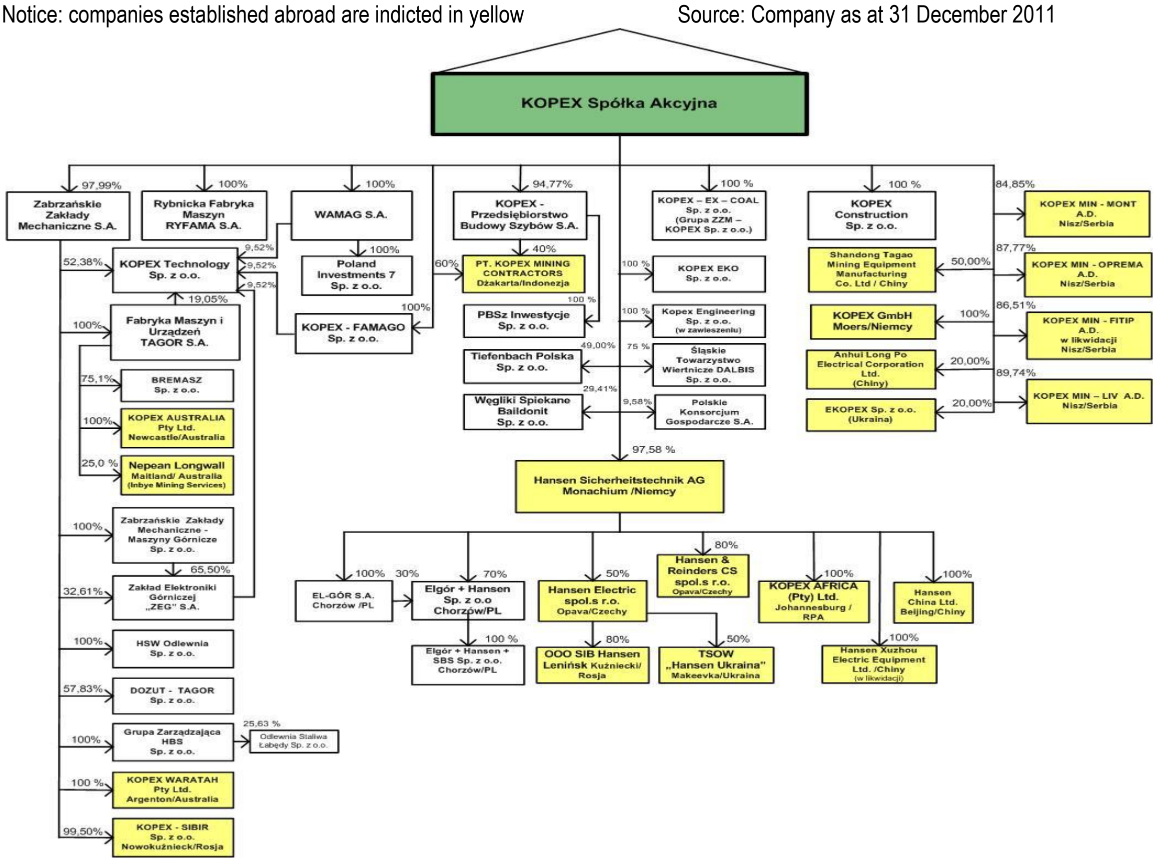
14.1. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP

As at 31 December 2011 the KOPEX S.A. Capital Group , hereinafter referred to as the KOPEX Group, the Group, the 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.
As at the date of making this document, 21 subsidiaries had their registered seats abroad, including 12 in Europe (four in Serbia, two in Germany, two in the Czech Republic, two in the Russian Federation and two in Ukraine), one in South Africa, five in Asia (four in China and one in Indonesia) and three in Australia. These subsidiaries are characterised by varying degrees of importance for business and significance of the composition of the KOPEX Group , its capital interconnection and percentage shareholding in equity capitals of the subsidiaries is illustrated on the organisational chart below.

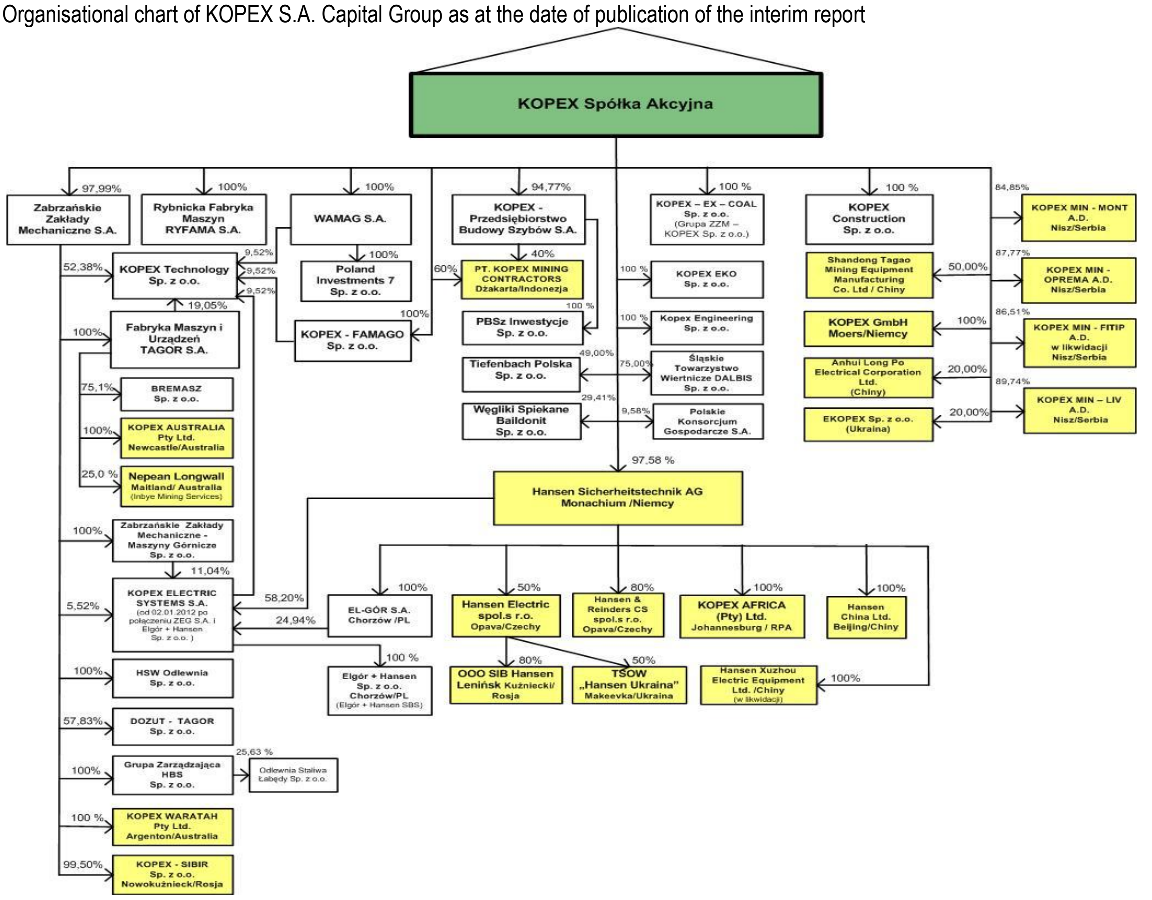
KOPEX S.A. as the leader of the Group plays a special role in the structure , by focusing the Group's central functions –it is the management of the holding, it provides for the development strategy of the whole Capital Group, it shows lines of the activities in the sphere of manufacture and services 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.

Organisational chart of KOPEX S.A. Capital Group as at 31 December 2011

Notice: companies established abroad are indicted in yellow Source: Company as at 31 December 2011



Organisational chart of KOPEX S.A. Capital Group as at the date of publication of the interim report



14.2. MARKET POSITION OF THE KOPEX GROUP

The KOPEX Group is a general contractor of investments in the mining of hard coal, lignite and non-ferrous metal ores, offering a full assistance in the investment projects. Comprehensive offer KOPEX Group includes: design, manufacture, supply and installation of machinery and complete technological systems, as well as service and training.

KOPEX Group is characterised by:

⇒complete range of products and technology for coal mining (underground mining, open-cast mining):
• mining machinery and equipment, electronic appliances used in mining machinery and electrical and electronic systems for mines,
• capability to offer the entire longwall systems in any market
• innovative and technologically advanced products and own solutions

⇒ presence in all the major mining markets in the world,

⇒ diversified portfolio of customers:
• leading mining corporations in the world (Vale, Shenhua, Anglo American),
• largest coal mines and power producers in Poland (Jastrzębska Spółka Węglowa /JSW/, Katowicki Holding Węglowy /KHW/, Kompania Węglowa /KW/, BOT, PGE).

14.3. RESULTS OF THE CHANGES IN COMPOSITION OF THE ENTITY, ALSO RESULTING FROM THE MERGERS OF ECONOMIC ENTITIES , TAKEOVERS OR SALE OF SUBSIDIARIES OF THE ISSUER'S CAPITAL GROUP, LONG-TERM INVESTMENTS, DIVISIONS, RESTRUCTRING AND CEASING ACTIVITIES.

(Information cover events in the period 01 October 2011 to 31 December 2011,including the events in the period 01 January 2011 to 30 September 2011, and the changes that have been effected since 01 January 2012 to the date of publication of this interim report).

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

a) acquisitions of shares in RYFAMA S.A. based in Rybnik and the increase to 100 per cent of the capital commitment in this company by KOPEX S.A.;

⇒ On 26 January 2011 direct capital commitment of KOPEX S.A. in its subsidiary RYFAMA S.A. based in Rybnik was increased by 10.59%, as a result of implementation of the Agreement for conveyance of shares' property rights. Upon signing of the aforesaid Agreement, the Investor transferred 258,691 series-B common bearer shares to the Issuer, and the transfer of 76,007 series-A common bearer shares to KOPEX S.A. was effected when the relevant entry in the securities depository of the BRE Bank S.A .Investment House based in Warsaw was made. As a result of this transaction KOPEX S.A. had a total of 2,830,098 shares in RYFAMA S.A., constituting 89.56% of the share capital.

⇒ KOPEX S.A. acquired a total of 315,993 series- A and series -B common bearer shares of RYFAMA S.A. more, as a result of Agreement of share acquisition dated 17 February 2011. The transaction was effected via the the BRE Bank S.A .Investment House based in Warsaw . The transaction was the fulfillment of the provisions of the third Preliminary Agreement of Sale of RYFAMA S.A. Shares dated 19 February 2010 (as amended by Annex No. 1 signed on 14 September 2010). After the aforesaid transactions, KOPEX S.A. held a total of 3,146,091 shares of RYFAMA S.A., which represented 99.56 per cent of the share capital, constituting 99.56 per cent of the voting rights at RYFAMA S.A. General Meeting.

⇒ on 09 March 2011 KOPEX S.A signed two contracts, entitling KOPEX S.A. to acquire the remaining 13.909 series –B shares, of the nominal value of PLN 1.59 zł, constituting 0.44 per cent of the share capital of RYFAMA S.A. and thus KOPEX S.A became the holder of all the 3,160,000 shares of RYFAMA S.A., that represent 100.00 per cent of the share capital of RYFAMA S.A ., constituting 100 per cent of the voting rights at RYFAMA S.A. General Meeting.

b) acquisition of shares in the increased capital of HSW Odlewnia Sp. z o.o. , based in Stalowa Wola by ZZM S.A. in Zabrze (Issuer's subsidiary);

On 09 February 2011 the ZZM S.A. company was entered in the National Court Register kept by the District Court Rzeszów, as the sole shareholder of all the 20,050 shares of HSW Odlewnie Sp. z o.o. with a nominal value of PLN 20,050,000. The increase of the share capital of HSW Odlewnie Sp. z o.o. from PLN 50,000 by PLN 200,000 through the issue of 20,000 shares at PLN 1,000 each, that were acquired by ZZM S.A based in Zabrze, was one of the stages of the restructuring process that was implemented in 2010.

c) subsequent increase of the capital commitment of KOPEX S.A. in its German subsidiary -Hansen Sicherheitstechnik AG based in Munich, Germany;

In Q3 2011 KOPEX S.A. acquired a total of 6,000 shares in Hansen Sicherheitstechnik AG based in Munich, and increased its shareholding in this company from 2,433,589 shares (constituting 97.34 per cent of the share capital of the company) to 2,439,589 shares, constituting 97.58 per cent of the share capital of the company and entitled to the same number of votes at the General Meeting of Hansen Sicherheitstechnik AG. The aforesaid transaction was accomplished as one of the strategy targets of the Management Board of KOPEX S.A. regarding the forming of a strong electro-electronic division of the KOPEX Group and related policy to further increase of capital commitment of KOPEX S.A. in its German subsidiary of Hansen Sicherheitstechnik AG in Munich.

The intention KOPEX S.A. is to achieve 100.00 per cent of the share capital of Hansen Sicherheitstechnik AG and relevant formal and legal works are carried out to achieve this target.

d) acquisition of 75 per cent of shares in DALBIS Sp. z o.o. based in Radzionków by Kopex S.A. ;

KOPEX S.A. acquired 12 shares in DALBIS Sp. z o.o. based in Radzionkow from its previous shareholders, as a result of the contracts signed on 15 September 2011. The acquired shares represented 75 per cent of the share capital of the company and entitled to 12 votes, i.e. to 75 per cent of the votes at the General Meeting of DALBIS S.A.
The remaining 4 shares in the company, representing 25 per cent of the share capital belong to a private foreign entity. The company specializses in drilling various holes and implementation of drilling technology in engineering and geotechnical works on the surface and in underground mines.
The acquisition of this company resulted from the decision made by the Management Board of KOPEX Group to support its capacity in vertical mining works, by supplementing and enhancing the existing product offering in the segment of mining services offered by the KOPEX-Group and to form in its structure highly specialised, powerful companies capable of competing in the dynamically changing business environment.

e) increasing to 100 per cent shareholding of KOPEX S.A in KOPEX-EX-COAL Sp. z o.o.
(to 15 November 2011 operated under the name Grupa ZZM - KOPEX Sp.z o.o.);

After the merger on 1 July 2011 with the company KOPEX Equity Sp. z o.o. (acquiree), KOPEX S.A. (acquirer) became the parent entity against the company Grupa ZZM-KOPEX Sp.z o.o. based in Katowice. KOPEX S.A. held 98 per cent shares and the remaining 2 per cent were held by KOPEX Construction Sp. z o.o. based in Katowice. On 14 October 2011 KOPEX S.A upon signing agreement acquired the shares from the latter company
Currently KOPEX S.A. is holding 100 per cent shares, constituting 100 per cent at the General Meeting. On 01 September 2011 Grupa ZZM-KOPEX Sp.z o.o. activated its operation that had been suspended in 2009. On 17 and 19 October 2011 there were taken decisions with regard to new plans and goals for this company, by the General Meeting Grupa ZZM-KOPEX Sp.z o.o. The decisions were taken on the following issues: expansion of the company's scope of activities by new subject areas including: mining of coal, service activities related to forestry, peat extraction and support service activities for other mining, the change the name of the company to KOPEX-EX-COAL Spółka z ograniczoną odpowiedzialnością / KOPEX-EX-COAL limited liability company/, the increase of the share capital from PLN 50,000.00 to PLN 500,000.00, through the establishment of new shares in the number of 450, with a nominal value of 1,000.00 each, that were covered in cash and acquired in total by KOPEX S.A.

2) Mergers of selected subsidiaries of the KOPEX Group S.A. to simplify its structure, make it more transparent, reduce costs, improve management, and to form new, specialised, strong entities on the basis of the existing subsidiaries, as follows:

a) merger of KOPEX S.A. (acquirer) with its subsidiary KOPEX Equity Sp. z o.o. (acquiree) based in Katowice

⇒ On 18 March 2011 the Management Board of KOPEX S..A passed the Resolution No. 012/2011 on the decision to merge the companies KOPEX S.A. (acquirer) and KOPEX Equity Sp. z o.o. (acquiree). Finance lease is the core business of KOPEX Equity Sp. z o.o. KOPEX S.A. holds 100 per cent share in the share capital of KOPEX Equity Sp. z o.o. According to the aforesaid Resolution, the merger of the Companies was effected pursuant to Art. 492 Par. 1 item 1), subject to art. 515, Par. 1 and art. 516 Par. 6 of the Act dated 15 September 2000 - Commercial Companies Code (Dz.U. z 2000r Nr. 94, poz. 1037, z późn.zm) .i.e by transferring all the assets of the acquiree to the acquirer, without the increase of the share capital in the acquirer, and without issuing new shares of the acquirer in exchange for shares of the acquiree (the merger), under the terms of the Merger Plan. This information was released to the public in the current report No 28/2011 dated 18 March 2011.
On 29 March 2011 the Merger Plan was adopted and signed. Implementation of the merger of KOPEX S.A. with KOPEX Equity Sp. z o.o. will have a positive impact on the merging companies and will make it possible to achieve tangible economic and structural benefits, and it will also make it possible to implement the following long-term objectives which are intended to be achieved:

a) significant simplification of the management functions of the KOPEX Capital Group, what will also reduce costs and improve the operating efficiency of the Group .KOPEX Equity Sp. z o.o. (acquire) is a majority shareholder in several companies of the KOPEX Capital Group. It holds100 per cent share in the share capital of KOPEX FAMAGO Sp. z o.o. based in Zgorzelec, 73.24 per cent shares in KOPEX Construction Sp. z o.o. based in Katowice, 98 per cent shares in Grupa ZZM-KOPEX Sp. z o.o. based in Katowice, 100 per cent shares in KOPEX Engineering Sp. z o.o. based in Katowice. KOPEX Equity Sp. z o.o. is also a minority shareholder in two other companies; it holds

20 per cent shares in the Chinese company- Anhui Long After Electrical Corp. and 9.58 per cent shares in Polskie Konsorcjum Gospodarcze S.A. based in Warsaw);

b) continuation of the current activities of the companies based on the best solutions used in them, making the optimal use of infrastructures, skills and the experience staff of the merging companies;
c) strengthening the capacity of the merging companies and increasing the efficiency of their operations;
d) the benefits of economies of scale and synergies associated with the increase in revenues, minimising costs and the effective use of human resources potential of both companies;
e) expanding and enriching the scope of activities of the acquirer by the scope of activities of the acquiree as well as forming a new segment of activities at the acquirer.

⇒ On 11 July 2011, KOPEX S.A. received a decision of the District Court Katowice – East in Katowice, dated 01 July 2011, on entry of the merger in the National Court Register on 01 July 2011 (the merger date). The merger was effected between KOPEX S.A and KOPEX Equity Sp. z o.o. based in Katowice. The Company released information to the public on the merger in question in the current report RB No. 96/2011 dated 11 July 2011. The entry of KOPEX Equity Sp. z o.o. based Katowice was removed from the register of entrepreneurs.

b) merger of ZEG S.A. based in Tychy (acquirer) with Elgór + Hansen Sp. z o.o. based in Chorzów (acquiree);

The decision to merge ZEG S.A. based in Tychy with Elgór + Hansen Sp. z o.o. based in Chorzów is an element of the strategy for organising the internal structure of the KOPEX Group and forming a strong electric - electronic division with the KOPEX Group. Both companies have the same scope of activities. The merger will make it possible to achieve higher economic efficiency, will enable better use of the manufacturing and service capabilities, will increase the value of the merged company and simplify management as well as will enhance the transparency of the Group
⇒ On 28 June 2011 the Management Board of the merging companies adopted the Merger Plan of the companies belonging to the KOPEX S.A. Capital Group: ZEG S.A. based in Tychy (acquirer- a subsidiary of ZZM- Maszyny Górnicze Sp. z o.o. and ZZM S.A.) with Elgór + Hansen Sp. z o.o. based in Chorzow (acquire- subsidiary of Hansen Sicherheitstechnik AG and EL-GÓR S.A.).
The most significant provisions of the merger plan of the aforesaid companies are as follows:

a) the merger mode of the companies:

• The merger will be based on Art. 492 Par. 1 item 1 of the Commercial Companies Code, that is, by transferring all assets of the acquiree to the acquirer, in exchange for shares that will be transferred to the shareholders of the acquiree by the acquirer (merger by acquisition). As a result of the merger, the acquiree will be removed from the register of entrepreneurs.
.
• The merger will be based on the relevant resolutions of the General Meeting of the acquirer and the General Meeting of the acquire.

b) the increase of the share capital of the acquirer:

• To effect the merger , there will be implemented the increase of the share capital at the acquirer. As a result of the increase, the share capital of the acquirer amounting to PLN 11,350,400 (say: eleven million three hundred fifty thousand and four hundred zlotys) will be increased by the amount of PLN 55,959,730.00 (fifty five million nine hundred fifty nine thousand and seven hundred thirty zlotys) to the total amount of PLN 67,310,130.00 (say: sixty seven million three hundred ten thousand and one hundred thirty zlotys). To this end, shareholders of the acquiree will purchase a total of 5,595,973 shares in the acquirer ,of the nominal value of PLN 10.00 (ten zlotys) each. The share capital will be increased with the exception of the right to acquire enjoyed by existing Shareholders of the Acquirer, in accordance with Art. 433 Par. 2 of the Commercial Companies Code.

c) amendments to the Statutes of Association the acquirer:

• In connection with the merger, there will be implemented amendments to the text of the Statutes of Association of the acquirer. The planned amendments to the Statutes of Association of the acquirer include:
- change of the acquirer's firm (the new firm is KOPEX Electric Systems Spółka Akcyjna (Joint Stock Company)
-extension of the scope of its activities by some activities of the acquire that do not overlap with existing scope of activities of the acquirer
-change of the share capital, as described in item b).

⇒ On 28 November 2011 Extraordinary General Meeting of ZEG S.A. based in Tychy unanimously adopted the resolution on the merger of Elgór + Hansen" Sp. z o.o. based in Chorzów with ZEG S.A. based in Tychy and on the amendments to the Statutes of Association of ZEG S.A

,⇒ On 28 November 2011 Elgór + Hansen" Sp. z o.o. based in Chorzów unanimously adopted the resolution on the merger of Elgór + Hansen" Sp. z o.o. based in Chorzów with ZEG S.A. based in Tychy and on the adoption of the amendments to the Statutes of Association of ZEG S.A

⇒ On 02 January 2012 there was issued decision of the District Court Katowice – Wschód in Katowice
of entry of the merger of ZEG S.A. based in Tychy (acquirer) with Elgór + Hansen" Sp. z o.o. based in Chorzów (acquiree).The merger has resulted in the change of the company's firm into a new one: KOPEX Electric Systems Spółka Akcyjna (Joint Stock Company) , hereinafter referred to as KOPEX Electric Systems S.A.

⇒ Shareholding held by KOPEX Electric Systems S.A. based in Tychy was changed upon the merger as follows:

1) Hansen Sicherheitstechnik AG - 58.20 per cent
2) EL-GÓR S.A. - 24.94 per cent
3) Zabrzańskie Zakłady Mechaniczne Sp.z o.o. - 11.04 per cent
4) ZZM S.A. - 5.52 per cent
5) other shareholders - 0.30 per cent.

c) the decision to merge the companies: ZZM S.A. based in Zabrze (acquirer), RYFAMA S.A. based in Rybnik (acquiree) and WAMAG S.A. based in Walbrzych (acquiree);

The decision to merge the companies RYFAMA S.A., WAMAG S.A. and ZZM S.A. is a consequence of the continuation of the a strategy implemented by the Management Board of the KOPEX Group to order
the internal structure of the KOPEX Group and form a strong mechanical division based on the companies of similar business profile within the KOPEX Group.

The merger of ZZM S.A., RYFAMA S.A. and WAMAG S.A. will be effected by the transfer of all assets of RYFAMA S.A. and WAMAG S.A. (acquirees) on ZZM S.A. (acquirer), in accordance with the assumptions of the merger plan. There will be affected a so called merger by acquisition (Art. 492 Par. 1 item 1 of the Commercial Companies Code) demanding the increase in share capital of ZZM S.A., with no option to effect a so called simplified merger model (Art. 516 Par.6 of the Commercial Companies Code).

KOPEX S.A. based in Katowice and is the sole shareholder of WAMAG S.A. and RYFAMA S.A. , and KOPEX S.A. based in Katowice, holding 97.99 per cent shares, and other entities are shareholders of ZZM S.A.

As a result of the merger, ZZM S.A. will transfer the shareholders of the companies being acquired the shares resulted from the increase in the share capital. After the merger of the company being acquired will be removed from the register of entrepreneurs.

The decision to merge the three aforesaid companies has been taken to achieve the following positive effects as well as economic and organisational benefits:

a) establishing a decision-making organisation, tailored to current market requirements and strengthening the position in the market,
b) maximising the use of human resources , mechanical engineering and infrastructure potential
c) optimising manufacture costs by reducing manufacture cost and time,
d) eliminating duplication of products and technologies by locating them in selected factories,
e) restricting investments, particularly in the purchase of machinery,
f) eliminating duplication of activities / positions through their concentration,
g) improving capacity utilisation and machinery fleet,
h) improving product quality,
i) improving of materials management (optimal use of materials and tools), reducing inventory,
j) reducing the cost of machinery and equipment maintenance,
k) using synergies by providing a uniform development, trade, cost, financial, marketing and investment policies,
l) pooling and optimising the investments in research, development and implementation of new products and services,
m) optimising the organisational structure, reducing management costs,
n) broadening the market offer or comprehensive services offered separately by individual companies (longwall systems in particular) as a response to the market needs,
o) improving the quality of relationships with customers and technical and commercial offers made,
p) using a recognisable KOPEX brand by rebranding of the company.

In Q4 2011 there were accomplished the following actions with regard of implementation of the above-described intention to merge ZZM S.A., RYFAMA S.A. and WAMAG S.A. :
⇒ 20 October 2011, the Management Boards of ZZM S.A., RYFAMA S.A. and WAMAG S.A passed resolutions on the commencement of the merger process and on the preparation of merger plan;
⇒ 15 November 2011 the Management Boards of the merging companies adopted by various resolutions the formal document- Merger Plan of ZZM S.A. based in Zabrze (acquirer) with RYFAMA based in Rybnik (acquiree) and WAMAG S.A. based in Walbrzych (acquiree) and they adopted "Report of the Management Board of the Company on the grounds of the merger"
⇒ Pursuant to the approved merger plan and schedule, the subsequent formal procedures required by law are being implemented in the merging companies (preparations for convening general meetings of the acquiring and acquired companies in order to take appropriate measures to implement the resolutions on the merger).

3) 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 organising processes of the subsidiaries of the KOPEX Group by the Issuer :

a) sale of a part of the shares in INBYE Mining Services Pty. Ltd, based in Maitland / Australia (now operated under the name of Nepean Longwall Pty. Ltd) by TAGOR S.A. based in Tarnowskie Góry,
(a sub-subsidiary of KOPEX S.A);

On 10 February 2011 there was signed a contract between TAGOR S.A. based in Tarnowskie Góry (KOPEX S.A.'s sub-subsidiary), INBYE Mining Services PTY Ltd. based in Australia and two individuals (Australian citizens). The sale of shares, constituting 25 per cent of the capital of INBYE was the subject of the contract. Before the sale, TAGOR S.A. held the shares, constituting 50 per cent of the capital of INBYE Mining Services PTY Ltd. The contract in question resulted from the fulfillment of TAGOR S.A. provisions of Clause 6.1., of the preliminary Purchase-Sale Contract dated 06 February 2008, on sale of 50 per cent shares in INBYE Mining Services PTY Ltd. based in Australia, i.e. on the repurchase option from TAGOR S.A of 25 per cent of shares at a fixed price.
INBYE Mining Services PTY Ltd. (now operated under the name of Nepean Longwall Pty. Ltd) is a manufacturer of heavy-duty scraper conveyors and a technical coordinator of the supply of longwall systems into the Australian market.

b) sale of 100 per cent of the registered shares in EL-GÓR S.A. based in Chorzów to
Hansen Sicherhetstechnik AG, Munich (a subsidiary of KOPEX S.A.) by KOPEX S.A.

On 26 September 2011 there was effected a contract on the sale of the whole package of series-A registered shares in EL-GÓR S.A. held by KOPEX S.A. to Hansen Sicherheitstechnik AG (KOPEX S.A.'s subsidiary).
The contract was effected through the BRE Bank S.A. Investment House. The aforesaid transaction was a part of the implementation of "Short-term operation plan of Hansen Sicherheitstechnik AG with regard to capital changes in the Hansen Group, in particular the plan to acquire 100 per cent shares in EL-GÓR S.A to increase the shareholding of Hansen Sicherheitstechnik AG in ELGÓR + HANSEN Sp. z o.o. based in Chorzow".
Before the aforesaid transaction, Hansen Sicherheitstechnik AG had held 70 per cent in ELGÓR + HANSEN Sp. z o .o. , and the remaining 30 per cent shares was held by EL-GÓR S.A. in Chorzow. After the aforesaid transaction, 100 per cent direct and indirect shares and voting rights in the company ELGÓR + HANSEN Sp. z o .o. based in Chorzów were held by Hansen
Sicherheitstechnik AG (a subsidiary of KOPEX S.A.). As a result of this transaction, there has been formed a simplified and more transparent internal structure of capital relations the Hansen Group's companies, as well as a simplified consolidation of the financial results of the Hansen Group's entities and of the whole KOPEX S.A. Group has been achieved.

c) sale of 30 per cent shares in Hansen Electric Ltd. s.r.o. based in Opava / Czech Republic (a subsidiary of Hansen Sicherheitstechnik AG) by Hansen Sicherheitstechnik AG based in Munich/ Germany;

The scope of activities of Hansen Electric spol. s.r.o. based in Opava / Czech Republic (to 01 August 2011 operated under the name of Ostroj + Hansen, spol. s.r.o.) is design, manufacture, installation and repair of electrical appliances and commercial activities in this field.
On 01 September 2011 there was sold 30 per cent shares in Hansen Electric spol. s.r.o. to its two other existing shareholders, what was justified by business and benefits of Hansen Sicherheitstechnik AG and finally of the whole KOPEX S.A. Group.
The aforesaid transaction resulted from the accomplishment by the Management Board of Hansen Sicherheitstechnik AG the provisions included in "Short-term operation plan of Hansen Sicherheitstechnik AG with regard to capital changes in the Hansen Group, in particular the plan to sale 30 per cent shares in Hansen Electric spol. s.r.o , to decrease the shareholding of Hansen Sicherheitstechnik AG in Hansen Electric spol. s.r.o".

After the transaction of sale of some shares, Hansen Sicherheitstechnik AG holds 50 per cent shares in Hansen Electric spol. s.r.o., and the remaining 50 per cent is held by two individuals - citizens of the Czech Republic.
During the reporting period there were no other significant changes, including the changes in capital and organisational interrelationships in particular, besides the events and changes in the Group KOPEX S.A described in the above item 14.3.

Major investments in financial and tangible fixed assets in the Issuer's Capital Group in the period of Q1 - Q4 2011 are presented in the table below:

in PLN thou.

INVESTMENTS	VALUE
1. Machinery and equipment	231,991
2. Acquisitions and takeovers	60,854
3. Intangible assets	11,360
4. Buildings and real estate	12,962
5. New products and projects	4,229
6. Other	1,404
Total	322.800

In the period of Q1 - Q4 2011, the Capital Group suffered a depreciation costs of its inventory in the amount of PLN 102,688 thou. The investments were financed from their own Companies and with external sources of financing (bank credits).

15. IDENTIFICATION OF THE SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THORUGH SUBISIDIARIES AT LEAST 5 PER CENT OF TOTAL VOTES AT THE GENERLA MEETING OF THE ISSUER ON THE DTAE OF PUBLICATION OF THE QUARTERLY (Q4 2011) REPORT AND INDICAITON OF THE CHANGES IN THE SHAREHOLDING STRUCTURE OF SUBSTANTIAL BLOCKS OF SHARES OF THE ISUUER SINCE THE PREVIOUS QUARTERLY REPORT.

According to the information held by the Issuer on the date of publication of the quarterly (Q4 2011) 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	Per cent of votes at the General Meeting
Krzysztof Jędrzejewski	43 896 459 1)	59.06 %	43 896 459	59.06 %
ING OFE	4 399 695 2)	5.92 %	4 399 695	5.92 %
Aviva OFE Aviva BZ WBK	3 789 840 3)	5.10 %	3 789 840	5.10 %
Other Shareholders (Free float)	22 246 544	29.92 %	22 546 544	29.92 %

Total number of shares and votes of KOPEX S.A = 74,332,538 Source: Company

Notes:

1) Total direct and indirect shareholding of KOPEX S.A shares held by Mr. Krzysztof Jedrzejewski , the majority Shareholder is shown underneath, taking into consideration changes published by the Issuer in the notification dated 28 December 2011 and received by the Issuer from Mr. Krzysztof Jędrzejewski under Art. 160 Cl. 1 - Law on trading in financial instruments (current report No. 201/2011 dated 28 December 2011) and in accordance with the notice dated 28 December 2011 received by the Issuer from Mr. Krzysztof Jędrzejewski under Art.69 - Public Offering Act (current report No. 202/2011 dated 28 December 2011) including:

a) direct shareholding: 43,310,175 shares representing 58.27 per cent in the share capital of the Company and entitling to 43,310,175 votes at the General Meeting and representing 58.27 per cent of total votes,
b) indirect shareholding: through Mr. Krzysztof Jędrzejewski' s Father, Mr. Damian Jędrzejewski. Mr. Krzysztof Jędrzejewski holds indirectly 309.784 shares of KOPEX S.A., representing 0.417 per cent in the share capital and entitling to 309 784 votes at the General Meeting, representing 0.417 per cent total number of votes.
c) indirect shareholding: through KOPEX S.A, Mr. Krzysztof Jędrzejewski holds 276.500 shares of KOPEX S.A (own shares bought back by KOPEX S.A), representing 0.37 per cent in the share capital.

Note: According to Art.364 Par.2 of the Commercial Companies Code, the company does not exercise shareholders' rights resulting from its own shares (ie 276,500 shares), except for permissions to their sale or to accomplish activities aimed at preserving those rights, so their voting rights are not exercised at the General Meeting.
2) the shareholding held by ING OFE, pursuant to the notice dated 08 September 2011 and received by the Issuer from ING PTE SA (current report No. 128/2011 of 09 September 2011).
3)) the shareholding held by Aviva OFE Aviva BZ WBK S.A., pursuant to the latest notice as at 31 December 2008 received by the Issuer from Aviva OFE Aviva BZ WBK S.A., (to 31 May 2009 operated under the name of Commercial Union PTE BPH CU WBK SA).

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
Krzysztof Jędrzejewski	President of the Board since 16 January 2012	43 896 459 1)	less 350.000 shares 1)
Józef Wolski	Vice President of the Board	no	no change 2)
Joanna Parzych	Vice President of the Board	3.970	no change 2)
Artur Kucharski	Member of the Board since 01 February 2012	no	no change 2)
Andrzej Meder	Member of the Board since 01 February 2012	no	-----------

Source: Company

Notices:

⇐ 1) Total direct and indirect shareholding of KOPEX S.A shares held by Mr. Krzysztof Jedrzejewski , the majority Shareholder, taking into consideration changes published by the Issuer in the notification dated 28 December 2011 and received by the Issuer from Mr. Krzysztof Jędrzejewski under Art. 160 Cl. 1 - Law on trading in financial instruments (current report No. 201/2011 dated 28 December 2011) and in accordance with the notice dated 28 December 2011r received by the Issuer from Mr. Krzysztof Jędrzejewski under Art.69 - Public Offering Act (current report No. 202/2011 dated 28 December 2011) .

⇐ 2) no changes in the shareholding of the Issuer's shares since the publication of the latest quarterly report QSr-3/2011 on 14 November 2011.

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
Michał Rogatko	Chairman of the Supervisory Board	no	no change 1)
Marzena Misiuna	Vice-Chairman of the Supervisory Board	no	no change 1)
Bogusław Bobrowski	Secretary of the Supervisory Board since 16 Jan.2012	no	-----------
Zofia Dzik	Member of the Supervisory Board since 06 Feb. 2012	no	-----------
Adam Kalkusiński	Member of the Supervisory Board	no	no change 1)

Source: Company

Notice:
⇐ 1)shareholding of the Issuer's shares, including no changes, since the publication of the latest quarterly report QSr-3/2011 on 14 November 2011.

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 organisational structure has been adapted to its current needs, resulting from internal and external conditions.

Employment structure in the Company was as follows:

EMPLOYEES

	31 Dec.2011	30 Sept.2011	30 June 2011	31 March2011	31 Dec.2010
WHITE COLLAR WORKERS	167	167	167	154	153
BLUE COLLAR WORKERS	14	14	13	13	13
TOTAL	181	181	180	167	166

Financial situation

Value of the balance sheet sum at the end of Q4 2011 amounted to PLN 1,810,207 thou. and compared to the end of 2010 it increased by 12.4 per cent. Asset volume increase in the current assets by 51.4 per cent and in the fixed assets by 4.2 per cent contributed significantly to the increase of the balance sheet sum.
Increase in the group of equities by PLN 20,709 thou. , decrease in the volume of long-term liabilities by PLN 2,975 thou., i.e. by 20.9 per

cent and increase in short-term liabilities by PLN 181,923 thou., i.e. by 73. per cent has been recorded in the liabilities.

The most significant changes during Q4 2011 were as follows:

ASSETS

⇐ increase in value in the fixed asset group during Q4 2011 in comparison to the end of 2010 by about PLN 56,064 thou, i.e. by 4.2 per cent, achieved mainly through:
• increase in intangible assets by PLN 2,018 thou, i.e. by 41.5 per cent;
• increase in volume of fixed assets by PLN 4,110 thou, i.e. by 31.2 per cent;
• increase in investment properties by PLN 6,547 thou, i.e. by 508.7 per cent;
• increase in long-term financial assets available for sale by PLN 1,125 thou, i.e. by 100.0 per cent;
• increase in long-term loans by PLN 25,949 thou, i.e. by 595.7 per cent;
• increase in other long-term financial assets by PLN 17,457 thou, i.e. by 1.4 per cent;
•increase in deferred income tax assets by PLN 1,231 thou, i.e. by 14.1 per cent;
• decrease in fixed assets volume in the item of long-term lease receivables by about PLN 1,552 thou, i.e. by 22.9 per cent and in the item of long-term other receivables by PLN 821 thou;

⇐ increase in value in the current asset group to PLN 423,071 thou, i.e. by 51.4 per cent achieved mainly through:
• increase in short-term receivables and services from PLN 107,638 thou to PLN 154,843 thou ,i.e. by 43.9 per cent;
• increase in other short-term receivables from PLN 30,088 thou to PLN 126,753 thou , i.e. by 321.3 per cent;
• increase in short-term lease receivables by PLN 3,704 thou;
• increase in hedge derivative financial instruments from PLN 1,141 thou to PLN 1,531 thou , i.e. by 34.2 per cent;
• increase in the assets measured through profit or loss by PLN 510 thou ;
• increase in volume of cash assets and their equivalents from PLN 20,959 thou to PLN 42,377 thou , i.e. by 102.2 per cent;
• increase in short-time accruals from 388 thou to PLN 1,222 thou., i.e. by 214.9 per cent;
• decrease in inventories from PLN 3,190 thou to PLN 1,462 thou, i.e. by 54.2 per cent;
• decrease in short-term loans granted from PLN 113,580 thou to PLN 90,542 thou , i.e. by 20.3 per cent;
• decrease in current income tax receivables from PLN 2,489 thou. to PLN 127 thou., i.e. by 94.9 per cent;

LIABILITIES

There is increase in equity by PLN 20,709 thou on the liability side.

Decrease in value of long-term liabilities during Q4 2011, in relation to the end of , by about PLN 2,975 thou, mainly resulted from:
• decrease in long-term loans and credits by PLN 6,000 thou, i.e. by 66.7 per cent;
• decrease in other long-term liabilities by PLN 636 thou, i.e., 98.1 per cent
• increase in deferred income tax assets reserve by PLN 2,838 thou ,i.e. by 70.1 per cent;
• increase in long-term reserves for post-employment benefits by PLN 77 thou., i.e. by 20.6 per cent;
• increase in accruals by PLN 746 thou, i.e. by 507.5 per cent.

Increase in current short-term liabilities during Q4 2011in relation to the end of 2010 by about
PLN 181,923 thou, achieved mainly through:

• increase in short-term credits and loans by PLN 87,650 thou., i.e. by 53.9 per cent;
• increase in volume of short-term supply and service liabilities by PLN 59,800 thou, i.e. by 97.3 per cent;
• increase in other short-term liabilities by PLN 21,281 thou, i.e. by 186.2 per cent;
• decrease in liabilities for current income tax by PLN 460 thou, i.e. by 100.0 per cent;
• increase in derivative financial instruments by PLN 5,756 thou, i.e. by 1,326.3 per cent;
• increase in short-term reserves for post-employment benefits by PLN 3 thou, i.e. by 1.3 per cent;
• increase in other short-term reserves for liabilities by PLN 2,349 thou, i.e. by 690.9 per cent;
• increase in accruals by PLN 5,544 thou, i.e. by 56.7 per cent;

SEPARATE INCOME STATEMENT

In Q4 2011, the Issuer's sales revenues amounted to PLN 235,340 thou and were higher, in comparison to the same period of 2010 by about PLN 37,537 thou, i.e. by 19.0 per cent. Overall, in Q4 2011 the Issuer's revenues amounted to PLN 769.497 thou, and were lower, in comparison to the same period of 2010 by about PLN 272,312 thou., i.e. by 26.1 per cent. Decrease in volume of sales has resulted from declining sales in export markets by 34.6 per cent and in Poland by 20.3 per cent.

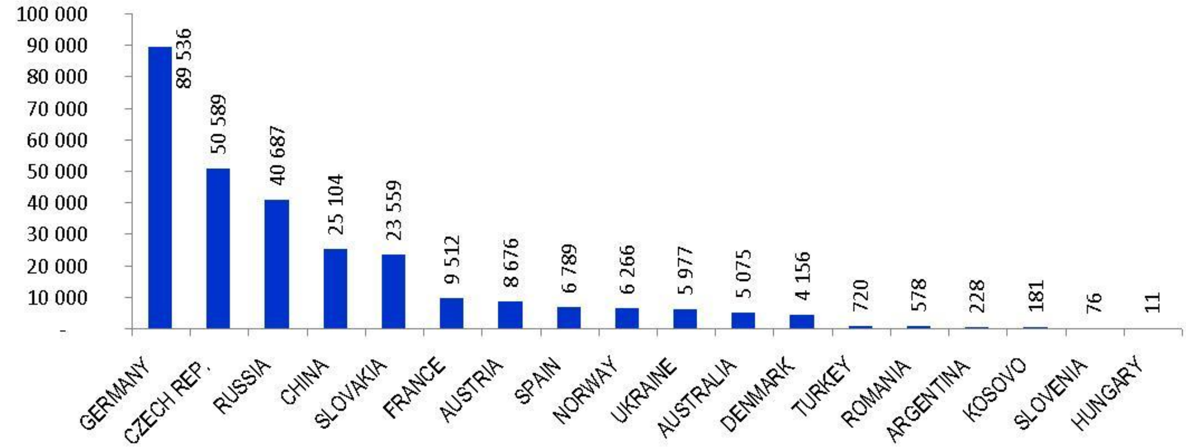
In the period January to December 2011, the Issuer's revenues from export sale amounted to PLN 278,551 thou and its structure was as follows:

• electricity sales to Austria, Czech Republic, Germany and Slovakia in the amount of PLN 153.544 thou.;

• sales of mining machinery and equipment to Argentina, Australia, China, Russia, Romania, Slovenia, Ukraine and Hungary in the amount of PLN 77,737 thou;
• sales of mining services rendered in France and Turkey in the amount of PLN 10,231 thou
• sales of bulk raw materials (coal) to Denmark, Spain, Norway and Slovakia in the amount of PLN 36,775 thou. ;
• other services rendered in Germany and Kosovo in the amount of PLN 264 thou.

Geographical structure of KOPEX S.A. export for the period January to December 2011:

in PLN thou



In the period January to December 2011 the Issuer earned revenues from sale in Poland amounting to PLN 490,946 thou, including:

• sales of electricity in the amount of PLN 206,552 thou and optimisation services in the amount of PLN 566 thou,
• sales of coal - bonds in the amount of PLN 136,055 thou
• mining machinery and equipment in the amount of PLN 132,098 thou
• debt collection services in the amount of 5,921 thou
• IT services in the amount of PLN 3,765 thou
• logistics services in the amount of 1,508 thou
• leasing services in the amount of PLN 1,414 thou
• financial support in the amount of 547 thou
• lease and tenancy in the amount of PLN 402 thou
• the remaining sales in the amount of 2,118 thou

During Q4 2011, the quantitative criterion defining the main customer was achieved with two customers. Revenues from the first customer in the amount of PLN 136,055 thou were earned from sales of coal, while revenues from the second customer r in the amount of PLN 130,033 thou were earned from sales of hard coal mining machinery and equipment.

Gross profit on sales in Q4 2011 amounted to PLN 14,702 thou, compared to the result obtained in the same period of 2010 it grew by PLN 8622 thou., i.e. by 141.8 per cent. Cumulatively for the period Q1 – Q4 2011 gross profit amounted to PLN 32,818 thou, compared to the result obtained in the same period of 2010 it decreased by PLN 30,490 thou., i.e. by 48.2 per cent.

In Q4 2011 cost of sales amounted to PLN 5,951 thou- its level is by PLN 3,260 thou higher in comparison with the same period of 2010. In Q4 2011 total cost of sales amounted to PLN 18,386 thou and it was lower than cost incurred in the same period of 2010, of PLN 2,735 thou. The decrease in selling expenses was the main impact of reducing the transaction costs related to the export of underground mining machinery and equipment.

In Q4 2011 overhead expenses amounted to PLN 6,989 thou and they were by PLN 1,153 thou higher in comparison with the same period of 2010. In Q4 2011 total overhead expenses amounted to PLN 22,805 thou and were higher than those ones incurred in the same period of 2010 by PLN 1,729 thou., i.e. by 8.2 per cent.

Other revenues and expenses in Q4 2011 [in PLN thou]:

• other revenues:

	Q1- Q4 2011	Q1- Q4 2010
Sale of fixed assets	7,450	4,595
Release of write downs on assets	3,483	10,293

Lapsed amortised liabilities	805	720
Damages, penalties, reimbursement of legal costs	477	134
Release of provisions for liabilities	203	-
Re-invoices	-	435
Liabilities written off	-	15
Other	81	656
TOTAL	12,499	16,848

• other expenses:

	Q1- Q4 2011	Q1- Q4 2010
Write downs on assets created	13,209	1,554
Value of assets sold	7,357	4,242
Result from cash flow hedges	6,448	22,946
Court costs, substitution process, penalties, damages	-	622
Reserves created	2.551	-
Receivables listed	1,108	9,026
Donations	44	57
Voluntary contributions	53	56
Other	709	563
TOTAL	31,479	39,066

In Q4 2011 there was a negative operating result in the Company, amounting to PLN 14 540 thou and for the period Q1-Q4 2011 cumulatively, loss on operating activity amounted to PLN 27.353 thou.

The negative operating result is mainly resulted from sales of mining machinery and equipment directly to the KOPEX Group companies, without the agency of KOPEX S.A., what in turn adversely affected the operating result.

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

• Financial revenues:

	Q1- Q4 2011	Q1- Q4 2010
Dividends and profit sharing	27,618	11,883
Interest	10.233	7,786
Revenues from sales of investments	51,023	16,350
Revaluation of investments	1,995	4,416
Positive balance of exchange rates	11,904	-
Other, including:	1,167	426
release of provisions for liabilities	2	49
release of write downs on financial receivables	1,028	288
fees for providing limits ,suretys granted	124	-
other	13	89
TOTAL	103,940	40,861

•Finance expenses

	Q1- Q4 2011	Q1- Q4 2010
Interest	10,676	6,889
Sales of investments	40.908	10.318
Revaluation of investments	1.148	9.151
Negative balance of exchange rates	-	17,967
Inne, w tym:	1,228	1,202
bank charges	739	184
impairment charges	450	958
established reserves	36	35
other	3	25
TOTAL	53,960	45,527

In the period January to December 2011 there was a positive balance on financial activities of PLN 49,980 thou.
For the period of the four quarters of 2011 years, there was a net profit of PLN 19,749 thou, that was much higher than in the same period of 2010.

Possibility of paying liabilities

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

	31 Dec.2011	30 Sept.2011	30 June 2011	31 March 2011	31 Dec.2010
current liquidity ratio	1.03	1.00	1.08	1.08	1.18
quick liquidity ratio	1.03	0.99	1.04	1.08	1.17
cash liquidity ratio	0.10	0.05	0.13	0.14	0.09

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

CONSOLIDATED RESULTS

Employment situation

EMPLOYEES

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

	31 Dec.2011	30 Sept.2011	30 June 2011	31 March2011	31 Dec.2010
WHITE COLLAR WORKERS	1 864	1 936	1 945	1 960	2 039
BLUE COLLAR WORKERS	3 742	3 786	3 682	3 763	3 914
TOTAL	5 606	5 722	5 627	5 723	5 953

Financial situation

Revenues and results attributable to individual operating segments

Considering IFRS 8 regulations, in force since 01 January 2009, the Capital Group activities have been divided into operating segments reflecting the main directions of activities. The basic type is division into industrial segments and it results from the management structure and internal reporting of the Group.

Industrial segments include:

• segment of mining services,

• segment of manufacture and sale of underground mining machinery and equipment,

• segment of manufacture and sale of surface mining machinery and equipment

• segment of manufacture and sale of industrial machinery and equipment

• segment of manufacture and sale of electrical and electronic machinery and equipment,

• segment of sale of energy,

• segment of sale of coal,

• segment of castings,

• segment of other activities.

Segment of other activities includes the following types of services: construction, workshop, lease, agency, forwarding and transport, lease, consulting and repair/overhaul services.

Companies of the Capital Group carry out various activities involving the sale of raw materials, underground- and- surface mining machinery and equipment, rendering industrial and mining services, including construction of complete industrial facilities, consulting and agency services in this field in domestic and foreign trades.

The above various types of activities are specifically tailored to the individual needs of the customers.

The operating segments have been selected basing on the reliability and comparability of information over time for different groups of goods and services of the Capital Group as well as on its organisational structure.

It is worth mentioning that not all of the segments have met the quantitative requirements of 10 per cent or more of total external and internal revenues. The entity which decided to present them, based on their significance.
The body responsible for making decisions in a specific entity, evaluates the performance of individual operating segments based on the result of gross sales and operating profit, which is reflected in their presentation.
Consolidation adjustments and exemptions are included in revenues and profits of the segments, what makes the result of the segment more objective.

The Group operates in several geographical areas, therefore, the management decided to supplement the revenues presented by the revenues earned in specific countries, due to the fact that the territorial activities of the Capital Group are complex. The tables below provide information on the consolidated operating income figures divided into industrial segments and geographical destinations.

INFORMATION ON CONSOLIDATED OPERATING SEGMENTS BY INDUSTRIES [in PLN thou]

	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 industrial mining machinery and equipment		Manufacture and sale of electrical and electronic machinery and equipment		Sale of electricity		Sale of coal		Castings		Other activities		Consolidated value	
	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010
Revenues of the segment	227 851	255 511	892 598	629 161	82 674	69 575	33 796	23 383	240 697	203 824	355 574	587 175	172 830	204 012	21 266	15 379	99 032	146 156	2 126 318	2 134 176
Result of the segment – gross result on sales	46 597	47 490	213 325	170 011	10 917	9 081	-450	-1 434	87 946	63 654	9 986	10 226	3 121	1 769	7 862	2 454	21 392	17 585	400 696	320 836
Operating result of the segment	28 687	33 400	108 288	29 785	868	-2 820	-6 947	-5 292	50 743	29 530	652	2 057	819	1 305	4 504	-934	-15 598	-3 733	172 016	83 298
Result from financial activities of the whole Group																			-10 668	-37 869
Profit (loss) on sale of total number or part of shares of affiliated entities																				
Write -offs of the goodwill of the affiliated entities																				
Surplus of the fair value of the acquiree's assets over merger cost																				
Loss of control over subsidiary																			24 619	-1 975
Profit (loss) from accounting for multi-stage takeovers																				-835
Gross profit (loss)																			185 967	42 619
Income tax																			35 497	13 795
Share in profit (loss) of the subordinated entities valuated with equity method																			12 568	1 466
Net consolidated profit (loss)																			163 038	30 290
Net profit (loss) attributable to non-controlling shareholders																			9 527	6 513
Net profit (loss) attributable to the shareholders of the controlling company																			153 511	23 777

Information on the major external customers, from which revenues exceed 10 per cent or more of total Group revenue, i.e. amounting to PLN 212, 632 thou or more.

In Q1-Q4 2011the quantitative criterion, defining the major customer was achieved with a single customer. There w re earned revenues amounting to PLN 325,546 thou with this customer in the following industrial sectors: manufacture and sale of the underground mining machinery and equipment, manufacture and sale of electrical and electronic machinery and equipment as well as in mining services.

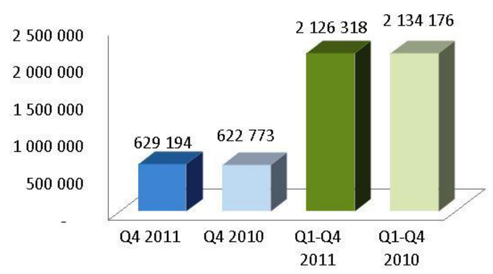
Fixed assets (other than financial instruments, deferred income tax assets, post-employment benefit assets and the rights arising from insurance contracts) of the Capital Group, amounting to 86.4 per cent are located in the country of origin of the Parent Company. The remaining13.6 per cent of asset is located in other countries.

INFORMATION ON CONSOLIDATED INCOME BY GEOGRAPHICAL DESTINATIONS [in PLN thou]

	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 industrial mining machinery and equipment		Manufacture and sale of electrical and electronic machinery and equipment		Sale of electricity		Sale of coal		Castings		Other activities		Consolidated value	
	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010	Q1-Q4 2011	Q1-Q4 2010
SOUTH AFRICA									47 669	56 002									47 669	56 002
AMERICA										440									-	440
ARGENTINA			227	110															227	110
AUSTRALIA			100 453	124 003					3 026									745	103 479	124 748
AUSTRIA						17			228	1 507	8 676	18 118		2 435					8 904	22 077
BELARUS			414	964					1 718	461									2 132	1 425
BOSNA							18	16							282	153			300	169
BULGARIA							286	67											286	67
CHINA			26 751	70 509															26 751	70 509
MONTENEGRO																34			-	34
CZECH REPUBLIC	1 968	226	15 150	9 501					37 497	41 852	50 589	52 685					1 679	728	106 883	105 192
DENMARK													4 967	4 664			130	194	5 117	4 858
FRANCE	9 512	8 345				582	328		242										10 082	8 927
GREECE					613														613	-
SPAIN	12		51	1 570					62	4			6 789	6 664					6 914	8 238
NETHERLANDS																	2 694	2 721	2 694	2 721
INDONESIA	4 026	40 976																	4 026	40 976
INDIA					716	3 681													716	3 681
IRAN				1 510															-	1 510
ISLAND								37											-	37
KAZAKHSTAN									989	929									989	929
KOSOVO							1 689	666								351	181	40	1 870	1 057
MACEDONIA							21	69							587	196			608	265
MEXICO																		97	-	97
GERMANY	2 373	1 369	188	489	20 778	21 891	11 092	7 388	28 572	11 743	89 452	101 097		158			801	6 836	153 256	150 971
NORWAY					2 248	425							6 266	7 375					8 514	7 800
POLAND	202 583	202 985	655 913	390 422	57 817	42 570	11 944	7 122	78 212	67 294	202 030	411 145	136 056	172 412	9 545	8 286	86 395	133 454	1 440 495	1 435 690
RUSSIA	4 978		85 189	27 345					31 134	18 512							5 143		126 444	45 857
ROMANIA			592	250															592	250
SERBIA							8 418	7 656							10 852	6 333	1 381	1 162	20 651	15 151
SLOVAKIA									1 602	2 194	4 827	3 930	18 732	5 438		26		179	25 161	11 767
SLOVENIA			77																77	-
SWITZERLAND																	4		4	-
SWEDEN					502	409		362		19				4 866			201		703	5 656
TURKEY	719																		719	-
UKRAINE			5 977	874					1 441	669									7 418	1 543
USA			1 604	1 198					5 092										6 696	1 198
GREAT BRITAIN									3 213	2 198									3 213	2 198
HUNGARY			12	416													423		435	416
ITALY	1 680	1 610																	1 680	1 610
Total sale	227 851	255 511	892 598	629 161	82 674	69 575	33 796	23 383	240 697	203 824	355 574	587 175	172 830	204 012	21 266	15 379	99 032	146 156	2 126 318	2 134 176

CONSOLIDATED NET REVENUES FROM THE SALE
OF PRODUCTS, GOODS AND MATERIALS

[in PLN thou]



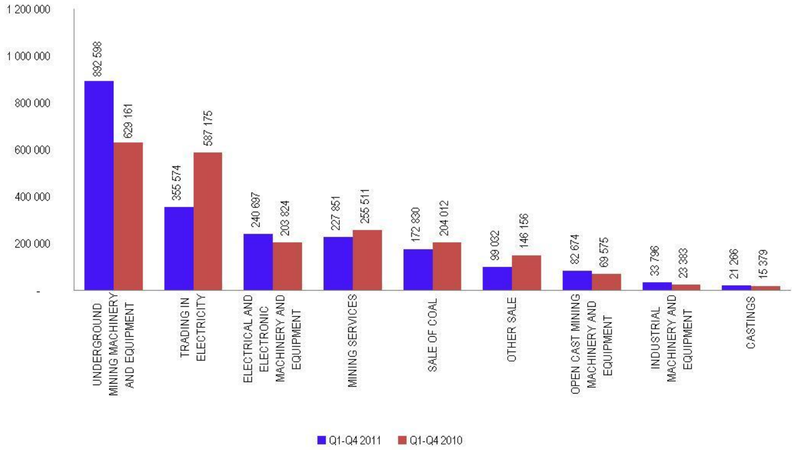
In Q4 2011 consolidated net revenues from sales of products, goods and materials of the Capital Group amounted to PLN 629,194 thou. The results are more favorable than the results of the Capital Group generated in the same period of 2010. In Q4 2011 there was increase in sales by PLN 6,421 thou, i.e. by 1.0 per cent.
Net revenues from sales of products, goods and materials of the Capital Group amounted to PLN 2,126,318 thou, and decrease in revenues from sales amounted to PLN 7,858 thou, i.e. by 0.4 per cent, cumulatively for four quarters of 2011.

Considering the industrial structure of consolidated sale revenues in the period Q1-Q4 2011, the largest increase was recorded in the following segments of the KOPEX GROUP:
• manufacture and sale of industrial machinery and equipment (increase by 44. per cent.
• manufacture and sale of underground mining machinery and equipment (increase by 41.9 per cent.),
• casting (increase by 38.3 per cent.),
• manufacture and sale of machinery and equipment for surface mining (increase by 18.8 per cent.).
• manufacture and sale of electrical and electronic machinery and equipment (increase by 18.1 per cent.),

Decrease in sales was recorded in the following segments:
• sales of electricity by 39.4 per cent,
• mining services by 10.8 per cent,
• sales of coal by 15.3 per cent,
• the remaining sales by 32.2 per cent;

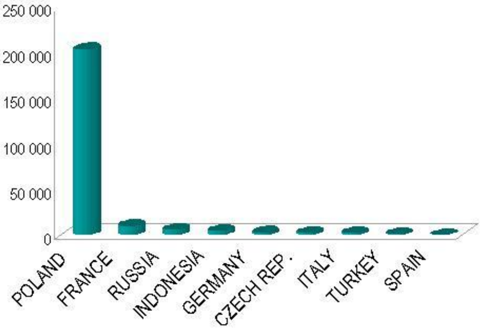
Industry structure of net sales of the products, goods and materials is shown in the diagram below:

INDUSTRY STRUCTURE OF CONSOLIDATED NET SALES FOR FOUR QUARTERS OF THE YEARS 2011 AND 2010

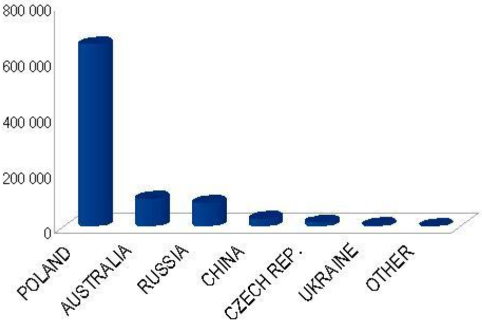


Geographical breakdown of revenues from sales in specific segments in the period Q1 –Q4 2011 are shown in the diagrams below [in PLN thou]:

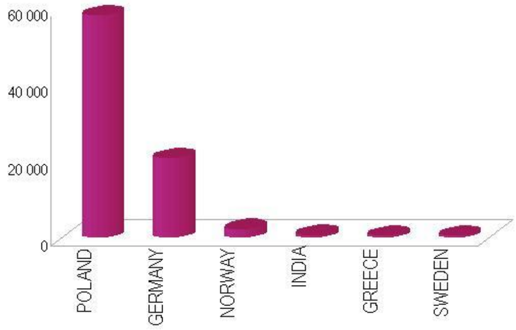
Mining services
share in total sale amounted to 10.7 per cent



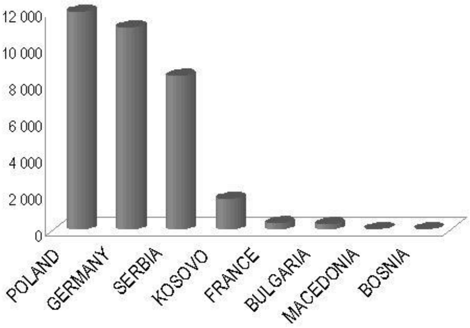
Underground mining machinery and equipment
share in total sale amounted to 42.0 per cent



Open cast mining machinery and equipment
share in total sale amounted to 3.9 per cent

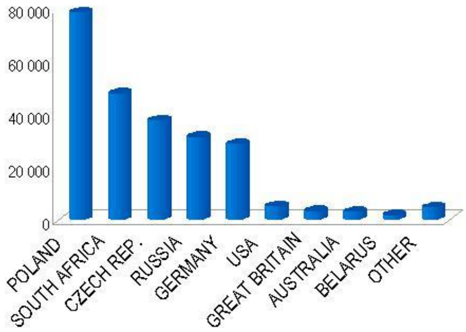


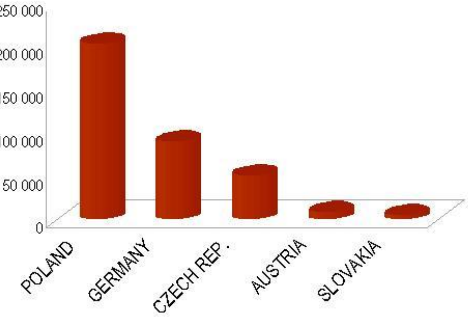
Industrial machinery and equipment
share in total sale amounted to 1.6 per cent



Electrical and electronic machinery and equipment
share in total sale amounted to 11.3 per cent

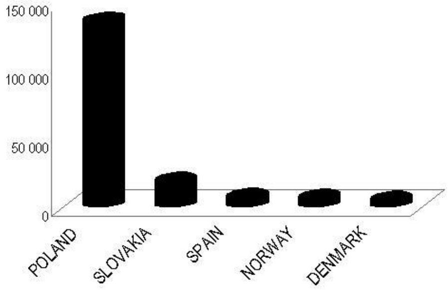
Sale of electricity
share in total sale amounted to 16.7 per cent

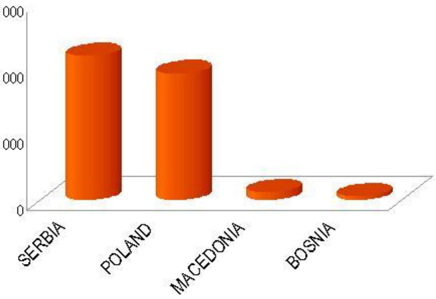




Sale of coal
share in total sale amounted to 8.1 per cent

Castings
share in total sale amounted to 1.0 per cent





In Q4 2011 consolidated gross profit amounted to PLN 133,247 thou and in comparison with the result earned in the same period of 2010 it increased by PLN 47,669 thou, i.e. by 55.7 per cent. Cumulatively for the period Q1-Q4 2011, gross profit amounted to PLN 400,696 thou and increased by PLN 79,860 thou, i.e. by 24.9 per cent, in comparison with the result earned in the same period last year

In Q4 2011 selling costs amounted to 19 268 thou and they were by PLN 10,846 thou higher in comparison with the same period of 2010. For the period Q1-Q4 2011 total selling costs amounted to 47 534 thou and were higher by PLN 6,308 thou in comparison with the same period of 2010.

In Q4 2011 overhead expenses amounted to 53 378 thou and their level was higher by PLN 9,845 thou, in comparison with the same period of 2010.During four quarters of 2011 overhead expenses amounted to PLN 169,451 thou and were lower by PLN 5,409 thou, i.e. by 3.1 per cent than overhead expenses in comparison with the same period of 2010.
Other revenues and expenses incurred in the period Q1 –Q4 2011 and Q1 –Q4 2010 are shown in the table below [in PLN thou]

• other revenues:

	Q1- Q4 2011	Q1- Q4 2010
Dissolution of write downs on assets	10,524	16,096
Dissolution of	7,734	3,790
Sale of fixed assets	10,182	7,190
Grants	320	1,014
Other revenues, including:	17,775	10,292
⇒ damages, penalties and legal costs	11,498	3,899
⇒ liquidation of fixed assets	1,441	2
⇒ redeemed liabilities	1,040	904
⇒ valuation of receivables and liabilities	700	86
⇒ sale of social services	484	396
⇒ surplus stock	1,187	1,512
⇒ other	1,425	3,493
TOTAL	46,535	38,382

• other expenses:

	Q1- Q4 2011	Q1- Q4 2010
FIxed assets sold	4,581	3,180
Reserves created	10.209	5,740
Created write downs on assets	24.700	6,514

Rother expenses, including:	18,740	44.400
⇒ penalties, court costs, damages	1,929	4,839
⇒ result on cash flow hedge instruments	6,779	22,946
⇒ liquidated fixed assets	2,099	542
⇒ receivables listed	3,869	9,069
⇒ inventory shortages	1,172	380
⇒ valuation of assets and liabilities	580	140
⇒ maintenance cost of social facilities	480	563
⇒ donations	246	231
⇒ voluntary contributions	99	78
⇒ other	1,487	5,612
TOTAL	58,230	59,834

In Q4 2011 the Capital Group earned operating profit amounting to PLN 45,447 thou increased by PLN 22,381 thou in comparison with the same period of 2010. Cumulatively for the period Q1-Q4 2011operating profit amounted to PLN 172,016 thou resulted from increase in operating profit by PLN 88,718 thou, in comparison with the same period of 2010.
Increase in operating profit is the result of increase in operating profit margin from contracts, mainly executed in the following sectors:
• manufacture and sale of underground mining machinery and equipment (increase in operating profit margin by 7.4 per cent),
• manufacture and sale of surface mining machinery and equipment (increase in operating profit margin by 5.1 per cent),
• manufacture and sale of electrical and electric mining machinery and equipment (increase in operating profit margin by 6.6 per cent),
• casting (increase in operating profit margin by 27.3 per cent).
Financial revenues and expenses during the periods of Q1-Q4 2011 and Q1-Q4 2010 are shown in the table below [PLN thou]:

• financial revenues:

	Q1- Q4 2011	Q1- Q4 2010
Dividends	-	-
Interest	18,675	11,414
Revenues from sales of investments	4,360	1,493
revaluation of investments	3,907	8,905
Exchange rate differences	14,329	-
Other financial revenues, including:	4,214	6,783
release of provisions for bonds	1,719	
release of write-downs	1,727	2,553
debt collection	284	607
commission for making the limits	124	-
release of provisions for interest	-	1,552
other	360	2,071
TOTAL	45,485	28,595

finance costs:

	Q1- Q4 2011	Q1- Q4 2010
Interest	41,390	32,518
Sales of investments	4,088	1,059
Revaluation of investments	1,423	137
Exchange rate differences	-	21,786
Other, including:	9,252	10,964
reserve for bonds	4,858	-
bank commissions	2,023	941
recovery cost	1,106	6,309
impairment	450	382
bank guarantees	246	614
other	569	2,718
TOTAL	56,153	66,464

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

	31 Dec.2011	31 Dec.2010
current liquidity index	1.51	1.55
quick liquidity index	1.06	1.01
cash liquidity index	0.16	0.20

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. For the period Q1-Q4 2011consolidated gross profit amounted to PLN 185,967 thou and was higher by PLN 143,348 thou, i.e. by 336.3 per cent, than the consolidated gross profit earned in the same period of 2010.
During four quarters of 2011 the Group earned net profit attributable to the shareholders of the parent company in the amount of PLN 153,511 thou and it was higher by PLN 129,734 thou, i.e. by 545.6 per cent in comparison with a higher net profit of the same period of 2010.
A higher earned net profit attributable to the shareholders of the parent company in comparison with the same period of 2010,resulted, among others, from increase in operating profit margin in the contracts in progress, primarily in the following industries: manufacture and sale of underground mining machinery and equipment for (increase in operating profit margin by 7.4 per cent), manufacture and sale of surface mining machinery and equipment for (increase in operating profit margin by 5.1 per cent) and manufacture and sale of electrical and electronic machinery and equipment (increase in operating profit margin by 6.6 per cent operating margin).

FINANCIAL SITUATION
Value of the consolidated balance-sheet sum at the end of the Q4 2011 amounted to PLN 3,801,692 thou and increased by 13.0 per cent. in relation to the end of 2010. Increases a fixed asset group by 13.0 per cent and in a current asset group by 13.2 per cent were the main factors behind the increase in the balance sheet sum. In liabilities there were increases in the group of equities by PLN 133,637 thou ,in the volume of long-term liabilities by PLN 157 409 thou., i.e. by 142.5 per cent and in the volume of short term liabilities by PLN 146,550 thou, i.e. by 16.4 per cent.
The most significant changes during four quarters of 2011:

ASSETS:
⇐ there were changes in the current asset group that increased from PLN 1,301,011 thou to PLN 1,472,158 thou, i.e. by 13.2 per cent. during four quarters of 2011 in relation to the end of 2010.
The most important changes include:
• decrease in volume of inventories from PLN 450,374 thou to PLN 436,588 thou, i.e. by 3.1 per cent;
• increase in volume of short-term receivables and services from 412 869 thou to PLN 484,293 thou, i.e. by 17.3 per cent;
• increase in other short-term receivables PLN 75,408 thou to PLN 127,830 thou, i.e. by 69.5 per cent;
• increase in short-term lease receivables from PLN 5,783 thou to PLN 62,036 thou;
• decrease in short-term loans granted from PLN 83,949 thou to 42,959 thou, i.e. by 48.8 per cent;
• increase in current income tax receivables from PLN 8,342 thou to PLN 17,738 thou, i.e. by 112.6 per cent;
• increase in financial derivatives from PLN 1,362 thou to PLN 1,531 thou, i.e. by 12.4 per cent;
• increase in financial assets at fair value through profit or loss by PLN 633 thou;
• decrease in volume of Cash assets and their equivalents from PLN 164,708 thou to PLN 153,789 thou, i.e. by 6.6 per cent;
• increase in short-term accruals from PLN 98.216 thou to PLN 144,761 thou, i.e. by 47.4 per cent.

⇐ increase in value in group of fixed assets by PLN 267,3314 thou, i.e. by 13.0 per cent during four quarters of 2011in relation to the end of 2010, resulted mainly from the following changes:

• increase in intangible assets by PLN 27,505 thou, i.e. by 52.2 per cent;
• increase in goodwill of the subordinated entities by PLN 9,381 thou, i.e. by 0.8 per cent;
• increase in tangible fixed assets by PLN 78,048 thou, i.e. by 11.8 per cent;
• increase in investment properties by PLN 22,550 thou, i.e. by 1446.4 per cent;
• increase in investment accounted for under the equity method by PLN 42,501 thou, i.e. by 248.0 per cent;
• decrease in financial assets available for sale by PLN 3 thou, i.e. by 0.2 per cent;
• increase in the position long-term lease receivables by PLN 71,959 thou, i.e. by 639.3 per cent;
• increase in the position long-term other receivables by PLN 8,671 thou, i.e. by 695.3 per cent;
• decrease in long-term loans granted by PLN 350 thou, i.e. by 50.9 per cent;
• decrease in long term financial assets by PLN 5,535 thou, i.e. by 99.9 per cent;
• increase in deferred income tax assets by PLN 8790 thou, i.e. by 13.8 per cent;
• increase in long-term accruals by PLN 3,814 thou, i.e. by 151.5 per cent.

⇐ decrease in fixed assets available for sale by PLN 882 thou, i.e. by 99.9 per cent.

LIABILITIES:

There was an increase in equity by PLN 133,637 thou on the liabilities side.

Increase in long-term liabilities during four quarters of 2011 in relation to the end of 2010 by PLN 157,409 thou ,resulted mainly from the following changes:
• increase in long-term credits and loans by PLN 91,023 thou, i.e. by 261.8 per cent;
• increase in long-term lease liabilities by PLN 69 326 thou.;
•decrease in long-term liabilities by PLN 20,151 thou, i.e. by 67.2 per cent;
• increase in long-term deferred income tax reserve by PLN 14,865 thou, i.e. by 56.4 per cent;
• increase in other long-term provisions for liabilities by PLN 3,125 thou, i.e. by 191.6 per cent;
• increase in long-term accruals by PLN 320 thou, i.e. by 14.1 per cent;
• decrease in long-term reserves for post-employment benefits by PLN 1,099 thou, i.e. by 7.1 per cent.

Increase in current liabilities by PLN 146,550 thou during four quarters of 2011in relation to the end of 2010, resulted mainly from the following changes:

• increase in short-term loans by PLN 13,826 thou, i.e. by 2.7 per cent;
• increase in short-term liabilities for goods and services of 78,612 thou, i.e. by 38.5 per cent;
• increase in short-term liabilities by PLN 17,168 thou, i.e. by 15.6 per cent;
• increase in short-term lease obligations by PLN 19,132 thou, i.e. by 640.1 per cent;
•increase in liabilities for current income tax by PLN 3,392 thou, i.e. by 50.0 per cent;
• increase in derivative financial instruments by PLN 3,903 thou, i.e. by 128.9 per cent;
• increase in short-term reserve for post-employment benefits by PLN 2,210 thou, i.e. by 36.2 per cent;
• increase in other short-term reserves for liabilities by PLN 1,486 thou, i.e. by 3.9 per cent;
• increase in short-term accruals by PLN 22,957 thou, i.e. by 106.0 per cent;
• decrease in other short-term reserves for liabilities by PLN 14,650 thou, i.e. by 53.5 per cent.

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 several commercial contracts during the reporting period , of which the most important are as follows:

• Contract signed with Kompania Węglowa S.A. . Value of the contract amounted to PLN 279,894 thou. The main subject of the contract was: rental of longwall shearers, overhaul of components and subassemblies of coal crushers as well as supply of powered roof supports, canopies, vacuum pumps, screens, lifts, steel legs, scraper conveyors and crushers .

• Contracts signed with Jastrzębska Spółka Węglowa S.A. by individual companies of the Capital Group. Total value of the contracts amounted to PLN 282,045 thou. The main subjects of the contracts were: supplies of longwall systems with accessories, specialised mining services, leases of longwall shearers, and supply of machinery and equipment.

• Contracts signed with Katowicki Holding Węglowy S.A.by individual of the Capital Group. Total value of the contract amounted to PLN 253,396 thou. The main subjects of the contract were: supplies of brand-new scraper conveyors, powered roof support units , crushers, electrical equipment, spare parts, development workings and lease of longwall shearers.

• Contract signed with KGHM. Total value of the contracts amounted to PLN 268,576 thou. The main subjects of the contracts were specialised mining services.

• Contract signed with Zakład Górniczo-Hutniczy Bolesław S.A. /metallurgical plant/. Value of the contract amounted to ca PLN 50,000 thou. Subject of the contract were specialised mining services.

• Contract signed with the Antonowska Mine Closed Joint Stock Company, a Russian counterpart based in Novokuznetsk (Russia). Value of the contract amounted to EUR 16,200 thou. Subject of the contract was supply of the equipment of a longwall system , including the TAGOR-14/32-POz powered roof support, the KSW-460 NE longwall shearer, the RYBNIK 850 armoured face conveyor, the 850 GROT beam stage loader with the 1800P SCORPION crusher and the RYFAMA return station and power supply units.

• Contract signed with the RMU - Banovići ddBanovići Brown Coal Mine based in Bosnia and Herzegovina . Value of the contract amounted to EUR 10,198,000 thou. Subject of the contract was supply of a complete mechanised longwall system with electrical equipment as well as electrical installation supervision, commissioning, staff training and accompanying services.

• Contract signed with OKD a.s. based in Ostrava (Czech Republic). Value of the contract amounted to CZK 885,198,430.00 CZK , equivalent to PLN 157,299,761.01 thou (according to foreign exchange rate of 05 December 2011). Subject of the contract was deepening the CSA 2 shaft from level 11 to level 12 at the Karviná, mine.

• Contract signed with Yacimiento Carbonifero Argentine Rio Turbio. Gross value of the contract amounted to EUR 27,300,000. Subject of the contract was supply of a complete longwall systems and spare parts, training, and technical supervision over installation , commissioning and operation in the first 6 months of production as well as preparation of technical documentation.

All relevant information for 2011 are available on KOPEX S.A. website at:
http://www.kopex.com.pl/idm,456, biezace.html.

19. DESCRITPION 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
• Growth in demand for complex supplies and services resulting from the development of underground mining in Poland and abroad • Interest in underground and open-cast mining in several global markets • Interest in feasibility study projects for mining industry; • Demand for mining services, also associated with mining of extraction of salt and other minerals; • A significant increase in quality of Polish industrial products and their attractive price; • Greater openness of Polish enterprises to activities in the global markets; • Increase in expenditures and requirements for environmental protection;	• Rapid consolidation processes of the major competitors of the Company; • Severe lack of specialists in typical industrial occupations; • Necessity of significant pre-financing, resulting from a very long time of return of investment in manufacture, supply and commissioning of the systems sold • Generation gap among skilled miners in Poland • Strengthening positions of competitive Polish and foreign companies • Changes in legislation and taxation; • Increase of the inflation rate • Increased of labour costs / wages; • Increase in electricity prices; • Increasing competition in the world and domestic markets • Risk of executing works in the changing mining and geological conditions • Delays in execution of certain contracts • High demands to enter certain markets • Increased costs associated of renewal of the machinery fleet • Limits of use of the manufacture capacities; • Current economic and financial crisis; • Significant and unpredictable fluctuations in exchange rates; • Limitation of bank crediting and increase in expenses on obtaining external financing.

STRENGTHSES	WEAKNESSES
• Access to production facilities providing complex commercial offers • Recognised position and trademark of the Company in Poland and abroad • Entry new sales markets, requiring advanced technologies • Geographical diversification of products and services offered • Stability of cooperation with customers • Favourable ownership structure providing a transparent development strategy of the Capital Group • Holding licenses to sell electricity and liquid fuels • Stable financial situation • Vast experience in running large investment projects all over the world • Diversified portfolio of products and services offered • Good orientation in demand of foreign customers and in manufacture capabilities of the Polish mining engineering industry • Experience in obtaining financing and building of trade finance for investment projects; • Experience in effective reducing exchange rate risk.	• High exposure to exchange rates fluctuations • Dissipation of the Company's assets • Too low potential of the reserve personnel of the projects executed abroad • Significant dependence of the revenues from demand in the coal mining industry.

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 December 2011 the Company had open hedging foreign currency items in the following amounts:
• USD 5,087 thou
• EUR 34,299 thou
• AUD 1,708 thou

As at31 December 2011 the fair value of the aforesaid transactions was estimated at a total amount (negative value) of –PLN 4.718 thou, of which –PLN 59 thou were realised hedging transactions held in equity until the hedged forecast transaction incident, and –PLN 4,659 thou there were unrealised transactions accounted for by valuation models used by banks in which the transactions were included.

The fair value of –PLN 4.718 thou consists of:
— the amount of PLN 1,051 thou was recognised as revaluation of equity. This amount includes -PLN 59 thou of the realised transactions and +PLN 1,110 thou of the unrealised transactions)
— the amount of PLN -5.769 thou in the income statement. This amount includes –PLN 4.994 thou of the transactions for which hedge accounting is conducted).

As at 31 December 2011 there was a negative valuation the Company's hedging transactions made by the banks. It based on the following spot rates: USD 3.4174, EUR 4.4168, 3.467 AUD and CZK 0.1711.

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 and USD).
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 December 2011 the Company had open hedging foreign currency items in the following amounts:
• USD 5,087 thou
• EUR 41,921 thou
• AUD 1,708 thou
• CZK 2,200 thou

As at31 December 2011 the fair value of the aforesaid transactions was estimated at a total amount of –PLN 5.459 thou, (negative value) of which –PLN 59 thou were realised hedging transactions held in equity until the hedged forecast transaction incident, and –PLN 5,400 thou there were unrealised transactions accounted for by valuation models used by banks in which the transactions were included.

The fair value of –PLN 5.459 thou consists of:
— the amount of PLN 820 thou was recognised as revaluation of equity. This amount includes -PLN 59 thou of the realised transactions and +PLN 879 thou of the unrealised transactions)
— the amount of PLN -6.279 thou in the income statement. This amount includes –PLN 5.449 thou (negative value) of the transactions for which hedge accounting is conducted).

As at 31 December 2011 there was a negative valuation the Company's hedging transactions made by the banks. It based on the following spot rates: USD 3.4174, EUR 4.4168, 3.467 AUD and CZK 0.1711.

20.EXPLANATION TO SEASONALITY OR CYCLICALITY OF THE ISSUER'S ACTIVITIES IN THE PRESENTED PERIOD

The Issuer does not conduct activities of cyclical or seasonal nature.

21.INFORMATION ONTHE 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 Issuer has not paid dividends for 2008, 2009 and 2010.

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

There occurred no events after the date of drawing up the quarterly abbreviated financial statement, not included in this report, which may significantly affect the Issuer's future financial results.

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 2011.

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 TRANSATIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIAIRES 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 CONSTITUES AT LEAST 10 PER CENT OF THE ISSUER'S EQUITY.

in PLN thou

Date of suretyship contract	Guarantor	Borrower	Entity for the benefit of which suretyship has been granted	Amount of suretyship granted	End date of suretyship	Relationship between the Issuer and its subsidiary
02 July 2008	ZZM S.A.	KOPEX S.A.	PKO BP S.A.	261 000	01 July 2014	Subsidiary stands surety for its parent company
04 Jan. 2010	ZZM S.A.	KOPEX S.A.	Fortis Bank Polska	10 000	29 Feb. 2012	Subsidiary stands surety for its parent company
19 Dec. 2011	ZZM S.A.	KOPEX S.A.	PKO BP S.A.	110 235	09 June 2017	Subsidiary stands surety for its parent company
	TOTAL			381 235		

in EUR thou

Date of suretyship contract	Guarantor	Borrower	Entity for the benefit of which suretyship has been granted	Amount of suretyship granted	End date of suretyship	Relationship between the Issuer and its subsidiary
25 Feb.2011	ZZM S.A.	KOPEX S.A.	ING Bank Śląski	2 000	30 Nov. 2013	Subsidiary stands surety for its parent company

in PLN thou.

Date of suretyship contract	Guarantor	Borrower	Entity for the benefit of which suretyship has been granted	Amount of suretyship granted	End date of suretyship	Relationship between the Issuer and its subsidiary
25July 2008	KOPEX S.A.	TAGOR S.A.	PKO BP S.A.	118 000	31 Dec. 2012	Parent company stands surety for its sub-subsidiary
16 May 2011	KOPEX S.A.	TAGOR S.A.	DZ BANK	34 000	21 Sept. 2015	Parent company stands surety for its sub-subsidiary
	TOTAL			152 000		

in EUR thou

Date of suretyship contract	Guarantor	Borrower	Entity for the benefit of which suretyship has been granted	Amount of suretyship granted	End date of suretyship	Relationship between the Issuer and its subsidiary
08 Dec. 2011	KOPEX S.A.	TAGOR S.A.	Salzgitter	1 000	31 Dec. 2013	Parent company stands surety for its sub-subsidiary

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

On 28 February 2011 KOPEX S.A. subscribed 31- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 18,000 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q2 and Q3 2011. The date of the bond redemption was set at 26 August 2011.The transaction was effected.
On 14 April 2011 KOPEX S.A. subscribed 33- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 19,500 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q2 and Q3 2011. The date of the bond redemption was set at14 October 2011 and it was effected..

On 27 May 2011 KOPEX S.A. subscribed 35- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 19,500 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q3 and Q4 2011. The date of the bond redemption was set at 28 November 2011 and it was effected..

On 28 July 2011 KOPEX S.A. subscribed 35- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 19,500 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q4 2011 and Q1 2012. The date of the bond redemption was set at 27 January 2012 and it was effected.

On 28 September 2011 KOPEX S.A. subscribed 40- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 19,500 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q4 2011 and Q1 2012. The date of the bond redemption was set at 28 March 2012.

On 28 November 2011 KOPEX S.A. subscribed 41- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 19,500 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q1 2012 and Q2 2012. The date of the bond redemption was set at 25 May 2012.

On 29 December 2011 KOPEX S.A. subscribed 43- Series registered bonds of Katowicki Holding Węglowy S.A. of the value amounted to PLN 19,500 thou, issued under the Bond Program implemented under the Agreement with BRE Bank S.A. dated 13 July 2009. Redemption of the aforesaid bonds was accomplished through non-cash benefits in the form of coal supplies in Q1 2012 and Q2 2012. The date of the bond redemption was set at 29 June 2012.

On 19 December 2011 KOPEX S.A. signed an agreement on operating fixed credit with PKO BP S.A. Bank in the value amounting to PLN 110,235,060. The agreement was signed until 09 June 2016.

The funds to be obtained from the aforesaid credit will be used to finance the contract signed with KHW S.A. Subject of the contract is supply of scraper conveyors, powered roof support units, breakers and electrical equipment to the KHW S.A. Mysłowice- Wesoła Coal Mine.

Other 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:

• Internal economic policies of the Companies, including the rationalisation of operating costs
• Acquisition activities for winning new contracts, including an active policy of winning contracts in foreign markets resulting in the increase of the portfolio of orders;
• Acquisition of qualified staff to accomplish projects related to a complex construction of mining facilities;
• Competitiveness of the Polish products, including price competitiveness;
• Development of the demand situation in the global raw materials markets;
• Volume of investments in the industry sectors related to the activities of the Issuer;
• 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.

Restructuring efforts implemented by the KOPEX Group have resulted in some significant benefits and effects.
There are three divisions of the Group in advanced stages of formation, i.e.:

• machinery division - Kopex Machinery headquartered in ZZM S.A. in Zabrze. The division is composed of the following companies: ZZM S.A., RYFAMA S.A. , WAMAG S.A. and TAGOR S.A. in the future.
• electrical division - Kopex Electric Systems, based in Tychy. The division is composed of the following previous companies: Elgór - HANSEN and ZEG.
• mining services division - Kopex Mining Services, based in Bytom. The division is composed of the following companies: KOPEX - PBSz and DALBIS drilling company. Competences of that division will be expanded by the capability of conducting longwall operations, in terms of executing prospective coal production, in the coal mine to be constructed by KOPEX S.A.

Asia-Pacific’s International Mining Exhibition AIMEX 2011 was held in September 2011 Sydney - Australia. It is worth mentioning that at AIMEX 2011 presentation of the KTW-200 roadheader, equipped with electrical and control systems that allowed the machine to meet the mining safety requirements of New South Wales and Queensland was a success of the KOPEX Group. The roadheader was manufactured by Kopex Waratah based in Argenton (NSW Australia) and the presentation took place on the Group’s own stand.

The roadheader’s attractive technical parameters combined with its price, and a relatively short time of delivery to attracted great interests both of the Australian mine operators and mining companies, rendering services to the mines.

The Russian market has been opened again. In October 2011 the Group was awarded with a contract for supply of a complete longwall system to the Antonowskaja coal mine in Russia. obtained from the market contract to and Advanced commercial talks on subsequent supplies to the Butowskaja coal mine are underway.

In general, one can almost globally observe intensification of mining development works in progress and new orders for mining equipment resulting from them.

Increasing demand for technically advanced and reliable operating systems, especially systems with a high degree of automation is an important and visible trend. On the other hand, there is less emphasis on low prices and increasing emphasis on operational availability,

durability and reliability of the longwall systems and mining machinery. The most recognised global manufacturers of the mining equipment make the most profit out of this situation.
Considering a growing number of new orders for mining equipment, there are bigger and bigger supply opportunities for the KOPEX Group, whose products are perceived as meeting the aforesaid requirements, but
they are less known in several markets. However, our arguments are shorter delivery times that enable us to enter new markets and attract new customers.

In Q4 2011 the first modern longwall system designed and manufactured by the KOPEX Group started its operation in the JSW - KWK Zofiówka coal mine. In Q1/Q2 2012 the subsequent longwall system is going to commence its operation in the JSW- KWK Pniówek coal mine. The longwall systems were presented at KATOWICE Mining Fair in 2011.
started his and at the turn of the first and second quarter of 2012 will begin to work previously presented at the exhibition complex in Katowice second longwall in, based on full service automation design and production of Group.

A contract for supply of the subsequent longwall system to the Rio Turbio coal mine in Patagonia (Argentina) came into force beginning 2012. The manufacture of the longwall system has already started. .Installation and commissioning of the longwall system are scheduled to be implemented at the customer's place end 2012.

There are also signed other contracts for supplies of mining machinery and equipment into the domestic and foreign markets.

Until the end of 2011 it is also expected to start installation of an innovative MIKRUS longwall system for thin seams. If the MIKRUS longwall system has been reliable underground it will competitive to Caterpillar plow systems. It is going to be used in the mining conditions in which the plow systems are not able to develop their capabilities (folded coal seams, faults, coal bands.) This offer will be addressed both into the domestic market (there is still left 30 per cent of thin coal seams in the Polish mines) and into foreign markets.

KOPEX S.A. also won a tender for supply of a mechanised longwall system and associated services to the Banovici coal mine in Bosnia and Herzegovina.

Feasibility study for the Mantewe coal mine in Indonesia., conducted by our subisidiary- PT Kopex Mininig Contractors in Jakarta (Indonesia) on behalf of the company PanAsia, is in its final stage.

There is also a satisfactory contracting level in Kopex Waratah based in Australia (where implementation of shuttle cars and the KTW-200 roadheader in the Australian market is underway) and in Kopex Africa based in South Africa. This company extends its supplies of mining electrical equipment, also in the Australian market.

Kopex also expanded its activities in the Chinese market. In Q4 2011 there has been signed a contract for supply of the subsequent, fourth longwall shearer manufactured by ZZM S.A. but this is the KSW-2000 type longwall shearer, the highest –powered one, offered by the Group.