FINANCIAL STATEMENTS OF KOPEX S.A.

for the period 1 January 2014 to 31 December 2014

Katowice, April 2015

Notice

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Statement of financial position of Kopex SA
in thousands of zlotys

Notice		31.12.2014	31.12.2013
	ASSETS		
	Fixed assets	**1 527 012**	**1 470 334**
12.1	Intangible assets	10 073	10 581
12.2	Tangible fixed assets	23 593	30 000
12.3	Investment property	5 923	6 161
12.4	Long-term lease receivables	21 318	35 959
12.5	Other financial assets	1 457 368	1 381 720
12.6	Deferred income tax	8 737	5 913
	Current assets	**316 810**	**264 597**
12.7	Inventories	3 191	1 759
12.8	Short-term receivables from supplies and services	85 063	59 261
12.8	Short-term other receivables	57 134	33 052
12.4	Short-term lease receivables	28 803	26 284
12.9	Granted short-term loans	104 757	101 355
12.6	Receivables related to current income tax	1 508	2 323
12.10	Other financial assets	1 301	8 780
12.23	Assets under contracts for construction services	3 858	10 285
12.11	Cash and cash equivalents	31 195	21 498
	Total assets	**1 843 822**	**1 734 931**
	LIABILITIES AND EQUITY		
	Equity	**1 538 213**	**1 446 707**
12.12	Share capital	74 333	74 333
12.12	Treasury shares	-2 979	-2 979
12.13	The issue of shares above the nominal value	1 054 942	1 054 942
12.14	Revaluation reserve	-318	5 186
12.15	Retained earnings	412 235	315 225
	Long-term liabilities	**36 015**	**40 257**
12.16	Credits and long-term loans	11 203	33 608
12.17	Long-term other liabilities	154	-
12.18	Long-term lease liabilities	17 874	-
12.6	Deferred income tax	2 697	2 318
12.19	Long-term provision for employee benefits	1 393	481
12.20	Prepayments and accrued income	2 694	3 850
	Current liabilities	**269 594**	**247 967**
12.16	Short-term loans	71 226	100 821
12.21	Short-term liabilities for supplies and services	110 938	64 202
12.17	Short-term other liabilities	54 338	63 471
12.18	Short-term lease liabilities	4 070	-
12.6	Liabilities for current income tax	401	314
12.10	Other financial liabilities	2 143	425
12.19	Short-term provision for employee benefits	1 213	1 204
12.22	Other short-term provisions for liabilities	1 096	868
12.20	Prepayments and accrued income	24 169	16 662
	Liabilities and equity together	**1 843 822**	**1 734 931**
	Book value	**1 538 213**	**1 446 707**
	Number of shares	**74 056 038**	**74 056 038**
	Book value per share (in PLNł)	**20,77**	**19,54**

Profit and loss account of Kopex SA
in thousands of zlotys

Notice		01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
	CONTINUED ACTIVITY:		
12.23	Net revenues from sales of products, goods and materials	365 027	326 304
12.24	Cost of products, goods and materials	329 193	299 123
	Gross profit on sales	**35 834**	**27 181**
12.25	Other revenues	111 158	74 164
12.24	Cost of sales	9 363	8 337
12.24	General and administrative expenses	26 363	27 333
12.26	Other costs	12 404	2 146
12.27	Other profits / (losses)	-7 626	1 115
	Profit from operating activities	**91 236**	**64 644**
12.28	financial revenue	17 016	17 929
12.29	financial costs	9 475	17 500
	Gross profit	**98 777**	**65 073**
12.30	Income tax	516	285
	Net profit from continued operations	**98 261**	**64 788**
12.31	**Net profit from discontinued operations**	**122**	**345**
	Total net income	**98 383**	**65 133**
	Weighted average number of ordinary shares	74 056 038	74 056 038
	Net profit from continued operations per 1 ordinary share	1,33	0,87
	Net profit from discontinued operations per 1 ordinary share	-	-
	Total net profit per 1 ordinary share	**1,33**	**0,88**

Statement of comprehensive income of Kopex SA
in thousands of zlotys

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Net profit	**98 383**	**65 133**
Other total income (loss), which will not be transferred to the financial result:	**-695**	**127**
Actuarial gains / losses arising from defined benefit plans	-858	157
Income tax on actuarial losses	163	-30
Other total income, which can be transferred to the financial result:	**-5 504**	**424**
Cash flow hedges	-6 795	523
Income tax related to cash flow hedges	1 291	-99
Total other income after tax	**-6 199**	**551**
Total income	**92 184**	**65 684**

Statement of changes in equity Kopex SA
in thousands of zlotys

	Share capital	Own shares	Issue of shares above nominal valueEquity	Revaluation reserve		Retained earnings	**Total equity**
				Hedging instruments	Deffered tax		
Balance as at 01.01.2013	**74 333**	**-2 979**	**1 054 942**	**5 879**	**-1 117**	**253 825**	**1 384 883**
Total income	-	-	-	523	-99	65 260	65 684
Dividends	-	-	-	-	-	-3 702	-3 702
Donations	-	-	-	-	-	-158	-158
Balance as at 31.12.2013	**74 333**	**-2 979**	**1 054 942**	**6 402**	**-1 216**	**315 225**	**1 446 707**
Balance as at 01.01.2014	**74 333**	**-2 979**	**1 054 942**	**6 402**	**-1 216**	**315 225**	**1 446 707**
Total income	-	-	-	-6 795	1 291	97 688	92 184
Donations	-	-	-	-	-	-678	-678
Balance as at 31.12.2014	**74 333**	**-2 979**	**1 054 942**	**-393**	**75**	**412 235**	**1 538 213**

Statement of cash flows of Kopex SA in thousands of zlotys

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit	**98 928**	**65 499**
Adjustments:		
Depreciation	4 542	5 104
(Gain) loss on foreign exchange differences	-2 796	191
Interest and share in profits (dividends)	-109 246	-65 131
(Profit) loss from investing activities	7 782	-1 183
Change in reserves	291	84
Change in inventories	-1 432	-1 330
Change in trade receivables and trade and other receivables	-28 445	184 263
Change in short-term liabilities Trade and other payables	37 709	-48 087
The change in accruals	6 351	-67
Changes in assets under contracts for construction services	6 427	-9 460
Income tax paid	-662	-1 455
Derivative financial instruments	2 350	183
Write-downs on assets	8 690	896
Donations	-678	-158
Net cash flows from operating activities	**29 811**	**129 349**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Disposal of intangible and tangible fixed assets	168	337
Disposal of financial assets	3	2 682
Received dividends and shares in profits	107 989	109 583
Interest received	1 103	4 454
Repayment of loans	51 631	44 357
Received grants	-	740
Purchase of intangible and tangible fixed assets	-6 718	-7 356
Acquisition of financial assets	-6	-6 901
Loans granted	-140 715	-29 111
Net cash flows from investment activities	**13 455**	**118 785**
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Credits and loans *	44 979	42 519
Received commissions on sureties	4 391	3 862
dividends	-	-3 702
Credits and loans repaid *	-75 270	-266 868
interest paid	-6 386	-12 193
Paid commissions on loans and guarantees	-1 901	-5 034
Net cash flows from financial activities	**-34 187**	**-241 416**
TOTAL NET CASH FLOW	**9 079**	**6 718**
Balance-sheet change in cash, including:	**9 697**	**6 506**
- change in cash from foreign exchange differences	618	-212
Cash and cash equivalents at beginning of period	**21 498**	**14 992**
Cash and cash equivalents at end of period, including:	**31 195**	**21 498**
- restricted cash	-	-

* Loans and advances granted within the limit of the financial amounts are recognized in net value

NOTES TO THE FINANCIAL STATEMENTS - ADDITIONAL INFORMATION

1. General Information

KOPEX S.A. based in Katowice is a joint stock company registered on 3 January 1994 in the District Court in Katowice, VIII Economic Division under RHB number 10375. By virtue of the decision of the District Court in Katowice, Economic Division, dated 11 July 2001, KOPEX S.A. was entered into the Register of Companies under KRS number – 0000026782. The Company was constituted for an indefinite period. The Company's seat is Grabowa 1 street.

The principal activity of the Company (code PKD 4663Z) is an export, import of raw materials, products and services, including a complete industrial plants, machinery and equipment, industrial goods, consumer and operations of intermediationin this respect in domestic and foreign trade, as well as the provision of consulting services, promotional services and other assets.

In terms of core business the Kopex S.A. offers:

- general execution of complete investment projects, especially mining facilities, which offer the possibility of implementing stand the whole investment process in mining, with particular distinction of possibility of implementing the entire investment process in mining,

- rendering specialized mining services consisting of shaft sinking, construction of underground facilities, as well as the construction and renovation of tunnels, providing design services and know - how

- delivery of machines and technological systems for open cast mining and underground mining,

- export of energy resources, in particular: thermal coal and coking coal

- financial leasing.

The company is listed on the Stock Exchange in Warsaw in the continuous trading system and was classified to the sector of electromechanical industry.

The presented financial statement is a separate statement and includes data for the year 2014 as well as comparative financial data for the year 2013.

The Company does not include internal organizational units which prepare separate financial statements.

The financial statement for the year 2014 has been prepared assuming that economic activity will be continued. There are no circumstances indicating a risk to interrupt the activity.

KOPEX S.A. is a dominant entity and prepares a consolidated financial statement.. These financial statements should be considered together with the consolidated financial statements of the KOPEX Group.

The currency used is Polish Zloty. Data are presented in thousand zlotys.

As at 31.12.2014 and at the date of and publication of the financial statements, the majority of the Issuer's stake were owned by Mr Krzysztof Jędrzejewski, thus exercising control over the Issuer.

The aforementioned financial statement was approved for publication and signed by the Management Board on 27.04.2015.

2. Composition of the Management Board and the Supervisory Board

Management Board

The Management Board of the Company as at 31 December 2014 and on the day of approval for publication and signature of the present financial statement presents itself as follows:

Józef Wolski	Chairman of the Board
Andrzej Meder	Member of the Board
Joanna Węgrzyn	Member of the Board
Piotr Broncel	Member of the Board

Supervisory Board

The Supervisory Board of the Company as at 31 December 2014 presents itself as follows:

Krzysztof Jędrzejewski	Chairman of the Supervisory Board
Michał Rogatko	Vice Chairman of the SB
Bogusław Bobrowski	Secretary of the SB
Andrzej Sikora	Member of the SB
Józef Dubiński	Member of the SB

The Supervisory Board of the Company as at he day of approval for publication and signature of the present financial statement presents itself as follows:

Krzysztof Jędrzejewski	Chairman of the Supervisory Board
Michał Rogatko	Vice Chairman of the SB
Bogusław Bobrowski	Secretary of the SB
Józef Dubiński	Member of the SB
Daniel Lewczuk	Member of the SB

3. Entity auditing the financial statement

The financial statement was audited by PriceWaterhouseCoopers Sp. z o.o. seated at 14 Al. Armii Ludowej, 00-638 Warsaw on the basis of the Agreement dated 29 February 2012. This agreement was concluded as a result of the KOPEX S.A. Supervisory Board Resolution No 94/VI/2012 dated 16 January 2012. The agreement shall be automatically extended for subsequent years, up until 2016, provided that the Supervisory Board would adopt resolutions making the selection of PricewaterhouseCoopers Sp. z o.o as the entity authorized to review and audit the statements of the Issuer. List of contracts with the aforementioned contractor and the value of remuneration for 2014 and for 2013 is presented in the following table (in thousand. PLN).

Subject matter of the agreement	REMUNERATION FOR 2014	REMUNERATION FOR 2013
Review of the separate and consolidated half-year financial statement as well as a review of the separate and consolidated annual financial statement.	90	90
Tax consultancy	20	44
Other services	533	-
Total	**643**	**134**

4. Basis for the preparation of financial statement

The financial statement for 2014 has been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

5. List of subsidiaries of KOPEX S.A. Capital Group as at 31 December 2014

Entity	*The degree of relationship*
KOPEX S.A.	Dominant
KOPEX MACHINERY S.A.	Subsidiary
TAGOR S.A.	Indirectly dependent
DOZUT-TAGOR Sp. z o.o.	Indirectly dependent
KOPEX CONSTRUCTION Sp. z o.o.	Subsidiary
HSW ODLEWNIA Sp. z o.o.	Indirectly dependent
KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Subsidiary
PBSz INWESTYCJE Sp. z o.o.	Indirectly dependent
HANSEN SICHERHEITSTECHNIK AG (Germany)	Subsidiary
HANSEN AND GENWEST (Pty) Ltd (dawniej: KOPEX AFRICA (Pty) Ltd) (RSA)	Indirectly dependent
HANSEN CHINA Ltd (China)	Indirectly dependent
HANSEN XUZHOU ELECTRIC EQUIPMENT Ltd w likwidacji (China)	Indirectly dependent
KOPEX MIN AD (Serbia)	Subsidiary
KOPEX MIN-LIV AD (Serbia)	Subsidiary
MIN PROIZVODNJA AD w likwidacji (Serbia)	Subsidiary
KOPEX MIN-FITIP AD w likwidacji	Subsidiary
PT KOPEX MINING CONTRACTORS (Indonesia)	Subsidiary
ZZM-MASZYNY GÓRNICZE Sp. z o.o.	Indirectly dependent
ELGÓR+HANSEN S.A. (dawniej: KOPEX ELECTRIC SYSTEMS S.A.)	Indirectly dependent
KOPEX-EKO Sp. z o.o.	Subsidiary
POLAND INVESTMENTS 7 Sp. z o.o.	Indirectly dependent
KOPEX AUSTRALIA Pty Ltd (Australia)	Indirectly dependent
KOPEX-EX-COAL Sp. z o.o.	Subsidiary
KOPEX WARATAH Pty Ltd (Australia)	Indirectly dependent
KOPEX SIBIR Sp. z o.o.	Indirectly dependent
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	Subsidiary
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE Co. Ltd (China)	Indirectly dependent
STA-ODLEWNIE Sp. z o.o.	Indirectly dependent
HS LUBAŃ Sp. z o.o.	Indirectly dependent
KOPEX HOLDINGS (Pty) Ltd (RSA)	Indirectly dependent
AIR RELIANT (Pty) Ltd (RSA)	Indirectly dependent
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	Associated
WS BAILDONIT Sp. z o.o.	Associated
TIEFENBACH Sp. z o.o.	Associated
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Associated
MIILUX POLAND Sp. z o.o.	Associated indirectly

Detailed information on entities directly associated with the Issuer contained in the rest of the financial statements (note 12.5B and 12.5C).

6. Significant accounting principles

6.1. The adopted accounting principles

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

- Intangible assets

A component of intangible assets is shown at the purchase price or manufacture cost less amortisation and the total amount of impairment losses. Impairment of intangible assets should be evenly distributed over its most correctly estimated lifetime. Depreciation should commence when the component of assets is ready for use. The applied method reflects the way of consuming economic benefits from the component of assets.
Intangible assets, excluding goodwill, are depreciated on a straight-line basis, as follows:
- licenses for the use of computer software 10% - 30%
- computer software 20%
- other intangible assets – in accordance with the duration of the contract or the estimated useful life.

Intangible assets with a low purchase price (original value of less than 3.5 thousand PLN) are subject to a single write – off into the costs. Other intangible assets are amortized using a line-method throughout the period of their useful life estimated as best as possible.
The period and method of depreciation of intangible assets 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 of the profit and loss account: manufacture cost of products sold, selling costs and overheads.

- Research and development costs

Research expenses are disclosed in the profit and loss account as and when incurred..
After initial disclosure, the cost of development works is reduced by the accumulated depreciation and value impairment. Depreciation is charged at a flat rate over the expected period of generating income from sales related to the project in question not exceeding 5 years.

- Fixed assets

The initial value of tangible fixed assets is determined at the purchase price, and in case the asset is manufactured using own means – as a total production cost. Borrowing costs which arose as a result of and during the investment period increase the purchase price or the cost of production. The initial value of fixed assets is increased by expenditures incurred on their improvement, provided that they are expected to be used for a period longer than just one season and it is likely that economic benefits connected with a given asset will be gained. If the residual value of the tangible fixed asset reaches and increases the amount that is higher than or equal to its carrying amount, so the depreciation of this asset ceases until its residual value drops and is lower than its carrying amount. The value of the fixed asset is subject to amortization, taking into account the planned usage period and recovery value in case of liquidation. Fixed assets having a low initial value (lower than 3.5 thousand zlotys) are depreciated only once at the moment of their receipt for use.

Fixed assets are subject to amortization using the straight-line method during the period corresponding to the estimated period of their useful life. The residual value and useful lives are subject to annual reviews and they are amortized with the depreciation rate applicable in the subsequent periods.
For tax purposes, depreciation rates shall be adopted under the Act of 15 February 1992 on income tax from legal persons determining the amount of depreciation constituting tax deductible costs.
The rates of depreciation for fixed assets are as follows:

- buildings and structures– 2,5% - 4,5%,

- technical equipment and machinery – 10% - 38,72%,

- transport means – 20% - 33,06%,

- others – 14% - 40%,

- the right of perpetual usufruct of land, purchased as a property in the period of the contract, in which these rights can be used.

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

- Fixed assets held for sale

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

- Investment property

Investment property – held in order to achieve the revenue from leasing and/or increase of their value – are measured on the balance sheet day at the cost of purchase reduced by previous depreciation write -offs. The period and method of depreciation of the investment property with a significant initial value are reviewed at least at the end of each financial year in terms of their expected utility. Investment property is amortized using a straight-line method starting from the month following the month of its receipt for use during the estimated period of their economical utility. The rates of depreciation for investment property are as follows: - buildings and structures – 2.5% - 4.5%, - the right of perpetual usufruct of land, purchased as a property in the period of the contract, in which these rights can be used. Own land is not subject to amortization.

- Fixed assets under construction

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

- Leasing

- Financial lease

A lease agreement is classified as financial lease if essentially all risks and rewards associated with the legal title to the leased item are transferred to the lessee. If the entity is a lessee under a financial lease agreement, the leased asset and the liabilities arising therefrom are disclosed as of the lease commencement date at fair value or at the current value of minimum lease charges determined as of such date, whichever is lower. Subsequently, the leased item is depreciated in the same way as other tangible fixed assets. If it is not certain that the entity will own the title before the end of the lease period, the asset in question is depreciated over the shorter of the following periods: lease period or operation period. Financial costs are accounted for in this way in each period within the lease period, so as to achieve a fixed periodical percentage rate in relation to the outstanding balance of the liability. Lease agreement liabilities are presented in the statement of financial position as a separate entry of liabilities, with a breakdown into short-term and long-term. Financial costs are disclosed in the profit and loss account as financial costs ("Interest"). If the entity is a lessor under a financial lease agreement, the leased asset is disclosed in the statement of financial position at the value equal to the net value of the lease investment, i.e. in the amount equal to the current value of minimum lease charges, as a separate entry, with a breakdown into short-term and long-term. Financial gains are disclosed reasonably and systematically, to reflect the fixed periodical rate of return. Financial gains are disclosed in the profit and loss account as financial revenues ("Interest").

- Operating lease

A lease agreement is classified as operating lease if essentially all risks and rewards associated with the legal title to the leased item are not transferred to the lessee. If the entity is a lessee under an operating lease agreement, operating lease fees are disclosed as cost at a flat rate over the entire lease period, unless using another systematic method better reflects the distribution of benefits experienced by the entity over time. If the entity is a lessor under an operating lease agreement, the leased item is presented in a manner reflecting the nature thereof, and income is disclosed at a flat rate over the entire lease period, unless using another systematic method better reflects the distribution of benefits experienced by the entity over time. In the financial statement the entity makes disclosures relating to the lease as required by IFRS/IAS

- Financial instruments

Financial instruments have been classified in the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and financial receivables
- Financial assets held 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 purchased for short sale as well as other financial assets constituting part of a portfolio of similar assets that are highly likely to deliver expected economic gains over a short period of time, as well as those financial assets which were determined as valued at fair value through profit or loss upon initial recognition, if that serves the purpose of obtaining more useful information. Upon initial recognition, they are valued at fair value excluding transaction costs which can be directly attributed to the purchase or issuance of these instruments. After initial recognition they are valued at fair value and valuation results are presented in the profit and loss account as "Other profits (losses)", except for foreign exchange transactions for which no hedge accounting is applied and which have been concluded to hedge the repayment of a loan or borrowing; the valuation of such transactions is taken in the profit and loss account to "Financial income – exchange rate differences" or "Financial costs – exchange rate differences".

In particular, the company classifies in this category the following: - derivatives for which no hedge accounting is applied – in the statement of financial position they are presented under “Derivative financial instruments” in current assets. Their valuation as well as realisation is taken in the profit and loss account to "Other profits (losses)", except for foreign exchange transactions for which no hedge accounting is applied and which have been concluded to hedge the repayment of a loan or borrowing; the valuation of such transactions is taken in the profit and loss account to "Financial income – exchange rate differences" or "Financial costs – exchange rate differences". - shares in entities other than subsidiaries or affiliates held for short resale; in the statement of financial position they are presented under current assets: “Financial assets at fair value through profit or loss”. The result of valuation of such assets and the result on their sale are taken "Other profits (losses)" in the profit and loss account.

Held-to-maturity investments

include financial assets which are not derivatives but are characteristic for determined or determinable payments and predefined maturity dates, provided that the entity not only intends to hold them to maturity, but also is capable of delivering on that intention. They exclude assets which upon initial recognition are classified as assets at fair value through profit or loss, or as assets held for sale, or assets that are defined as loans and receivables. Upon initial recognition, they are valued at fair value increased by transaction costs which can be directly attributed to their purchase or issue. After initial recognition, held-to-maturity investments are valued at depreciated cost using the effective interest rate method. The result of valuation is taken to "Other profits (losses)" in the profit and loss account. These assets are presented in the statement of financial position with a breakdown into short-term and long-term in the same entries as loans granted.

Loans and receivables

are financial assets other than derivatives with determined or determinable payments which are not quoted in an active market. Upon initial recognition, they are valued at fair value, and then at depreciated cost using the effective interest rate method, except for loans and receivables maturing earlier than 12 months after the reporting date – these are recognized at the value of the payment due. The result of valuation is taken to "Other profits (losses)". The category of loans and receivables includes:

- receivables from supplies and services – presented as a separate entry in the statement of financial position as current assets;

- other financial receivables, including in particular: employee receivables, receivables from the sale of financial assets, dividend receivables, receivables from the sale of fixed assets – presented in the statement of financial position under “Other long-term receivables” (maturing later than 12 months) and under “Other short-term receivables” (maturing earlier than 12 months after the reporting date).

- - loans granted – presented in the statement of financial position with a breakdown into long-term (maturing later than 12 months after the reporting date) and short-term (maturing earlier than 12 months from the reporting date), under "Other long-term assets" and "Short-term loans granted" accordingly.

Loans and receivables denominated in foreign currencies are valued as at the reporting date in accordance with the average exchange rate determined for a given currency by the National Bank of Poland as at that day. Foreign exchange differences on receivables denominated in foreign currencies incurred as at the valuation date and at payment are included in "Other profits (losses)". Foreign exchange differences on loans are included in Financial income or Financial costs under "Foreign exchange differences".

Financial assets held for sale

are financial assets other than derivatives which have been classified as held for sale or which do not constitute: loans/receivables, held-to-maturity investments, or financial assets at fair value through profit or loss. Upon initial recognition, financial assets held for sale are valued at fair value increased by transaction costs which can be directly attributed to their purchase or issue. After initial recognition, they are valued at fair value, and the result of such valuation is taken to other total revenues, thus increasing or decreasing the revaluation capital. Value impairment charges and F/X differences are recognized in the profit and loss account. Upon exclusion of an asset from the statement of financial position, accumulated gains or losses previously recognized in other total revenues are moved from equity to profits or losses. For financial assets held for sale without a fixed maturity date, when no fair value can be determined, valuation is made at purchase price.

Financial assets held for sale include in particular shares in entities other than subsidiaries or affiliates purchased not for the purpose of short resale – they are presented in the statement of financial position as a separate entry, with a breakdown into short-term and long-term.

Financial liabilities at fair value through financial result

include liabilities incurred for the purpose of short resale, constituting part of a portfolio of similar financial instruments that are highly likely to be realized on unfavourable terms in a short period of time, as well as those financial liabilities which were determined as valued at fair value through profit or loss upon initial recognition, if that serves the purpose of obtaining more useful information. Upon initial recognition, they are valued at fair value without increasing by transaction costs which can be directly attributed to their purchase or issue. After initial recognition they are valued at fair value and valuation results are presented in the profit and loss account as "Other profits (losses)", except for foreign exchange transactions for which no hedge accounting is applied and which have been concluded to hedge the repayment of a loan or borrowing; the valuation of such transactions is taken in the profit and loss account to "Financial income – exchange rate differences" or "Financial costs – exchange rate differences".

The company classifies in this category the following:

derivatives for which no hedge accounting is applied – in the statement of financial position they are presented under “Derivative financial instruments” in short-term liabilities. Realization of a derivative instrument is taken to the same entries of the profit and loss account as its valuation.

Other financial liabilities

In this category, the entity recognizes financial liabilities other than those valued at fair value through profit or loss. Upon initial recognition they are valued at fair value, and then at depreciated cost using the effective interest rate method, except for short-term liabilities which are recognized at the value of the payment due.

Other financial liabilities include in particular:

- loans and borrowing received – presented in the statement of financial position under “Long-term loans and borrowings” (maturing later than 12 months after the reporting date) and under “Short-term loans and borrowings” (maturing earlier than 12 months after the reporting date),

- trade accounts payable – presented as a separate entry in the statement of financial position as short-term liabilities,

- other financial liabilities, including in particular: employee liabilities, liabilities related to the purchase of fixed assets – presented in the statement of financial position under the following: “Other long-term liabilities” (maturing later than 12 months after the reporting date) and “Other short-term liabilities” (maturing earlier than 12 months after the reporting date).

Derivatives for which hedge accounting is applied

are instruments determined in accordance with the principles of hedge accounting whose fair value or cash flows resulting from them serve the purpose of balancing fair value or cash flows of the hedged position.

The entity can use hedge accounting if all conditions listed in IFRS/IAS are met:

- hedging relationship, the purpose of risk management and hedging strategy must be formally designated and documented upon establishing the hedging,

- it is expected that hedging will be highly effective,

- for cash flow hedges, the planned hedged transaction must be highly probable and subject to cash flow change risks that can affect the profit and loss account,

- hedge effectiveness can be reliably assessed,

- hedge is assessed on an ongoing basis, and its effectiveness is maintained in all reporting periods.

Derivatives, for which hedge accounting is presented in assets or liabilities - respectively for the valuation of an instrument of positive and negative in the item "Other financial assets" and "Other financial liabilities".

Revaluation of fair value of a hedging instrument is taken to:

- profits or losses – in the case of instruments used to hedge fair value

- other total incomes – in the case of instruments used to hedge future cash flows, by increasing or decreasing revaluation capital (to the extent corresponding to effective hedge)

- profits or losses – in the case of instruments used to hedge future cash flows (to the extent corresponding to ineffective hedge) under "Other profits (losses)".

When hedging future cash flows, if the planned transaction affects the financial result, the profit or loss associated to the hedging position that was originally recognized directly in equity is moved in the same period(s) to the same entry of profit and loss account to which the hedged position is taken. The realization of the planned transaction, involving the realization of the hedging instrument, results in taking the realized hedging instrument to the same entry of profit and loss account to which the hedged position is taken.

- the hedging instrument expires, is sold, dissolved or executed,

- the hedge no longer meets the criteria of hedge accounting listed in IFRS/IAS,

- the entity invalidates the hedging relationship,

in such cases, the aggregated gains or losses related to the hedging instrument which were taken to other total revenues in the period in which the hedge was effective, continue to be disclosed in equity under “Revaluation capital” until the planned transaction takes place;

- realization of the planned transaction is no longer expected – in such a case all accumulated gains or losses related to the hedging instrument which were taken to other total revenues in the period in which the hedge was effective are taken to "Other profits (losses)".

The company does not use hedge accounting for shares in net assets of foreign entities..

Impairment

At each balance sheet date, an assessment is made of whether there is objective evidence that a given financial asset or a group of financial assets is impaired. For each significant class of financial assets, the Company discloses the nature and amount of each impairment loss transferred to the financial result.

A financial asset or a group of assets is impaired and an impairment loss is incurred when there is objective evidence of impairment due to one or more events that occurred after the initial recognition of the asset, when the loss has a reliably measurable impact on the expected future cash flows from the financial asset or group of financial assets.

Losses expected to arise as a result of the future events are not recognised, no matter how likely those events might be. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the asset owner about the following events:

- significant financial difficulties of the issuer or the debtor;

- breach of a contract, such as a default in contracted payments of interest or principal;

- granting of a concession by the lender to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, that the lender would not otherwise consider;

- high probability of bankruptcy or other financial reorganisation of the debtor;

- disappearance of an active market for a given financial asset due to financial difficulties;

- observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the impairment of individual financial assets in the group. These include: adverse changes in the payment status of borrowers in the group (an increased number of delayed payments) or national or local economic conditions affecting a breach of contract in the group of assets (increase in unemployment, decline in property prices).

- Investments in subsidiaries and associated companies

The investments made in the subsidiaries or associated companies are recognized in the separate financial statement at the purchase price decreased by write-offs, if any, and presented as Fixed assets under “Other long term financial assets”.

- Inventories

Inventories are measured at their purchase price or cost of manufacture or the net value likely to be obtained, whichever is lower. On the balance sheet day, inventory write-downs are made, if there are reasons justifying them. Write – downs are recognized as other operating costs. On the balance sheet date, inventories are recognised at purchase price reduced by the write-downs made. Outgoing of inventories is made by the Company in the following ways:

- materials according to weighted average method,

- materials purchased for a specific order and goods through a detailed identification of the real price of these components, irrespective of the date of their purchase or manufacture,

- Cash

Cash is shown at nominal value. Cash denominated in foreign currencies is measured on the balance sheet date at the average exchange rate fixed for a given currency by the NBP for this day. Exchange differences relate to the „Other profits (losses)”.

- Accruals

Prepayments take place when the costs incurred relate to future reporting periods. Titles of prepayments that do not relate to the normal operating cycle of the company and their period of settlement exceeds 12 months from the balance sheet date, are recognized under "Other long-term assets". Short-term prepayments are shown under "Other short-term receivables."

Passive Accrued expenses
are liabilities payable for goods or services that have already been received/performed, but not yet paid for, invoiced or formally arranged with the supplier. Although sometimes it is necessary to assess the amount or date of payment, the degree of uncertainty is lower than in the case of provisions. Accruals include planned costs of financial statement revision, value of services provided to the company but not yet invoiced (and the service provider was not contractually obliged to invoice such services), cost of pollution charges, cost attributable to the current period but invoiced in the next period. Accruals are disclosed as short-term liabilities under “Accrued expenses”.

Deferred revenue

They include in particular the funds received to finance the acquisition or manufacture of assets, including fixed assets under construction or development work, when, according to other standards, they do not increase equity. Included in deferred revenue amounts gradually increase operating income, parallel to the depreciation or amortization of fixed assets or development costs financed from such sources. The deferred income is recognized in liabilities in a position "Accruals" divided into long-term and short-term.

- Equities

Equity capital includes original capital (share capital), spare capital and reserve capital, revaluation reserve, net profit (loss) for a given period and undistributed profit from previous years

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Original capital is shown in the amount specified in the Articles of Association and entered in the trade register Declared but not paid capital contributions are recognized as called up share capital. Shareholders may increase or decrease the equity in accordance with the Commercial Code. If the increase results from an increase in the share capital, it is booked only with a date on which the court registered the amendment.

Original capital is valuated in the statement of financial position at nominal value.

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

- Provisions for liabilities

Provisions are liabilities whose amount and term of payment are not certain.

Provision is created when:

a) the entity assumes the obligation (legal or customary) arising from past events,

b) it is likely that fulfilling of the obligation will cause an outflow of resources representing economic benefits,

c) it is possible to estimate accurately the amount of that obligation.

these conditions are not met, provisions are not created.

The amount of provisions should reflect the best estimated expenditures required to fulfil the existing obligation on the balance sheet date, i.e.:

a) the amount – which according to rational premises, the Company would pay on the balance sheet date fulfilling the obligation or,

b) the amount which the Company would pay to a third party in return for taking over the obligation in question at the same time.

Provision is valued taking into account risk and uncertainty. If the result of a change in money value over time is significant, the amount of the provision corresponds to the current value of the expenses that will be necessary to fulfil the obligation. Assessments of financial result and effect are made on the basis of the judgment of the Company's management, assisted by previous experience from similar transactions and possibly by reports of independent experts. The uncertainty relating to the amount for which a provision needs to be made is arrived at using various means, depending on the circumstances.

Provisions are created for the following:

- loss from business transactions in progress,
- guarantees and warranties granted,
- results of pending litigation and appeal proceedings,
- future costs related to restructuring.

- Provisions for employee benefits

The company pays out retirement/pension benefits and death benefits in accordance with the Collective Bargaining Agreement.

In accordance with IAS 19, provisions for employee benefits are estimated by an independent actuary.

Costs related to post-employment benefits are recognized by the company as follows:

- in the result: current service cost, past service cost, net interest on liabilities for defined benefit
- in other comprehensive income: Actuarial gains and losses arising from post-employment benefits.

Under "Provisions for employee benefits" the Company also recognises provision for unused annual employee leaves and owed bonuses.

- Assets and provision for income tax

In connection with temporary differences between the carrying value of assets and liabilities and their tax value and tax losses deductible in the future, the entity creates a provision and identifies deferred income tax assets. Deferred income tax assets are determined taking into account the precautionary principle, at an amount corresponding to the future income tax deduction resulting from:
- negative temporary differences,
- carrying over of unused tax losses
- carrying over of unused tax credits.

Negative temporary differences result in tax deductible amounts occurring in determining taxable profit (tax loss) in future periods, if the carrying amount of an asset or a liability is realized or accounted for. A deferred income tax asset is disclosed with respect to all negative temporary differences up to the likely amount of taxable profit allowing for setting off temporary differences. Deferred income tax assets are assessed at the amounts reimbursable by tax authorities in accordance with tax rates expected to be in effect when the asset is realized, on the basis of tax rates (and tax regulations) in effect on the reporting date.

A deferred income tax provision is recognised in the amount of income tax payable in the future, in relation with the occurrence of temporary differences, i.e. differences that will cause future increase in the tax base. Deferred income tax assets are assessed at the amounts reimbursable by tax authorities in accordance with tax rates expected to be in effect when the asset is realized, on the basis of tax rates (and tax regulations) in effect on the reporting date.

The provision for income tax and activated income tax is created only in relation to the adjustments of a temporary nature.
Deferred tax is recognized outside profit or loss if the tax relates to items that in the same or a different period were recognized outside profit or loss. If relates to items that in the same or a different period were recognized in other total income, deferred tax is recognized in other total income. If it relates to items that are recognized directly in equity, deferred tax is recognized in equity.

- Revenues

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

- Government grants

Government grants, including non-monetary grants at fair value are recognized when it is certain that:
- the Company will meet the conditions related to obtaining grants,
- grants will be given.
The word "government" refers to government, governmental institutions, governmental agencies and other similar bodies whether local, national or international. Government grants are recognized systematically as an income in particular periods in order to match them with the related costs which the grants ought to compensate. The grants do not directly increase the equity. A government grant that becomes due as compensation for costs already incurred or losses or that is given to the company in order to provide an immediate financial support, without any future related costs, shall be recognized as an income in the period in which it becomes due. Non-monetary government grants may have the form of transfer of non-monetary asset such as land, or other assets given to the company for use. In such cases, a non-monetary asset shall be measured and booked at fair value. Government grants to assets, including non-monetary grants at fair value, are presented in the balance sheet as deferred income of future periods or the amount of grants is subtracted in order to obtain the carrying amount of the asset. The Company has adopted the method of presenting non-monetary grants related to the assets at fair

value as deferred income and recognizing them in the balance sheet as income during the period of their utilization. Grants are presented in the profit and loss account as other operating income. Government grants being subject to repayments are recognized as a change in the estimated value. It means that the repayment of the grant is firstly referred to the unpaid balance of a deferred revenue. The remaining part is referred to the costs of the current period. The standard does not resolve the matter of EU subsidies. The Company treats EU subsidies as government grants.

- Contracts for construction services

Construction services contracts include individually concluded agreements for the construction of an asset or a group of assets that are closely related owing to a project, technology and function or intended use.

In particular, they include the supply of longwall systems, vertical and horizontal mining works and delivery of machines and equipment such as conveyors, shearers a high degree of adaptation to customer requirements, and powered roof supports.
The majority of contracts are concluded in set prices and are accounted by using the method of the contract progress degree.
The contract realization progress degree is calculated as percentile quotient of factually incurred costs, which are recorded in appropriate accounting documents, and estimated total costs of contract. Total revenues from a contract include the original amount stated therein and any changes made thereafter, as well as claims and bonuses.

Changes in revenues from a contract is taken into account, if it is likely that they would be accepted by the service user and if their value can be reliably determined. Revenues from contracts are valued at fair value of the payment due or received. Total costs of an agreement include costs directly related to a given contract, overheads attributable to the business in question which can be linked to a given contract, as well as other costs which – in accordance with the terms of the contract – can be charged to the service user. A revision and update of total costs and revenues from agreements is carried out periodically (at least on the last day of the reporting period) and upon each significant change in assessment of such costs and revenues. The effect of changes in the assessment of costs and revenues from agreements as well as the effect of changes in the assessment of the contract's result are disclosed as a change of assessed value. Changed assessments are used to determine the amount of revenues and costs recognized in the result of the reporting period in which the change took place, as well as in the following periods. Revenues as of the end of a reporting period is determined in proportion to the degree of the contract's completion, after deduction of revenues that affected the financial result in the previous reporting periods. If the estimated total and final income as well as costs related to the contract for construction services which is being executed indicate a loss, in this case, the provision for the whole loss is created in the balance sheet and credited to costs. Revenues from contracts underway are disclosed with regard to the degree of the agreement's completion, and the resulting differences are recognized in the following way: - surplus of recorded cumulative revenues over the sum of losses and receivables conditioned by contract execution (partial invoiced incomes) is recognized under short-term prepayments and presented in assets under "Assets from construction contracts". - surplus of recorded losses and receivables conditioned by contract execution (partial invoiced incomes) over the cumulative revenues is recognized under short-term accruals and presented in liabilities under "Other liabilities".

6.2. Nowe i zmienione standardy i interpretacje

On January 1, 2014. new and amended standards and interpretations entered into force following which do not have a material impact on the financial statements of the Company:

IFRS 10 "Consolidated Financial Statements"

IFRS 10 was issued by the International Accounting Standards Board in May 2011. and is valid in the European Union for annual periods beginning on or after 1 January 2014. or after that date.

The new standard replaces the guidance on control and consolidation in IAS 27 and SIC-12. IFRS 10 changes the definition of control in such a manner, to all entities subject to the same criteria for determining control. The amended definition is accompanied by extensive guidance on the application.

IFRS 12 " Disclosure of Interests in Other Entities"

IFRS 12 was issued by the International Accounting Standards Board in May 2011 and in force in the European Union for annual periods beginning on or after 1 January 2014 or after that date.

The new standard applies to entities that have an interest in a subsidiary, joint venture or associate in unconsolidated structured entity . The standard replaces the disclosure requirements currently contained in IAS 27 "Consolidated and Separate Financial Statements" , IAS 28 "Investments in Associates " and IAS 31 "Interests in Joint Ventures" . IFRS 12 requires entities to disclose information that helps users of financial statements to evaluate the nature , risks and financial impact of investments in subsidiaries, associates, joint ventures and unconsolidated structured entities . To this end, the new standard requires disclosure of information concerning a number of areas, including significant judgments and assumptions made in determining whether an entity controls , jointly controls or has significant influence over another entity; detailed information concerning the non-controlling interest in the operations and cash flows of the group; summary financial information of subsidiaries with significant non-controlling interests , as well as detailed information concerning interests in unconsolidated structured entities .

Amended IAS 27 "Separate Financial Statements"

Amended IAS 27 "Separate Financial Statements" was issued by the International Accounting Standards Board in May 2011 and is valid in the European Union for annual periods beginning on or after 1 January 2014 or after that date.

IAS 27 was amended in connection with the publication of IFRS 10 "Consolidated Financial Statements". The amended IAS 27 is to define the requirements for recognition and presentation of investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Guidance on control and consolidated financial statements have been replaced by IFRS 10.

Amended IAS 28 "Investments in Associates and Joint Ventures"

Amended IAS 28 "Investments in Associates and Joint Ventures" was published by the International Accounting Standards Board in May 2011 and is valid in the European Union for annual periods beginning on 1 January 2014 or after that date.

Amendments to IAS 28 resulted from the IASB's project on joint ventures. The Board decided to include the principles for recognizing joint ventures using the equity method IAS 28, because this method is applicable to both joint ventures and associates. Aside from this exception, other guidelines have not changed.

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

Amendments to IAS 32 "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities have been published by the International Accounting Standards Board in December 2011. and effective for annual periods beginning on or after 1 January 2014. or after that date.

The amendments introduce additional explanation of the application of IAS 32 to clarify inconsistencies encountered in the application of certain criteria for netting.

Investment Entities - amendments to IFRS 10, IFRS 12 and IAS 27

Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" effective for annual periods beginning on or after 1 January 2014 or after that date.

The amendments clarify the definition of IFRS 10, an investment entity. Such entities will be required to demonstrate its subsidiaries at fair value through profit or loss and consolidate only those subsidiaries that provide services on its behalf from investment activities of the company. IFRS 12 also changed, introducing new disclosures on investment entities.

IFRS 11 "Joint Arrangements"

IFRS 11 was issued by the International Accounting Standards Board in May 2011 and in force in the European Union for annual periods beginning on or after 1 January 2014 or after that date. The new standard replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". Changes in definitions limited the number of types of joint arrangements to two: joint operations and joint ventures. At the same time eliminating the existing choice of proportionate consolidation in respect of entities under common control. All participants in joint ventures are now required to approach the equity method.

Changes in the transitional provisions of IFRS 10, IFRS 11, IFRS 12

International Accounting Standards Board published in June 2012, the changes in the transitional provisions of IFRS 10 , IFRS 11 and IFRS 12 amendments are effective for annual periods beginning on or after 1 January 2014 or earlier - if the standards that are the basis (IFRS 10 , 11, or 12) are applied at an earlier date . The amendments clarify the transitional provisions of IFRS 10 "Consolidated Financial Statements" . Entities adopting IFRS 10 should assess whether they have the control on the first day of the annual period for which it was first applied IFRS 10 , and if the conclusions differ from the conclusions of IAS 27 and SIC 12 , the comparative information should be restated unless the it would be impractical. The amendments also introduce additional transitional facilitate the application of IFRS 10 , IFRS 11 and IFRS 12 , by limiting the obligation to present comparative data only adjusted data for the immediately preceding reporting period. In addition, these changes abolish the requirement to present comparative information for the disclosures relating to unconsolidated entities managed contract for periods prior to the period of application of IFRS 12 for the first time.

Disclosure of the recoverable value of non-financial assets - Amendments to IAS 36

Amendments to IAS 36 "Impairment of non-financial assets" on recoverable value disclosures were published by the International Accounting Standards Board (IASB) in May 2013 and effective for annual periods beginning on or after 1 January 2014.

The amendments remove the requirement to disclose the recoverable value if cash-generating entity includes goodwill or intangible assets with indefinite useful lives and there was no impairment.

Renewal of derivatives and hedge accounting continued - Amendments to IAS 39

Amendments to IAS 39 "Financial Instruments" hedge accounting were published by the International Accounting Standards Board in June 2013 , and are effective for annual periods beginning on or after 1 January 2014.

The amendments allow for continued hedge accounting when the derivative that has been designated as a hedging instrument, is restored (i.e., the parties agreed to replace the original counterparty by a new one) as a result of the settlement instrument with a central clearing house as a consequence of the law are fulfilled strict conditions.

6.3. Published standards and interpretations that have not yet entered into force and have not been early adopted by the Company, and may affect the Company's financial statements

Amendments to IFRS 11 on the purchase of a share in a common business

This amendment to IFRS 11 requires the investor when he acquires a share in the common activities for which a business as defined in IFRS 3 application to acquire its share of rules on businesses call accounting in accordance with IFRS 3 and the rules under other standards, unless they are are contrary to the guidelines contained IFRS 11.

The change is effective for annual periods beginning on or after 1 January 2016.

The Group is not currently able to estimate the impact of IFRS 11 on the financial statements.

At the date of preparation of these financial statements, amendments to IFRS 11 has not yet been approved by the European Union

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" was published by the International Accounting Standards 28 May 2014. and effective for annual periods beginning on or after 1 January 2017 or after that date.

The rules provided for in IFRS 15 will cover all contracts resulting in revenue. The fundamental principle of the new standard is to recognize revenue at the time of transfer of goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished within the package to be reported separately, moreover, any discounts and rebates on the transaction price should in principle be allocated to the individual elements of the package.

If the amount of revenue is variable, according to the new standard for the amount of variables are included in the income, if there is a high probability that in the future there will be no reversal of the recognition of income as a result of the revaluation. Furthermore, in accordance with IFRS 15 costs incurred to acquire and secure a contract with a customer must activate and accounted for over the period of consumption of the benefits of this contract.

The Group is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, IFRS 15 has not yet been approved by the European Union.

Amendments to IAS 27 concerning. The equity method in the separate financial statements

Amendment to IAS 27 allows the use of the equity method as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.

The amendments were published on 12 August 2014. And are effective for annual periods beginning on or after 1 January 2016.

The Issuer will apply the amendments from 1 January 2016.

The Issuer is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, the changes have not yet been approved by the European Union.

Amendments to IFRS 10 and IAS 28 concerning. Sales or transfers of assets between the investor and its associates or joint ventures

Amendments solve the problem of the current inconsistencies between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture are the "business".

If the non-monetary assets are "business", the investor will show the full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognizes a gain or loss except for the part representing the interests of other investors.

The amendments were published on 11 September 2014. And are effective for annual periods beginning on or after 1 January 2016.

The Group will apply the amendments from 1 January 2016.

The Group is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, the changes have not yet been approved by the European Union.

Amendments to IFRS 2012-2014

International Accounting Standards Board published in September 2014. "Improvements to IFRSs 2012-2014", that change four standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016.

The Group will apply these amendments to IFRS from 1 January 2016.

The Group is not currently able to estimate the impact of adopting the new standard on the financial statements.

At the date of preparation of these financial statements, amendments to IFRS has not yet been approved by the European Union.

Amendments to IAS 1

On December 18, 2014, in the framework of the so-called work-related initiative on disclosure, the IASB issued an amendment to IAS 1. The purpose of the published amendment is to clarify the concept of materiality and to clarify that if the entity considers that the information is irrelevant, then they should not disclose even if such disclosure is generally required by other IFRS. The revised IAS 1 explained that the items presented in the statement of financial position and statement of results and other comprehensive income may be aggregated or disaggregated according to their relevance. Also introduced additional guidance relating to the presentation of subtotals in these reports. The amendments are effective for annual periods beginning on or after January 1, 2016.

The Group will apply the above change from January 1, 2016.

The Group is in the process of estimating the impact of applying the changes to the financial statements.

At the date of preparation of these financial statements, amendments to IFRS has not yet been approved by the European Union.

6.4. Published standards and interpretations that have not yet entered into force and have not been early adopted by the Company, which will not affect the Company's financial statements

- Amendments to IAS 16 and IAS 41 concerning arable crops
- Amendments to IFRS 10, IFRS 12 and IAS 28 concerning. Deconsolidation of investment units
- Amendments to IAS 16 and IAS 38 on depreciation

7. Capital management

The company manages the capital in order to preserve the ability to continue its activity, including planned investments, considering changing
economic circumstances.
The aims of capital management are:
● maintaining good financial standing
● maintaining safe capital ratios
● maximisation of profitability for shareholders

The basic components of managed capital as at 31.12.2014:

	31.12.2014	31.12.2013
Liabilities and equity	**1 843 822**	**1 734 931**
Equity, including:	**1 538 213**	**1 446 707**
Share capital	74 333	74 333
Treasury shares	-2 979	-2 979
The issue of shares above par value	1 054 942	1 054 942
Revaluation reserve	-318	5 186
Retained earnings	412 235	315 225
Long-term liabilities	**36 015**	**40 257**
Short-term liabilities	**269 594**	**247 967**

The management board nitors the following capital ratios on an ongoing basis:

Capital ratios	31.12.2014	31.12.2013
average net debt ratio / average equity ratio	0,06	0,16
structure of liabilities ratio / sources of financing ratio	0,83	0,83
ROE	6,59%	4,60%
overall debt ratio	0,17	0,17

As at 31.12.2014 the Company fulfilled all bank covenants, except for two bank covenants (quarterly), while in annual terms, covenants have been met.

8. Financial Risk Management Policy and Hedging

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

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

The Company is exposed primarily to the following risk groups:

- market risk, including price risk, interest rate risk and exchange rate risk;
- liquidity risk;
- credit risk.

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

This information allows for ongoing analysis of the financial standing of the Company, which makes it possible to take appropriate actions to mitigate identified risk groups.

Price risk

Considering investments of unimportant value in equity securities classified in financial statement as held for sale and valuated at fair value through profit or loss, the Group is not significantly exposed to the price risk concerning price changes of this type of investments.

Interest rate risk

Interest rate risk principally occurs in the Group in connection with the use of bank loans, whose interest is variable, based on WIBOR and constant margin of the crediting banks during the period of crediting.

Income from the interest gained on loans granted changed due to changes in interest rates that formed basis for their calculation. In case of loans in PLN, interest rate was based on the variable WIBOR 1M + margin and in case of long-term loans, WIBOR 1R + margin.

The Company limited the risk in using a variable WIBOR / EURIBOR for loans granted by the Company.

In order to minimize interest rate risk, the Company exchanged variable interest cash flows on a permanent basis in February 2013 concluding the IRS. Nominal amount of 100 million zł, period end of June 2014 year.

As at 31.12.2014 the Company had no instruments hedging interest rate risk and used the current drop in the reference rate WIBOR 1M and monitored on an ongoing basis, the Monetary Policy Council decisions in this regard.

Currency risk

The s exposed to currency risk mainly due to running its core activities, such as the sale and purchase of goods and services in foreign currencies (primarily in EUR and USD).

Foreign exchange forward transactions are the main financial instruments to hedge currency risk.

The Company applies a procedure of the actual financial cash flow hedging to reduce foreign exchange risk in accordance with the strategy adopted by the Group.

In 2005 the KOPEX Group adopted the ”Strategy for hedging currency risk and interest rates”, according to which transactions hedging the foreign exchange risk are concluded (in relation to the exchange rate adopted in the calculation of the offer) upon signing commercial contracts and in case of contracts on coal trading, upon placing the shipment order/purchase.

The Company applies hedge accounting (a detailed description of the accounting principles) and natural hedging for cash flow and fair value.

Financial instruments

The balance sheet value

Classes of financial instruments	Note	Financial assets held for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Financial liabilities measured at amortized cost	Receivables xcluded from the scope of IAS 39	Hedging instruments	TOTAL
As at 31.12.2014										
Shares	12.5,12.10A	1 125	-	39	-	-	-	-	-	**1 164**
Receivables from supplies and services	12.8A	-	-	-	85 063	-	-	-	-	**85 063**
Leasing receivables	12.4	-	-	-	-	-	-	50 121	-	**50 121**
Cash and deposits	12.11	-	-	-	31 195	-	-	-	-	**31 195**
Bonds and loans granted	12.9	-	-	-	214 808	-	-	-	-	**214 808**
Other financial assets (net)	12.8C	-	-	-	5 643	-	-	-	-	**5 643**
Derivative financial instruments	12.10A	-	-	400	-	-76	-	-	-1 205	**-881**
Liabilities for supplies and services	12.21	-	-	-	-	-	-110 938	-	-	**-110 938**
Loans and borrrowings	12.16A	-	-	-	-	-	-82 429	-	-	**-82 429**
Other financial liabilities	12.17	-	-	-	-	-	-3 332	-	-	**-3 332**
		1 125	**-**	**439**	**336 709**	**-76**	**-196 699**	**50 121**	**-1 205**	**190 414**
Stan na dzień 31.12.2013r.										
Shares	12.5,12.10A	1 125	-	90	-	-	-	-	-	**1 215**
Receivables from supplies and services	12.8A	-	-	-	59 261	-	-	-	-	**59 261**
Leasing receivables	12.4	-	-	-	-	-	-	62 243	-	**62 243**
Cash and deposits	12.11	-	-	-	21 498	-	-	-	-	**21 498**
Bonds and loans granted	12.9	-	-	-	125 214	-	-	-	-	**125 214**
Other financial assets (net)	12.8C	-	-	-	4 653	-	-	-	-	**4 653**
Derivative financial instruments	12.10A	-	-	2 761	-	-407	-	-	5 911	**8 265**
Liabilities for supplies and services	12.21	-	-	-	-	-	-64 202	-	-	**-64 202**
Loans and borrrowings	12.16A	-	-	-	-	-	-134 429	-	-	**-134 429**
Other financial liabilities	12.17	-	-	-	-	-	-2 011	-	-	**-2 011**
		1 125	**-**	**2 851**	**210 626**	**-407**	**-200 642**	**62 243**	**5 911**	**81 707**

As at 31.12.2014 and 31.12.2013 the carrying value of financial instruments approximated its fair value.

Fair value hierarchy

Classes of financial instruments	Note	As at 31 December 2014 Fair value hierarchy		
		level 1	level 2	level 3
Shares	12.10A	39	-	-
Derivative instruments, incl:	12.10A	-	-881	-
Assets		-	1 262	-
Liabilities		-	-2 143	-

Classes of financial instruments	Nota	As at 31 December 2013 Fair value hierarchy		
		level 1	level 2	level 3
Shares	12.10A	90	-	-
				-
Derivative instruments, incl:	12.10A	-	8 265	-
Assets		-	8 690	-
Liabilities		-	-425	-

Methods and assumptions adopted by the Company in determining fair values

For financial instruments valuated at fair value in the statement of financial position, the following levels of valuation were accepted:

- level 1 – prices quoted from active markets for identical assets or liabilities;

- level 2 – input data different than quoted prices classified to level 1, which are observable for a component of assets or liabilities directly (i.e. as prices) or indirectly (i.e. basing on prices);

- level 3 – input data for the valuation of a component of assets or liabilities, which are not based on observable market data.

The fair value of the financial instruments classified to level 2 was determined with the application of appropriate valuation techniques (carried out by banks).

The Company cannot credibly determine the fair value of owned shares in the companies not quoted on active markets, qualified as financial assets held for sale. The Company valuates this group of assets according to purchase price reduced by impairment write-downs.

Sensitivity analysis

Assuming that the range of fluctuations in exchange rates as at 31.12.2014 might have achieved the level of +/-10%, the Company's gross profit would have been lower or higher by PLN 8 603 thousand (PLN 5 497 thousand as at 31.12.2013)

Assuming that the range of fluctuations in exchange rates as at 31.12. 2 might have achieved the level of +/-1%, the Company's gross profit would have been lower or higher by PLN 1 918 thousand (PLN 745 thousand as at 31.12.2013)

Analiza wrażliwości na dzień 31.12.2014r. (w tys. zł)

	carrying amount	Interest rate risk		Exchange rate risk			
		plus / minus 1%		plus 10% (price weakness PLN)		minus 10% (price rebound PLN)	
		profit/loss	profit/loss	profit/loss	changes in equity	profit/loss	changes in equity
AKTYWA FINANSOWE							
Cash in PLN	723	7	-7				
Cash in USD per zloty	162	2	-2	16		-16	
Cash in EUR per zloty	29 631	296	-296	2 963		-2 963	
Cash in other currencies	679	7	-7	68		-68	
Receivables from supplies and services and other receivables in PLN	72 358						
Lease receivables PLN	50 121	501	-501				
Granted loans with interest PLN	154 725	1 547	-1 547				
Receivables form supplies and services and other receivables in EUR	80 446			8 045		-8 045	
Loans granted with interest calculated at EUR PLN	52 718	527	-527	5 272		-5 272	
Receivables form supplies and services and other receivables in USD	6 914			691		-691	
Loans granted plus interest USD translated into PLN	7 365	74	-74	737		-737	
Receivables form supplies and services and other receivables in AUD translated into PLN	5 997			600		-600	
Receivables form supplies and services and other receivables in other currencies translated into PLN	9			1		-1	
Financial assets classified into fair value through profit and loss	439			44		-44	
Derivative instruments in hedging relationships	862			27	59	-27	-59
the impact on financial assets before tax		**2 961**	**-2 961**	**18 464**	**59**	**-18 464**	**-59**
the impact on financial assets after tax		**2 398**	**- 2 398**	**14 956**	**48**	**- 14 956**	**- 48**
FINANCIAL LIABILITIES							
Loans and advances received plus interest PLN	82 429	-824	824				
Lease liabilities PLN	21 944	-219	219				
Liabilities from supplies and services and other receivables in PLN	67 135						
Liabilities form supplies and services and other receivables in EUR	98 119			-9 812		9 812	
Liabilities form supplies and services and other receivables in USD	152			-15		15	
Liabilities form supplies and services and other receivables in other currencies translated into PLN	24			-2		2	
Financial liabilities classified into fair value through profit and loss	76			-8		8	
Derivative instruments in hedging relationships	2 067			-24	-183	24	183
the impact on financial liabilities before tax		**-1 043**	**1 043**	**-9 861**	**-183**	**9 861**	**183**
the impact on financial liabilities after tax		**-845**	**845**	**-7 987**	**-148**	**7 987**	**148**

Management believes that the above sensitivity analysis is not representative for foreign currency risk and interest rate risk due to the fact that exposure at the end of the year on the above-mentioned does not reflect the risk exposure throughout the year. The volumes of receivables, liabilities, valuation of derivative instruments change during the year.
In accordance with the adopted accounting policy, the Company applies hedge accounting..

Sensitivity analysis as at 31.12.2013 (PLN thosands)

		Ryzyko stóp procentowych		Exchange rate risk			
		plus / minus 1%		plus 10% (price weakness PLN)		plus 10% (price weakness PLN)	
	carrying amount	profit/loss	profit/loss	profit/loss	profit/loss	profit/loss	zmiany w kapitale własnym
AKTYWA FINANSOWE							
Cash in PLN	7 052	71	-71				
Cash in USD per zloty	2 086	21	-21	209		-209	
Cash in EUR per zloty	11 443	114	-114	1 144		-1 144	
Cash in other currencies	917	9	-9	92		-92	
Receivables from supplies and services and other receivables in PLN	62 679						
Lease receivables PLN	62 243	622	-622				
Granted loans with interest PLN	69 680	697	-697				
Receivables form supplies and services and other receivables in EUR	39 391			3 939		-3 939	
Loans granted with interest calculated at EUR PLN	48 908	489	-489	4 891		-4 891	
Receivables form supplies and services and other receivables in USD	5 568			557		-557	
Loans granted plus interest USD translated into PLN	6 626	66	-66	663		-663	
Receivables form supplies and services and other receivables in AUD translated into PLN	5 606			561		-561	
Receivables form supplies and services and other receivables in other currencies translated into PLN	304			30		-30	
Financial assets classified into fair value through profit and loss	2 851			285		-285	
Derivative instruments in hedging relationships	5 929			51	542	-51	-542
the impact on financial assets before tax		**2 089**	**-2 089**	**12 422**	**542**	**-12 422**	**-542**
the impact on financial assets after tax		**1 692**	**- 1 692**	**10 055**	**439**	**- 10 055**	**- 439**
FINANCIAL LIABILITIES							
Loans and advances received plus interest PLN	134 429	-1 344	1 344				
Lease liabilities PLN	58 860						
Liabilities from supplies and services and other receivables in PLN	68 164			-6 816		6 816	
Liabilities form supplies and services and other receivables in EUR	236			-24		24	
Liabilities form supplies and services and other receivables in USD	86			-9		9	
Liabilities form supplies and services and other receivables in other currencies translated into PLN	327			-33		33	
Financial liabilities classified into fair value through profit and loss	407			-41		41	
Derivative instruments in hedging relationships	18			-2		2	
the impact on financial liabilities before tax		**-1 344**	**1 344**	**-6 925**		**6 925**	
the impact on financial liabilities after tax		**-1 089**	**1 089**	**-5 609**		**5 609**	

Liquidity risk

At the Company daily reports are prepared on the state of available cash receipts received and realized expenditure, controlling monthly reports, monthly detailed reports on the state debt and involvement in banks, including the use of guarantee lines, reports on the state of overdue debts, the report planned cash cash, a report on the amount of net debt and net working capital levels.

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

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

The separate cash flow statement is combined with the reports of major companies of the Capital Group in order to prepare the consolidated cash flow, which permits the utilization of temporary surpluses generated in one company to cover the negative cash flow in other companies of the Group. The conclusions resulting from the cash-flow, as well as information on temporary transfers of capitals within the Group are each time transmitted to and consulted with the Management Board of the Company.

Peer to peer lending institution is used in the Group. Surplus funds are deposited on overnight bank accounts whose interest rates are negotiated individually by the Group

In 2014, the Company obtained additional cash from dividends received in the amount of PLN 107 989 thousand.

The Company has multi-purpose credit limits in the current account, both for the current payments as well as for guarantees and letters of credit – allowing a flexible allocation of the use of specific products to ensure smooth operation of the Company. The Company has available limits to support guarantees and letters of credit.

During 2014, the Company undertook intensive discussions / negotiations with the financing banks, which brought a definite decrease in financial expenses (interest and bank charges) and a reduction in length and amount of collateral used for repayment of bank loans.

Credit lines preferred by the Company in the current account allowfor easy cash access. Conditions negotiated with the banks provide rollover payments of our liabilities to the Company.

As at 31.12.2014 Company had unused multipurpose bank credit limits and guarantees in the total amount of PLN 293 183 thou. (310 179 thou as at 31.12.2013)..

The Company cooperates with several banks in order to disperse risk. Cooperating banks belong to the leading banks with high credit rating.

There are no overdue liabilities - The Company has the full capacity to service debt and seeks to extend deadlines for payments, and shortening the maturity of receivables.

Liabilities from supplies and services as at 31.12.2014 and 31.12.2013 together with their temporal structure are presented in Note 12.21. The book value of short-term liabilities for supplies and services approximate their fair value due to their short-term nature.

Contractual maturities of financial liabilities

Financial liabilities	Contractual maturities from the end of the reporting period					Total (without discount)	Balance sheet value
As at 31.12.2014	**up to 3 months**	**3 -12 months**	**1- 3 years**	**3- 5 years**	**over 5 years**		
Liabilities for supplies and services	97 846	12 416	665	4	7	**110 938**	**110 938**
Loans and borrrowings	6 253	66 017	12 051	-	-	**84 321**	**82 429**
Derivative financial instruments	473	1 474	196	-	-	**2 143**	**2 143**
Other financial liabilities	1 935	1 243	114	40	-	**3 332**	**3 332**
Total financial liabilities in individual classifications	**106 507**	**81 150**	**13 026**	**44**	**7**	**200 734**	**198 842**

As at 31.12.2013	**up to 3 months**	**3 -12 months**	**1- 3 years**	**3- 5 years**	**over 5 years**		
Liabilities for supplies and services	42 822	20 022	1 358	-	-	**64 202**	**64 202**
Loans and borrrowings	7 012	97 474	34 776	-	-	**139 262**	**134 429**
Derivative financial instruments	-	425	-	-	-	**425**	**425**
Other financial liabilities	2 011	-	-	-	-	**2 011**	**2 011**
Total financial liabilities in individual classifications	**51 845**	**117 921**	**36 134**	**-**	**-**	**205 900**	**201 067**

Credit risk

Credit risk should be understood as a failure to meet obligations by the debtors of the Company. The aforementioned credit risk may include various areas of the Company's activity:

- credit risk of customers with whom transactions are sales of products,
- credit risk of financial institutions, with whom, or through whom hedging transactions are undertaken,
- dit risk of entities, in which investments are made, or whose securities are purchased,
- crecredit risk associated with loans granted.

The credit risk policy in the KOPEX S.A. with regard to the reliability of business clients (with whom the transactions on sales of products and services are signed) and in particular the occurrence of transactions with new clients, is based primarily on:

- verifying the client in the business intelligence agency;

- obtaining valid documents reflecting property and financial situations of the client.

- the requirement to submit payment security to the companies of the Company in a form acceptable by the Company, by the aforesaid client.

The payment security most commonly used in the Company include:

- in domestic trade: bank guarantees, insurance guarantees, mortgages, appropriation, registered pledges, promissory notes, warrants, mutual compensations;

- in foreign trade: letters of credit, confirmed letters of credit, bank guarantees, repayment of debt under the buyer loans, repayment of debt under the government loans, mutual compensations,

- in leasing transactions a clause is introduced stating that the ownership of a leased item is transferred to the lessee at the date of payment of the last leasing instalment.

For many years the Company has adopted the credit risk mitigation policy related with the payment due dates.

Receivables turnover ratio in days for Kopex SA amounts to 85 days.

Receivables from counterparties with whom the Company cooperates, are monitored by the finance division in accordance with developed written instructions and procedures for recovery of debts (both judicial and non-judicial).

The state of overdue receivables from supplies and services, for which no impairment was made is illustrated in the note No. 12.8B. In accordance with the accounting policy applicable in the Company during the financial year write-downs for impairment of receivables are done on an ongoing basis. The Company does not make provisions for overdue receivables whose repayment conditions the payment of liabilities to suppliers.

The Company 's credit risk policy with regard to the reliability of the financial institutions the companies of the Company cooperate with, is reflected in cooperation only with the banks or insurance companies of good financial standing and high international ratings. Credit risk for derivative instruments is being limited. The Company enters into derivative contracts relating to transactions and cooperates in this field only with the leading banks operating in the international financial market, with an appropriate equity and strong market position.

The Company applies a policy of framework agreements with those banks and the policy of limited credit concentration by using services of many banks for this purpose, not limiting itself to a single entity – the bank.

Credit risk associated with loans granted to companies from Kopex Group is limited due to the fact that the repayment of debts under the abovementioned Agreements is constantly monitored by the department of vindication and controlling department and within the framework of corporate governance by the Supervisory Boards of Companies, which provides the ability and the availability of current information on financial standing and liquidity, consequently reducing this risk. Loans granted to subsidiaries in PLN currency bear interest based on WIBOR 1M plus a margin. Loans granted to subsidiaries in EUR bear interest based on 1M EURIBOR plus a margin. Loans granted to subsidiaries in USD bear interest based on LIBOR plus a margin 1R.

Loans from personaly related parties were granted in PLN currency and interest rate based on WIBOR 1M plus a margin. They were secured by mortgages on real estate and guarantees.

The repayment terms of the loan with the company personally associated were renegotiated by extending their maturity. Part payable to 12 months is PLN 4 756 thousand, being payable over 12 months was 78 336 thousand PLN. Security for the repayment

of this loan are transfers of current and future receivables, mortgage on real estate and a registered pledge on machinery and inventory. To determine whether the loans are impaired, an impairment test of assets was performed.
The impairment test was done under the following assumptions:
1. the official borrower's business plan was adopted, covering the period of the crediting by Kopex SA
2. The forecast in the business plan used cash flows discount rate: 12.53%.
3. The estimated present value of future cash flows of lender is added with:
- property values underlying the mortgage borrower loan,
- valued based on the appraisal made in the forced sale,
- the remaining tangible fixed assets of the borrower valued at net book value at the end of the loan period (2024) and discounted to present value as at 31.12.2014. The discounted value of the assets was adjusted with imposed conservative factor of 0.7 having to make real its value in the event of a forced sale,
- the remaining surplus of assets over liabilities of the borrower has been measured at net book value at the end of the term (2024) and discounted to present value as at 31.12.2014. The discounted value of the surplus was revised with imposed a factor of 0.7 having conservatively to make real its value in the event of a forced sale.
Assumptions for the impairment test on revenues and EBIT reflect the company's potential on the market of manufacturers of machinery for mining and industry in the medium and long term. Applied discount rate: 12.53%.
A sensitivity analysis of the test was also conducted for the discounting factor of +1% / - 1%, and operating profit +10% / - 10%. All variants of sensitivity analysis tested positive for the fair value of loans higher than its book value.

The maximum exposure to credit risk is represented by:

- the net value of trade receivables: 85 063 thousand (PLN 59 261 thousand as of 31.12.2013)
- the value of loans PLN 214 808 thousand (PLN 125 214 thousand per day 31.12.2013)
- Lease receivables amounting to: PLN 50 121 thousand (PLN 62 243 thousand as of 31.12.2013)
- Other receivables amounting to: PLN 12 814 thousand (PLN 11 647 thousand as of 31.12.2013)

The concentration of receivables as at 31.12.2014:

Trade receivables from supplies and services for 2014 amounted to PLN 85 063 thousand, which accounted for approx. 44.23% of total receivables.

Entities whose commitment to the Company as at 31.12.2014 stood at the highest level are:

1. Client 1 – approx. 30.25% of total receivables from supplies and services
2. Client 2 - approx. 23.20% of total receivables from supplies and services
3. Client 3 - approx. 7.05% of total receivables from supplies and services
4. Client 4 - approx. 5.78% of total receivables from supplies and services

The concentration of receivables as at 31.12.2013:

Trade receivables from supplies and services for 2013 amounted to PLN 59 261 thousand, which accounted for approx. 38,34 % of total receivables.

Entities whose commitment to the Company as at 31.12.2013 stood at the highest level are:

1. Client 1 - approx. 17.62% of total receivables from supplies and services
2. Client 2 - ok.11,44% of total receivables from supplies and services
3. Client 3 - approx. 9.64% of total receivables from supplies and services
4. Client 4 - approx. 9.54% of total receivables from supplies and services

9. Information on translation of selected financial data

- The items of assets and liabilities have been translated into EUR according to the average exchange rate of the National Bank of Poland as at the balance sheet day:
  - as at 31.12.2014 - 4,2623
  - as at 31.12.2013 - 4,1472
- The items of profit and loss account and cash flows have been translated at the exchange rate being the average arithmetic of the EURO exchange rates as at the end of each month in the reporting period
  - in 2014 - 4,1893
  - in 2013 - 4,2110
- The maximum exchange rates in the reporting period
  - in 2014 - 4,2623
  - in 2013 - 4,3292
- The minimum exchange rates in the reporting period
  - in 2014 - 4,1420
  - in 2013 - 4,1429

10. Estimates

Due to the fact that a lot of information contained in the financial statement cannot be precisely measured, drawing up the financial statement requires the Company's Management Board to make estimates. The Management Board verifies those estimates based on changes of the factors taken into account in order to make the said estimates as well as new data or past experience. Consequently, the estimates made as at 31.12.2014 may change in the future. The main estimates have been described in the relevant accounting principles and recognised in the following notes::

Note	Estimates	Type of information revealed
12.1 12.2 12.3	The useful lives of fixed assets, intangible assets and investment property	The useful lives and depreciation method - adopted accounting principles - section on intangible assets, fixed assets and investment property
12.5 12.8 12.9	Impairment losses on loans and receivables	Methodology used to determine the recoverable amount - adopted accounting principles - the section on impairment
12.6	Income tax	The assumption adopted for recognition of deferred tax assets and provisions - adopted Accounting Principles - the section on assets and provision for income taxes
12.19	Employee benefits	The provision is estimated by the actuary - adopted accounting principles- section on provisions for liabilities.
12.10	Fair value of derivatives	Model and assumptions underlying the measurement of fair value - adopted Accounting Principles - the section on financial instruments.
12.22	Provisions	Provisions for liabilities whose timing or amount are not certain - adopted accounting principles- section on provisions for liabilities
12.23	The contract for construction services	The stage of completion of the contract are calculated by dividing the percentage of the costs actually incurred to the cost of the contract - adopted Accounting Principles - Contracts for construction services
13	Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence and present obligation that arises from past events, but it is unlikely that there has been an outflow of resources or the amount of obligation can

		not be measured with sufficient reliability

11. Subjective assessment

Whenever a relevant transaction is not regulated in any standard or interpretation, the Management Board, acting on a subjective assessment, specifies and applies an accounting policy ensuring that the financial statement will contain credible data, accurately and clearly presenting the asset and financial position of the Company, result of its activity and cash flows. A subjective assessment is made in such a manner to make the financial statement reflect the economic content of the transaction, is objective, drawn up in accordance with prudence principle and is complete in all essential aspects. Subjective assessment made as at 31.12.2014 relates to provisions for claims and litigation, contingent liabilities and impairment of financial assets. The analysis of impairment of financial assets is described on pages 32-33.

12. Explanatory notes to the consolidated statement of financial position and profit and loss account

Note 12.1A 31.12.2014

TABLE OF INTANGIBLE ASSETS	research and development costs	R & D expenses in progress	concessions, patents, licenses	intangible assets in progress	Total intangible assets
Gross value at beginning of period	**8 135**	**-**	**5 270**	**1 571**	**14 976**
- Increase	-	-	-	1 736	1 736
- reduce	-	-	-352	-35	-387
- reclassification	-	-	26	-26	-
Gross value at end of period	**8 135**	-	**4 944**	**3 246**	**16 325**
accumulated depreciation at beginning of period	**949**	-	**3 446**	**-**	**4 395**
- depreciation	1 627	-	360	-	1 987
- Sale and liquidation	-	-	-130	-	-130
accumulated depreciation at end of period	**2 576**	-	**3 676**	**-**	**6 252**
net value of intangible assets at beginning of period	**7 186**	**-**	**1 824**	**1 571**	**10 581**
net value of intangible assets at end of period	**5 559**	**-**	**1 268**	**3 246**	**10 073**

Note 12.1A 31.12.2013

TABLE OF INTANGIBLE ASSETS	research and development costs	R & D expenses in progress	concessions, patents, licenses	intangible assets in progress	Total intangible assets
Gross value at beginning of period	**-**	**7 829**	**4 545**	**421**	**12 795**
- Increase	-	306	-	1 880	2 186
- reduce	-	-	-5	-	-5
- reclassification	8 135	-8 135	730	-730	-
Gross value at end of period	**8 135**	-	**5 270**	**1 571**	**14 976**
accumulated depreciation at beginning of period	-	-	**3 074**	**-**	**3 074**
- depreciation	949	-	377	-	1 326
- Sale and liquidation	-	-	-5	-	-5
accumulated depreciation at end of period	**949**	-	**3 446**	**-**	**4 395**
net value of intangible assets at beginning of period	-	**7 829**	**1 471**	**421**	**9 721**
net value of intangible assets at end of period	**7 186**	**-**	**1 824**	**1 571**	**10 581**

Note 12.1B

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	31.12.2014	31.12.2013
own	10 073	10 581
- Including those generated in-house	5 559	7 186
Total intangible assets	**10 073**	**10 581**

Note 12.1C

The income statement in which any amortization of intangible assets	2 014	2 013
- Cost of sales	915	84
- General and administrative expenses	1 072	1 242
Total	**1 987**	**1 326**

Intangible assets do not constitute collateral for liabilities.

The Company has no intangible assets for which the legal title would be subject to restrictions.

In the reporting period and the comparative periods the Company did not incur any expenditure on research and development recognized as an expense in the period
in the profit and loss account.

The useful lives of intangible assets are determined.

Note 12.2A **31.12.2014**

TABLE OF FIXED ASSETS	land	buildings and structures	technical equipment and machinery	means of transport	other fixed assets	fixed assets under construction	Total fixed assets
The gross value of fixed assets at beginning of period	**369**	**15 748**	**18 015**	**2 559**	**1 788**	**4 419**	**42 898**
- Increase	-	-	-	-	-	5 704	5 704
- reduce	-36	-2 332	-8 591	-568	-155	33	-11 649
- reclassification	761	829	5 078	622	82	-7 372	-
- transfer	-	-	-	-	-	-	-
The gross value of fixed assets at end of period	**1 094**	**14 245**	**14 502**	**2 613**	**1 715**	**2 784**	**36 953**
accumulated depreciation at beginning of period	**102**	**3 020**	**6 779**	**1 290**	**1 707**	**-**	**12 898**
- depreciation	67	445	1 317	408	85	-	2 322
- Sale and liquidation	-36	-	-248	-125	-121	-	-530
- Putting in a finance lease	-	-268	-956	-106	-	-	-1 330
accumulated depreciation at end of period	**133**	**3 197**	**6 892**	**1 467**	**1 671**	-	**13 360**
net value of fixed assets at beginning of period	**267**	**12 728**	**11 236**	**1 269**	**81**	**4 419**	**30 000**
net value of fixed assets at end of period	**961**	**11 048**	**7 610**	**1 146**	**44**	**2 784**	**23 593**

Note 12.2A **31.12.2013**

TABLE OF FIXED ASSETS	land	buildings and structures	technical equipment and	means of transport	other fixed assets	fixed assets under construction	Total fixed assets
The gross value of fixed assets at beginning of period	**363**	**13 341**	**9 351**	**2 592**	**1 759**	**10 059**	**37 465**
- Increase	-	-	-	-	-	2 808	2 808
- reduce	-	-	-165	-585	-46	-5	-801
- reclassification	6	2 407	8 829	552	75	-11 869	-
- transfer	-	-	-	-	-	3 426	3 426
The gross value of fixed assets at end of period	**369**	**15 748**	**18 015**	**2 559**	**1 788**	**4 419**	**42 898**
accumulated depreciation at beginning of period	**36**	**2 328**	**4 622**	**1 375**	**1 653**	**-**	**10 014**
- depreciation	66	692	2 293	394	99	-	3 544
- Sale and liquidation	-	-	-131	-332	-45	-	-508
- Putting in a finance lease	-	-	-5	-147	-	-	-152
accumulated depreciation at end of period	**102**	**3 020**	**6 779**	**1 290**	**1 707**	-	**12 898**
net value of fixed assets at beginning of period	**327**	**11 013**	**4 729**	**1 217**	**106**	**10 059**	**27 451**
net value of fixed assets at end of period	**267**	**12 728**	**11 236**	**1 269**	**81**	**4 419**	**30 000**

Note 12.2B
FIXED ASSETS (OWNERSHIP STRUCTURE)

	31.12.2014	31.12.2013
own	12 088	30 000
used under finance lease agreements	11 505	-
Fixed assets balance sheet, total	**23 593**	**30 000**

Note 12.2C
FIXED ASSETS SHOWN OFF-BALANCE SHEET

	31.12.2014	31.12.2013
- Used under rental, lease or other agreement, including leasing agreement	143	143
Fixed assets off-balance sheet, total	**143**	**143**

Fixed assets are not mortgaged or pledged.

There are no restrictions on the Company's legal title to property, plant and equipment.

The Company has no contractual commitments for the acquisition of tangible fixed assets.

The amount of compensation from third parties for tangible fixed assets that have been lost or impaired amounted to PLN 49 thousand

and it was recognized in the income statement - Note 12.25 "Other income - Damages, penalties and legal costs"

Note 12.3A **31.12.2014**

CHANGES IN INVESTMENT PROPERTY	land (including perpetual usufruct)	buildings, premises and civil engineering	Total investment properties
The gross value of investment property at beginning of period	**2 659**	**5 135**	**7 794**
- reductions	-	-5	-5
The gross value of investment properties at end of period	**2 659**	**5 130**	**7 789**
accumulated depreciation at beginning of period	**136**	**360**	**496**
- depreciation	65	168	233
accumulated depreciation at end of period	**201**	**528**	**729**
write-downs for impairment at beginning of period	**1 137**	**-**	**1 137**
- Losses recognized during the period	-	-	-
write-downs for impairment at the end of the period	**1 137**	-	-
Net value of investment property at beginning of period	**1 386**	**4 775**	**6 161**
net value of investment properties at end of period	**1 321**	**4 602**	**5 923**

Note 12.3A **31.12.2013**

CHANGES IN INVESTMENT PROPERTY

	land (including perpetual usufruct)	buildings, premises and civil engineering	Total investment properties
The gross value of investment property at beginning of period	**2 726**	**5 135**	**7 861**
- reductions	-67	-	-67
The gross value of investment properties at end of period	**2 659**	**5 135**	**7 794**
accumulated depreciation at beginning of period	**71**	**191**	**262**
- depreciation	65	169	234
accumulated depreciation at end of period	**136**	**360**	**496**
write-downs for impairment at beginning of period	**-**	**-**	**-**
- Losses recognized during the period	1 137	-	1 137
write-downs for impairment at the end of the period	**1 137**	**-**	**1 137**
Net value of investment property at beginning of period	**2 655**	**4 944**	**7 599**
net value of investment properties at end of period	**1 386**	**4 775**	**6 161**

Note 12.3B

REVENUES AND COSTS RELATED TO REAL ESTATE INVESTMENT	**31.12.2014**	**31.12.2013**
income from rent dot. real estate investing	911	1 794
Direct operating costs under income from rent on investment property	204	294
Direct operating expenses related to investment property rental income or not they	-	16

Investment properties are not mortgaged.

There are no restrictions to realize the benefits of an investment property or transfer of revenue and profit in this respect.

There are no contractual obligations to purchase, construct or develop investment property and liabilities for repairs, maintenance and improvement (upgrade) property.
The fair value of investment property is close to book value.

Note 12.4

LEASING RECEIVABLES	**31.12.2014**	**31.12.2013**
minimum lease payments, including:	**56 734**	**68 695**
- Up to one year	33 267	30 928
- Up to 5 years	23 467	37 767
unrealized financial income, including:	**6 273**	**6 111**
- Up to one year	4 123	4 303
- Up to 5 years	2 150	1 808
the present value of minimum lease payments finance, including:	**50 461**	**62 584**
- Up to one year	29 144	26 625
- Up to 5 years	21 317	35 959
reserve for unrecoverable lease payments (write-downs)	**340**	**341**

lease receivables in the statement of financial position, including:	**50 121**	**62 243**
- long-term	21 317	35 959
- short-term	28 804	26 284

Lease receivables for which the present value of the minimum lease payments at 31.12.2014 amounted to PLN 31 741 thousand (31.12.2013 amounted to PLN 54 147 thousand) are pledged as collateral of the loan deliberate.

The total amount of unguaranteed residual values amounts to PLN 3 584 thousand (2 625 thousand as at 31.12.2013)

In the reporting period and the comparative period there were no contingent rents recognized as income.

General provisions of the highest lease arrangement in terms of value, for which the present value of the minimum lease payments amounted to PLN 31 741 thousand as at 31.12.2014:
- an agreement concluded for a period of four years
- the transfer of ownership of the lessee after payment of the last installment
- variable interest rate based on WIBOR 1M
- an agreement concluded in PLN
- insurance costs borne by the lessee of the leased asset
- write-offs and amortization lessee

Note 12.5A

OTHER LONG-TERM FINANCIAL ASSETS	31.12.2014	31.12.2013
Long-term financial assets available for sale	1 125	1 125
Long-term loans	110 051	23 859
Shares in subsidiaries	1 332 486	1 343 024
Shares in associates	13 706	13 712
Total	**1 457 368**	**1 381 720**

Additional information on loans is included in Note 8, 12.9, 15.

To financial assets available forsale the unit includes, in particular, shares in entities that are not subsidiaries or associates, purchased without the intention of a quick resale. As at 31.12.2014 and 31.12.2013 the Company held shares in the company for which no active market exists. The value of shares in the company were valued at cost.

On the shares in the subsidiary Kopex Machinery SA there are obligations secured from bank credit to the amount of PLN 623 392 thousand.

Note 12.5B 31.12.2014

SHARES AND STOCKS IN SUBSIDIARIES

Name (company)	headquarters	% of share capital held	share in total number of votes	the balance sheet value of shares / stocks
KOPEX - PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	BYTOM	95,00%	95,00%	12 241
KOPEX CONSTRUCTION Sp. z o.o.	KATOWICE	100,00%	100,00%	4 632
KOPEX MACHINERY S.A.	ZABRZE	100,00%	100,00%	1 107 024
KOPEX MIN*	SERBIA	93,48%	93,48%	-
KOPEX MIN-LIV	SERBIA	89,74%	89,74%	2 542
HANSEN SICHERHEITSTECHNIK AG	NIEMCY	100,00%	100,00%	155 923
KOPEX EKO Sp. z o.o.	KATOWICE	100,00%	100,00%	15 012
PT. KOPEX MINING CONTRACTORS	INDONEZJA	60,00%	60,00%	261
KOPEX-EX-COAL Sp. z o.o.	KATOWICE	100,00%	100,00%	5 000
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	BYTOM	100,00%	100,00%	29 851
	Total			**1 332 486**

* in 2014 the shares of Kopex Min included a write-down

Note 12.5B 31.12.2013

SHARES AND STOCKS IN SUBSIDIARIES

Name (company)	headquarters	% of share capital held	share in total number of votes	the balance sheet value of shares / stocks
KOPEX GMBH	NIEMCY	100,00%	100,00%	111
KOPEX - PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	BYTOM	94,99%	94,99%	12 237
KOPEX CONSTRUCTION Sp. z o. o.	KATOWICE	100,00%	100,00%	4 632
KOPEX MACHINERY S.A.	ZABRZE	100,00%	100,00%	1 107 024
KOPEX MIN	SERBIA	93,48%	93,48%	8 690
KOPEX MIN-LIV	SERBIA	89,74%	89,74%	2 542
HANSEN SICHERHEITSTECHNIK AG	NIEMCY	100,00%	100,00%	155 923
KOPEX EKO Sp. z o.o.	KATOWICE	100,00%	100,00%	15 012
PT. KOPEX MINING CONTRACTORS	INDONEZJA	60,00%	60,00%	261
KOPEX-FAMAGO Sp. z o.o.	ZGORZELEC	100,00%	100,00%	1 741
KOPEX-EX-COAL Sp. z o.o.	KATOWICE	100,00%	100,00%	5 000
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	BYTOM	100,00%	100,00%	29 851
	Total			**1 343 024**

Note 12.5C 31.12.2014

SHARES AND STOCKS IN ASSOCIATES

Name (company)	headquarters	% of share capital held	share in total number of votes	the balance sheet value of shares / stocks
WS BAILDONIT Sp. z o.o.	KATOWICE	29,41%	29,41%	3 005
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD	CHINY	50,00%	50,00%	7 568
TIEFENBACH POLSKA Sp. z o.o.	RADZIONKÓW	49,00%	49,00%	3 132
ANHUI LONG-PO	CHINY	20,00%	20,00%	1
	Total			**13 706**

Note 12.5C 31.12.2013

SHARES AND STOCKS IN ASSOCIATES

Name (company)	headquarters	% of share capital held	share in total number of votes	the balance sheet value of shares / stocks
WS BAILDONIT Sp. z o.o.	KATOWICE	29,41%	29,41%	3 005
EKOPEX	UKRAINA	20,00%	20,00%	6
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD	CHINY	50,00%	50,00%	7 568
TIEFENBACH POLSKA Sp. z o.o.	RADZIONKÓW	49,00%	49,00%	3 132
ANHUI LONG-PO	CHINY	20,00%	20,00%	1
	Total			**13 712**

Note 12.6A
DEFERRED INCOME TAX

	31.12.2014	31.12.2013
In view of the tax authority in Poland		
Assets from deferred income tax at the beginning of the period	12 331	9 410
Provisions for deferred income tax at the beginning of the period	6 418	4 604
The surplus of deferred income tax at the beginning of the period	**5 913**	**4 806**
Changes during the reporting period:		
Recognized in the profit and loss account	1 370	1 317
Recognized in profit or loss - discontinued operations	-	-81
Recognized in other comprehensive income	1 454	-129
The surplus of deferred income tax at the end of the period, including:	**8 737**	**5 913**
Assets from deferred tax assets at end of period	14 070	12 331
Provisions for deferred tax assets at end of period	5 333	6 418
In view of the tax authority in the Czech Republic, France and Turkey		
Assets from deferred income tax at the beginning of the period	166	136
Provisions for deferred income tax at the beginning of the period	2 484	1 950
The surplus of deferred income tax at the beginning of the period	**2 318**	**1 814**
The surplus of deferred income tax at the beginning of the period (a division of in France)	-	-
Changes during the reporting period:		
Foreign exchange translation differences	27	7
Recognized in the profit and loss account	352	497
The surplus of deferred income tax at the end of the period, including:	**2 697**	**2 318**
Assets from deferred tax assets at end of period	792	166
Provisions for deferred tax assets at end of period	3 489	2 484
Total surplus of assets due to deferred income tax at end of period	8 737	5 913
Total surplus provision for deferred income tax at end of period	2 697	2 318

Assets from deferred income tax to the Polish tax authorities as of 31.12.2014 in the amount of PLN 7,571 thousand, due for implementation within 12 months, in the amount of PLN 6,499 thousand, due for implementation in the period of over 12 months (as at 31.12.2013 in the amount of PLN 10,737 thousand is due for implementation within 12 months, in the amount of PLN 1,519 thousand, due for implementation in the period exceeding 12 months).

Provision for deferred income tax on 31.12.2014 and 31.12.2013 due for implementation within 12 months.

Asset and provision for deferred income tax to the tax authorities in the Czech Republic, Turkey and France on 31.12.2014 and 31.12.2013 have a deadline to 12 months.

Note 12.6B 31.12.2014

ASSET AND RESERVE FOR DEFERRED INCOME TAX

Asset from deferred income tax	As at 01.01.2014	Recognition / Load (-) of net profit due to a change in temporary differences and tax loss	Increase / Decrease (-) other comprehensive income due to change in temporary differences	As at 31.12.2014
Differences of depreciation	1 093	3 413	-	**4 506**
Accruals and reserves	3 200	17	163	**3 380**
Unpaid obligations	4 331	-1 920	-	**2 411**
Impairment losses on assets	362	1 631	-	**1 993**
Deductible temporary differences on foreign affiliates	405	628	-	**1 033**
Exchange differences	851	-126	-	**725**
The revaluation of assets and liabilities	98	68	347	**513**
Tax losses	2 184	-1 787	-	**397**
Other	212	-67	-	**145**
Total	**12 736**	**1 857**	**510**	**15 103**
Exchange rate differences from conversion of assets due to deferred income tax	-239	-2	-	-241
Total assets from deffered income tax	**12 497**	**1 855**	**510**	**14 862**

Deffered income tax reserve	As at 01.01.2014	Recognition / Load (-) of net profit due to a change in temporary differences and tax loss	Increase / Decrease (-) other comprehensive income due to change in temporary differences	As at 31.12.2014
Taxable temporary differences on foreign affiliates	2 683	980	-	**3 663**
interest	2 000	945	-	**2 945**
exchange differences	613	531	-	**1 144**
The surplus of revenues agreed from the valuation on the sum of recognized losses and receivables conditioned by execution of the contract	1 954	-1 221	-	**733**
The revaluation of assets and liabilities	1 677	-333	-944	**400**
Other	174	-63	-	**111**
Total	**9 101**	**839**	**-944**	**8 996**
Exchange rate differences from conversion the provision for deferred tax	-199	25	-	-174
Total provision for deferred income tax	**8 902**	**864**	**-944**	**8 822**

Note 12.6B 31.12.2013

ASSET AND RESERVE FOR DEFERRED INCOME TAX

Asset from deferred income tax	As at 01.01.2013	Recognition / Load (-) of net profit due to a change in temporary differences and tax loss	Increase / Decrease (-) other comprehensive income due to change in temporary differences	Discontinued operations	As at 31.12.2013
Differences of depreciation	2 671	559	-30	-	**3 200**
Accruals and reserves	66	-47	-	-	**19**
Unpaid obligations	373	-11	-	-	**362**
Impairment losses on assets	247	846	-	-	**1 093**
Deductible temporary differences on foreign affiliates	883	-32	-	-	**851**
Exchange differences	170	-68	-4	-	**98**
The revaluation of assets and liabilities	64	-64	-	-	**-**
Tax losses	4 567	-2 302	-	-81	**2 184**
Other	377	28	-	-	**405**
Total	-	4 331	-	-	**4 331**
Exchange rate differences from conversion of assets due to deferred income tax	369	-176	-	-	**193**
Total assets from deffered income tax	**9 787**	**3 064**	**-34**	**-81**	**12 736**
Differences of depreciation	-241	2	-	-	-239
Accruals and reserves	**9 546**	**3 066**	**-34**	**-81**	**12 497**

Deffered income tax reserve	As at 01.01.2013	Recognition / Load (-) of net profit due to a change in temporary differences and tax loss	Increase / Decrease (-) other comprehensive income due to change in temporary differences	As at 31.12.2013
Taxable temporary differences on foreign affiliates	1 191	809	-	**2 000**
interest	852	-239	-	**613**
exchange differences	2 222	-640	95	**1 677**
The surplus of revenues agreed from the valuation on the sum of recognized losses and receivables conditioned by execution of the contract	157	1 797	-	**1 954**
The revaluation of assets and liabilities	2 158	525	-	**2 683**
Other	182	-53	-	**129**
Total	-	45	-	**45**
Exchange rate differences from conversion the provision for deferred tax	**6 762**	**2 244**	**95**	**9 101**
Total provision for deferred income tax	-208	9	-	-199
Taxable temporary differences on foreign affiliates	**6 554**	**2 253**	**95**	**8 902**

Note 12.7A

INVENTORIES	31.12.2014	31.12.2013
materials	111	87
semi-finished products and work in progress	268	163
goods	2 812	1 509
Total inventories	**3 191**	**1 759**
write-downs	1 710	1 710
Gross inventories, total	**4 901**	**3 469**

Inventories are not pledged.

Note 12.7B

CHANGE IN WRITE-DOWNS OF INVENTORIES	31.12.2014	31.12.2013
Balance at beginning of period	1 710	1 710
Balance at end of period	**1 710**	**1 710**

Note 12.8A

SHORT-TERM RECEIVABLES FROM SUPPLIES AND SERVICES	31.12.2014	31.12.2013
with a repayment period up to 12 months	79 687	55 941
the period of over 12 months	5 376	3 320
Short-term net receivables from supplies and services, total	**85 063**	**59 261**
write-downs	15 762	13 470
Short-term receivables from supplies and services, gross	**100 825**	**72 731**

Note 12.8B

OVERDUE RECEIVABLES FROM SUPPLIES AND SERVICES, NON IMPAIRMENT LOSS VALUE DIVIDED INTO RECEIVABLES NOT REPAID OVER:	31.12.2014	31.12.2013
up to 1 month	650	3 046
from 1 month to 3 months	5 783	8 310
over 3 months to 6 months	496	172
over 6 months to 1 year	1 526	385
over 1 year	12 561	12 703
receivables from supplies and services, overdue, total	**21 016**	**24 616**

Receivable past due more than one year in the amount of PLN 4 279 thousand was paid by the customer prior to approval of these financial statements. Receivables past due more than 1 year in the amount of PLN 6 385 thousand are receivables from subsidiaries. Other receivables overdue more than 1 year have not lost their value due to the fact that they are covered by collateral.

Note 12.8C

OTHER RECEIVABLES	31.12.2014	31.12.2013
Financial receivables:		
from investing activities	7	40
from financing activities	5 043	3 995
deposits	593	618
Total financial receivables, short-term	**5 643**	**4 653**
Non-financial receivables:		
advances for deliveries	26 041	12 562
taxes, subsidies, customs, social security, health care and other benefits	16 973	8 283
receivables from the liquidators from liquidated subsidiaries	6 959	6 959
prepayments	1 306	560
other	212	35
Total non-financial receivables, short-term	**51 491**	**28 399**
Total other receivables Net	**57 134**	**33 052**
write-downs	7 765	7 765
Total other receivables Gross	**64 899**	**40 817**

Note 12.8D

CHANGE IN WRITE-DOWNS ON SHORT-TERM RECEIVABLES FROM SUPPLIES AND SERVICES AND OTHER RECEIVABLES	31.12.2014	31.12.2013
Balance at beginning of period	21 235	21 290
increase	2 960	575
reductions	-668	-630
Write-downs of receivables at end of period	**23 527**	**21 235**

Note 12.9

GRANTED LOANS	31.12.2014	31.12.2013
loans	214 808	108 672
bonds	-	16 542
Granted loans total, including:	**214 808**	**125 214**
long-term	110 051	23 859
short-term	104 757	101 355

Note 12.10A

OTHER FINANCIAL ASSETS AND LIABILITIES	31.12.2014	31.12.2013
1) Financial assets - Derivative financial instruments	**1 262**	**8 690**
a) hedging cash flows for which hedge accounting is conducted, as follows:	862	5 929
- with maturity of up to 12 months	736	5 348
- from maturity of over 12 months	126	581
b) hedging cash flows for which no hedge accounting is conducted from maturity of up to 12 months	400	2 761
2) Financial assets at fair value through profit or loss	**39**	**90**
3) Financial liabilities - Derivative financial instruments	**2 143**	**425**
a) hedging cash flows for which hedge accounting is conducted, including:	2 067	18
- with maturity of up to 12 months	1 871	18
- with maturity of over 12 months	196	-
b) hedging cash flows for which no hedge accounting is conducted with maturity of up to 12 months	76	12
c) the IRS (deadline to 12 months)	-	395

Additional information on derivatives is provided in Note 8, section "Currency risk".

In the position of short-term financial assets at fair value through profit or loss, the Company recorded equity shares of companies listed on the Stock Exchange in Warsaw.

Note 12.10B

RESULT ON CASHFLOWS DERIVATIVE HEDGING INSTRUMENTS RECOGNIZED DIRECTLY IN EQUITY	31.12.2014	31.12.2013
the cumulative gain or loss on financial instruments hedging cash flows at the beginning of the period	**6 402**	**5 879**
the amount recognized in equity during the reporting period due to concluded effective hedging transactions	-5 594	3 751
realized hedging transactions held in equity until the planned (hedged) transactions	3 173	1 553
the amount transferred from equity to the income statement in the period, including:	4 374	4 781
- Transactions open	652	640
- Transactions closed	3 722	4 141
accumulated in equity gain or loss on financial instruments hedging cash flows at the end of the year	**-393**	**6 402**

Note 12.10C

RESULT IN FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS	31.12.2014	31.12.2013
realized derivatives	1 852	1 066
valuation of outstanding derivatives	-2 029	321
valuation of listed shares	-53	-461
result from the sale of listed shares	-	1 319
Total	**-230**	**2 245**

Note 12.11

STRUCTURE OF CASH	31.12.2014	31.12.2013
cash in banks	31 016	21 339
cash at the tills	179	159
Total cash	**31 195**	**21 498**

Note 12.12

SHARE CAPITAL (STRUCTURE)	31.12.2014	31.12.2013
- Type of shares	bearer shares	bearer shares
- Type of preference	nonprivileged	nonprivileged
- Issuance of shares of series "A" (date of incorporation)	03.01.1994	03.01.1994
- The right to dividend (since)	03.01.1994	03.01.1994
- Number of shares	**1 989 270**	**1 989 270**
- The nominal value of one share	**PLN 10**	**PLN 10**
- The date of the split	01.08.2006	01.08.2006
- Number of shares	**19 892 700**	**19 892 700**
- The nominal value of one share	**PLN 1**	**PLN 1**
- Issuance of shares of series "B" (date of incorporation)	10.08.2007	10.08.2007
- The right to dividend (since)	10.08.2007	10.08.2007
- Number of shares	**47 739 838**	**47 739 838**
- The nominal value of one share	**PLN 1**	**PLN 1**
- Issuance of shares of series "C" (date of incorporation)	01.12.2009	01.12.2009
- The right to dividend (since)	01.12.2009	01.12.2009
- Number of shares	**6 700 000**	**6 700 000**
- The nominal value of one share	**PLN 1**	**PLN 1**
Total number of shares	**74 332 538**	**74 332 538**
The nominal value of one share	**PLN 1**	**PLN 1**
The share capital, total	**74 333**	**74 333**

The Management Board of KOPEX S.A., acting under the authority granted by Resolution No. 1 of the Extraordinary General Meeting of Shareholders of KOPEX S.A. of 11 December 2008 on the approval and determination of conditions for the acquisition of own shares by the Company and by Resolution No. 2 of the Extraordinary General Meeting of Shareholders of KOPEX S.A. of 11 December 2008 on empowerment of the Management Board to acquire own shares, pursuant to Art. 362 § 1 item 8) of the Commercial Companies Code, proceeded to implementation of the Programme of KOPEX S.A. own shares buy-back. During the programme lasting from 15 December 2008 to 5 February 2009, the total of 276 500 of own shares of KOPEX S.A. were acquired at an average purchase price of PLN 10.75 per share. Own shares in the amount of PLN 2 979 thousand acquired by the Issuer constitute 0.408% of KOPEX S.A. share capital. The shares have no voting right and therefore the earning per 1 share entitled to one vote is shown in the Financial Statement.

Subsidiaries and affiliates are not in possession of own shares of KOPEX S.A.

Note 12.13

ISSUE OF SHARES ABOVE NOMINAL VALUE	**31.12.2014**	**31.12.2013**
issue of B series shares	907 178	907 178
issue of C series shares	147 764	147 764
Total	**1 054 942**	**1 054 942**

Note 12.14

REVALUATION RESERVE	**31.12.2014**	**31.12.2013**
cash flow hedges	-393	6 402
deferred tax arising from cash flow hedges	75	-1 216
Revaluation reserve, total	**-318**	**5 186**

Note 12.15

RETAINED EARNINGS	**31.12.2014**	**31.12.2013**
reserve capital created from profit distribution	296 764	232 631
reserves	17 021	17 021
profit of the current period	98 383	65 133
other	67	440
Retained earnings, total	**412 235**	**315 225**

The Board will recommend to allocate the entire net profit to the reserve capital.

Note 12.16A

CREDITS AND LOANS	**31.12.2014**	**31.12.2013**
overdrafts	28 818	58 318
target credits	33 609	56 014
revolving credit	20 000	20 000
loans	2	97
Total credits and loans, of which:	**82 429**	**134 429**
long-term	11 203	33 608
short-term	71 226	100 821

Note 12.16B **31.12.2014**

CREDITS AND LOANS

Name (company) of lender / creditor, the legal form	HQ	Amount of credit / loan according to the agreement		Amount of credit / loan to be repaid: Long term part	Amount of credit / loan to be repaid: Short-term part	Terms of interest	The maturity date	Collateral
		PLN thousand	credit / loan currency	PLN thousand	PLN thousand			
PKO BP S.A.	Warszawa	179 000	PLN	-	582	WIBOR 1M + MARGIN	31.07.2015	joint mortgage on real estate subsidiary, assignment of insurance policy, registered pledge on the shares, registered pledge on subsidiary inventories, assignment from contracts, power of attorney to bank accounts
		20 000		-	20 000			
PKO BP S.A.	Katowice	110 235	PLN	11 203	22 406	WIBOR 1M + MARGIN	09.06.2016	assignment of receivables from contracts, surety, promissory note
ING BSK S.A.	Katowice	42 000	PLN	-	27 513	WIBOR 1M + MARGIN	20.08.2015	mortgage on real property, registered pledge on subsidiary machinery
RAIFFEISEN BANK POLSKA S.A.	Katowice	6 000	EUR	-	723	WIBOR 1M + MARGIN	26.02.2016	power of attorney to the account, assignment from contract
ELGÓR-HANSEN S.A.	Chorzów	-		-	2		25.01.2015	interest on loans repaid
TOTAL		**357 235**		**11 203**	**71 226**			

Note 12.16B. **31.12.2013**

CREDITS AND LOANS

Name (company) of lender / creditor, the legal form	HQ	Amount of credit / loan according to the agreement		Amount of credit / loan to be repaid: Long term part	Amount of credit / loan to be repaid: Short-term part	Terms of interest	The maturity date	Collateral
		PLN thousand	credit / loan currency	PLN thousand	PLN thousand			
PKO BP S.A.	Katowice	110 235	PLN	33 608	22 406	WIBOR 1M + MARGIN	09.06.2016	assignment of receivables from contracts, surety, promissory note
PKO BP S.A.	Katowice	20 000	PLN	-	20 000	WIBOR 1M + MARGIN	01.07.2014	capped mortgage on real estate + assignment of insurance policy, assignment of accounts receivable from the contract, power of attorney to bank accounts, handily, pledge on shares
		179 000	PLN	-	12 265			
ING BSK S.A.	Katowice	36 000	PLN	-	21 033	WIBOR 1M + MARGIN	19.07.2014	mortgage on real property, registered pledge on metallurgical machinery and inventories, power of attorney to bank accounts, assignment from contracts
RAIFFEISEN BANK POLSKA S.A.	Katowice	29 030	PLN	-	25 020	WIBOR 1M + MARGIN	29.08.2014	bill of exchange
KOPEX-PBSz S.A.	Bytom	-		-	63	-	14.01.2014	interest on loans repaid
EL-GÓR S.A.	Chorzów	-		-	34	-	21.01.2014	interest on loans repaid
TOTAL		**374 265**		**33 608**	**100 821**			

Note 12.17

OTHER LIABILITIES	31.12.2014	31.12.2013
advances received for deliveries	48 673	57 708
surplus of recognized losses and receivables conditioned by execution of an agreement on cumulative revenues agreed upon with the valuation	-	2 371
from investing activities	918	209
taxes, duties, insurance and other benefits	2 487	1 381
from remuneration	787	685
liabilities of foreign branches	1 128	1 045
other	499	72
Other liabilities, of which:	**54 492**	**63 471**
long-term	154	-
short-term	54 338	63 471

Note 12.18

LEASING LIABILITIES	31.12.2014	31.12.2013
minimum lease payments, including:	**24 169**	**-**
- Up to one year	4 850	-
- Up to 5 years	19 319	-
future financial burdens, including:	**2 225**	**-**
- Up to one year	780	-
- Up to 5 years	1 445	-
the present value of minimum lease payments finance, including:	**21 944**	**-**
- Up to one year	4 070	-
- Up to 5 years	17 874	-
Leasing liabilities in the statement of financial position, including:	**21 944**	**-**
- long-term	17 874	-
- short-term	4 070	-

General provisions of the lease agreement:

- An agreement concluded for a period of five years,
- The right of redemption of the leased asset at the end of the lease term for a fixed amount of 1% of the value of the leased asset,
- Variable interest rate based on WIBOR 1M,
- An agreement concluded in PLN,
- Insurance costs borne by the lessee of the leased asset,
- Write-offs and amortization lessee.

Note 12.19A

RESERVE UNDER EMPLOYEE BENEFITS	31.12.2014	31.12.2013
due to retirement, disability and death benefits	1 501	556
for unused vacation	775	783
related to unpaid bonuses	330	346
Total provision for employee benefits, including:	**2 606**	**1 685**
Long-term	1 393	481
short-term	1 213	1 204

Note 12.19B

RECONCILIATION OF LIABILITIES BALANCE WITH DEFINED BENEFIT	31.12.2014	31.12.2013
The commitment of defined benefit at beginning of period	556	592
Current service cost	104	108
Interest cost	27	21
(Gains) and losses recognized in other comprehensive income	858	-157
Benefits paid	-44	-8
Defined benefit obligation at the end of the accounting period	**1 501**	**556**

Note 12.19C

VALUATION OF LIABILITIES WITH DEFINED BENEFIT RECOGNIZED IN THE PROFIT AND LOSS	2 014	2 013
Current service cost	-104	-108
interest cost	-27	-21
Impact on the income statement	**-131**	**-129**

Note 12.19D

VALUATION OF LIABILITIES WITH DEFINED BENEFIT RECOGNIZED IN OTHER COMPREHENSIVE INCOME	31.12.2014	31.12.2013
The opening balance of other comprehensive income	161	4
Gains and (losses) recognized in other comprehensive income in the current period	-858	157
The closing balance of other comprehensive income	**-697**	**161**

Note 12.19E

BREAKDOWN OF ACTUARIAL GAINS AND LOSSES	2014
Change of financial assumptions	12
Change in demographic assumptions	-6
Other changes (experience adjustment))	852
Actuarial losses total	**858**

Costs for employee benefits are included in operating activities.

Note 12.19F

ACTUARIAL VALUATION ASSUMPTIONS	31.12.2014	31.12.2013
The discount rate	2,6%	4,5%
Expected rate of salary increase	0,25%	4,5%

Nota 12.19G

SENSITIVITY ANALYSIS OF CHANGES IN VALUATION OF LIABILITIES WITH DEFINED BENEFIT	31.12.2014	
The revised discount rate of:	-1,0%	+0,1%
Defined benefit liabilities	1 610	1 405
For the revised planned increase in the basics of:	-1,0%	+0,1%
Defined benefit liabilities	1 489	1 553

Note 12.20

ACCRUALS	31.12.2014	31.12.2013
accruals	22 912	15 402
grants	3 951	5 110
Prepayments and accrued together, including:	**26 863**	**20 512**
long-term	2 694	3 850
short-term	24 169	16 662

NOTE 12.21

SHORT-TERM TRADE LIABILITIES FROM SUPPLIES AND SERVICES	31.12.2014	31.12.2013
- with a repayment period up to 12 months	110 262	62 844
- the period of over 12 months	676	1 358
Short-term liabilities for supplies and services Total	**110 938**	**64 202**

Note 12.23A

NET REVENUE ON SALES	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
country, including:	**19 395**	**21 189**
- Sales of products and services	18 092	19 910
- Sale of goods	1 303	1 279
abroad, including:	**345 632**	**305 115**
- Sales of products and services	243 255	212 779
- Sale of goods	102 377	92 336
Net revenues from the sale, total	**365 027**	**326 304**

Note 12.23B

CONSTRUCTIONS SERVICES AGREEMENT	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
The amount of contractual revenues recognized as revenue in the period (contracts completed and under construction)	219 506	194 883
The total amount of costs incurred and recognized profits (reduced by recognized losses) to date	83 242	68 134
The amount of advances received	46 501	56 898
The amount of retentions	3 671	3 440
Gross amount due from customers for work performed from the contract as assets	3 858	10 285
Gross amount due to to the contracting authority for work performed from the contract as liabilities	-	2 371

To determine the contract revenue recognized in the period a method was adopted by which contract revenue is compiled with the contract costs incurred in reaching the stage of contract completion.

To determine the stage of completion of contracts there was adopted a method of proportion of costs incurred due to work performed to date compared to estimated total contract costs.

Note 12.24

COSTS BY TYPE	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Depreciation	4 542	5 054
Consumption of materials and energy	162 706	145 410
Foreign service	55 913	60 083
Taxes and Fees	1 154	1 559
Salary	30 101	25 355
Social security and other benefits	5 777	5 111
Other costs by type	5 489	8 972
Costs by type, total	**265 682**	**251 544**
Change in product inventories and accruals	6 491	159
Cost of sales (negative amount)	9 363	8 337
General and administrative expenses (negative value)	26 363	27 333
Cost of products sold, goods and materials	**236 447**	**216 033**
Value of goods and materials	92 746	83 090
Cost of products, goods and materials	**329 193**	**299 123**

Note 12.25
OTHER REVENUES

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Dividends	107 989	72 646
Grants	1 982	689
Damages, penalties, legal costs	859	317
Cancelled commitment	95	397
Other	233	115
Other revenues, total	**111 158**	**74 164**

Note 12.26
OTHER COSTS

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
The write-offs due to revaluation of assets	10 854	1 322
Receivables written off	516	27
The penalties, legal costs, compensation	343	582
The established reserves	186	-
Other	505	215
Other costs, total	**12 404**	**2 146**

Note 12.27
POZOSTAŁE ZYSKI (STRATY)

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
The result on foreign exchange transactions (for which no hedge accounting is carried out)	1 852	1 066
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	-2 029	-74
Foreign exchange differences (except for loans)	1 010	-828
Result from the sale of fixed assets	-13	221
Result from the sale of financial assets (stocks, bonds)	-7 590	1 121
Revaluation of investments (valuation of loans, long-term settlements, shares)	-856	-391
Other profits (losses), total	**-7 626**	**1 115**

Note 12.28
FINANCIAL REVENUE

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Interest from loans granted	6 765	4 646
Fees from guarantees, warranties	4 391	3 862
Interest on lease	2 806	3 901
Other interest	1 605	3 422
Exchange rate differences on credits and loans	1 440	2 090
Other financial revenues	9	8
Total financial revenues	**17 016**	**17 929**

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Note 12.29

FINANCIAL COSTS	**01.01.2014 to 31.12.2014**	**01.01.2013 to 31.12.2013**
Interest on loans and advances	6 414	11 948
Fees on sureties, guarantees, loans	1 901	5 033
Impairment losses on financial receivables	806	-
Other interest	233	511
Interest on lease	72	-
Provision for financial costs	43	-
Other financial expenses	6	8
Financial expenses	**9 475**	**17 500**

Note 12.30

RECONCILIATION OF THE THEORETICAL TAX RESULTING FROM THE PROFIT BEFORE TAX AND STATUTORY TAX RATEFROM THE INCOME TAX EXPENSE IN PROFIT AND LOSS STATEMENT	**01.01.2014 to 31.12.2014**	**01.01.2013 to 31.12.2013**
Profit before tax	98 777	65 073
Tax calculated at the rate of 19%	18 768	12 364
Effect of applying tax rates applied in other countries	1 012	1 178
Income not subject to tax	-21 351	-14 046
Expenses not deductible	1 612	789
Utilisation of previously not recognized tax losses	475	-
Burden on the financial result from the income tax, including:	**516**	**285**
current tax	1 534	1 105
deferred tax	-1 018	-820

The tax authorities may inspect the books and tax settlements within 5 years from the end of the year in which tax returns were filed and charge the Company with additional tax together with interest and penalties.

Note 12.31

REVENUES, COSTS, RESULTS AND CASH FLOWS FROM DISCONTINUED OPERATIONS	**01.01.2014 to 31.12.2014**	**01.01.2013 to 31.12.2013**
Revenues and costs from discontinued operations:		
Net revenues from sales of goods and materials	1 359	126 275
Value of goods and materials	886	123 571
Gross profit on sales	**473**	**2 704**
Other revenue	-	80
Cost of sales	322	1 838
General and administrative expenses	-	624
Other costs	-	28
Other profits (losses)	-	-256
Profit from operating activities	**151**	**38**
Financial revenue - interest	-	388
Financial Costs - interest	-	-
Gross profit	**151**	**426**
Income tax - deferred part	29	81
Net profit from discontinued operations	**122**	**345**

Cash flows from discontinued operations:		
Cash flows from operating activities	1 455	33 925
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Cash flows from discontinued operations, total	**1 455**	**33 925**

By decision the Board of Kopex SA with effect from 1 October 2013 the company discontinued activities related to electricity trading.

13. Contingent liabilities, financial obligations, claims and disputes

	As at 31.12.2014	Increases (+) decreases (-)	As at 31.12.2013
Total contingent liabilities, including:	**155 620**	**-507 829**	**663 449**
1. To related parties	-	-	-
2. To other entities *	155 620	-507 829	663 449
- guarantees and sureties granted	149 235	-507 829	657 064
- promissory notes	6 385	-	6 385

*the Kopex SA contingent liabilities to other entities are linked in the amount of PLN 104 033 thousand from bills received. Guarantees in the amount of PLN 101 932 thousand relate to collateral for loans, commitments, guarantees, leases, loans. As at 31.12.2014 the value of these contracts remaining to be settled amounts to PLN 36 283 thousand.

Financial obligations

On the property of the Company in the form of a mortgage in the amount of PLN 391 500 thousand and a registered pledge on long-term financial assets - shares of a subsidiary for the amount of PLN 332 671 thousand there are liabilities secured arising from bank loan.

Claims and disputes

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

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

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

14. Reporting by business and geographical segments

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

- mining,
- sale of coal,
- other ctivities.

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

The Issuer offers underground and surface mining as well as industrial machinery and equipment, complete industrial solutions, mining services, raw materials and electricity, as well as consulting and agency services in domestic and foreign trade.

Besides, the Issuer offers construction, workshop, lease, agency, forwarding, transport services, leasing, maintenance and repair services tailor-made, dependent on individual clients' needs.
The above activity essentially in the nature of the business is not massive, but it is an activity-specific, dependent on the individual needs of customers.

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

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

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

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

INFORMATION ON KOPEX SA OPERATING SEGMENTS BY OPERATING INDUSTRY

	Mining		Sale of coal		Other activities		**Total value**	
	2014	2013	2014	2013	2014	2013	2014	2013
CONTINUED OPERATIONS								
Segment revenue	293 784	287 496	55 228	21 211	16 015	17 597	**365 027**	**326 304**
Segment result – gross result from sales	28 444	22 136	3 201	873	4 189	4 172	**35 834**	**27 181**
The segment's operating result	-912	6 794	370	120	91 778	57 730	**91 236**	**64 644**
The financial result							7 541	429
Gross profit							**98 777**	**65 073**
Income tax							516	285
Net profit from continued operations							**98 261**	**64 788**
Net profit from discontinued operations							122	345
Net profit, total							**98 383**	**65 133**

INFORMATION ON KOPEX SA REVENUES BY GEOGRAPHICAL DESTINATIONS

	Mining		Sale of coal		Other activities		**Total value**	
	2014	2013	2014	2013	2014	2013	2014	2013
ARGENTINA	139 538	93 957	-	-	-	-	139 538	93 957
AUSTRIA	-	-	18 292	1 307	-	-	18 292	1 307
BOSNIA	44 516	43 366	-	-	52	-	44 568	43 366
CHINA	33 386	33 943	-	-	-	-	33 386	33 943
FRANCE	18 699	12 385	-	-	-	-	18 699	12 385
SPAIN	-	-	14 057	9 312	-	-	14 057	9 312
GERMANY	-	-	-	2 777	20	41	20	2 818
POLAND	2 218	3 633	1 234	-	15 943	17 556	19 395	21 189
RUSSIA	7 184	81 277	-	-	-	-	7 184	81 277
SERBIA	36 480	2 863	-	-	-	-	36 480	2 863
SLOVAKIA	-	-	4 343	1 342	-	-	4 343	1 342
SWEDEN	-	-	17 302	5 616	-	-	17 302	5 616
TURKEY	9 376	13 637	-	-	-	-	9 376	13 637
UKRAINE	1 524	1 796	-	-	-	-	1 524	1 796
OTHER	863	639	-	857	-	-	863	1 496
TOTAL	**293 784**	**287 496**	**55 228**	**21 211**	**16 015**	**17 597**	**365 027**	**326 304**

Information on the main external customers, of which revenues exceed 10% or more of total revenues of the Issuer, ie. PLN 36 503 thousand or more.

In 2014 the quantitative criterion defining the main customer has been achieved with the two contractors. Revenues from the first contractor in the amount of PLN 137 825 thousand, have been attained in the segment: mining; there is no capital relationship between the above recipient and Kopex SA.

Revenues from the second contractor in the amount of PLN 43 457 thousand, have been attained in the segment: mining; there is no capital relationship between the above recipient and Kopex SA.

The largest suppliers of the Issuer in 2014 in the segment of mining and sale of coal are companies operating on the domestic market.
The share of four of the suppliers exceeded 10% share in revenues from sales of Kopex SA in 2014. In the first case it was a company operating in the segment of sales: mining, which share in sales amounted to 24.9%; above supplier is a direct subsidiary of Kopex SA.
In the second case it was a company operating in this segment: Mining, which share in sales amounted to 13.2%; above supplier is an indirect subsidiary of Kopex SA.
In the third case it was a company operating in the segment: Mining, which share in sales amounted to 10.1%; above supplier is a direct subsidiary of Kopex SA.
In the fourth case it was a company operating in this segment: sales of coal, which share in sales amounted to 10.0%; there is no the capital relationship between above supplier and Kopex SA

100.0% of fixed assets (other than financial instruments, assets, deferred tax, assets arising from employee benefits, post-employment and rights arising from insurance contracts) at the Issuer are located in Poland.

15. Transactions with related parties

	Revenues from sales of products, goods and materials	Other revenue (including dividends)	Financial revenue
01.01.2014 to 31.12.2014			
From subsidiaries	15 998	107 989	6 556
From associates	1 952	4	7
From other related entities	424	19	1 895
01.01.2013 to 31.12.2013			
From subsidiaries	13 560	72 672	6 726
From associates	2 835	-	-
From other related entities	55	111	3 427

	Purchases of goods and services	Purchase of fixed assets and intangible assets	Financial costs
01.01.2014 to 31.12.2014			
From subsidiaries	161 436	5	1 936
From associates	21	-	-
From other related entities	3 759	408	1
01.01.2013 to 31.12.2013			
From subsidiaries	185 810	794	6 173
From associates	-	-	-
From other related entities	2 565	1 311	-

Receivables and liabilities from related parties	31.12.2014	31.12.2013
Trade and other receivables from subsidiaries (net)	35 870	24 021
Trade and other receivables from associates (net)	605	-
Trade and other receivables from other related parties (net)	9 318	3 641
Lease receivables from subsidiaries (net)	16 151	5 971
Lease receivables from other related parties (net)	258	245
Liabilities to subsidiaries	70 072	48 952
Liabilities to other related parties	505	85
Lease commitments to subsidiaries	21 944	-

Impairment losses on receivables from subsidiaries	31.12.2014	31.12.2013
Balance at beginning of period	2 365	2 390
Exchange differences	-	-25
Balance at end of period	2 365	2 365

Impairment losses on receivables from other related parties	31.12.2014	31.12.2013
Balance at beginning of period	3 401	3 447
Release of write off	-	-46
Balance at end of period	3 401	3 401

Impairment losses on lease receivables from other related parties	31.12.2014	31.12.2013
Balance at beginning of period	183	192
Release of write off	-	9
Balance at end of period	183	183

Receivables and loan liabilities	31.12.2014	31.12.2013
Loans receivable from subsidiaries	87 104	74 830
Loans receivable from affiliates	-	-
Loans receivable from other related parties	127 702	33 842
Loan commitments to subsidiaries	2	97

Transactions with related parties are carried out exclusively on market conditions.

16. Information on revenues, costs and results of discontinued operations for the period or to be discontinued in the next period

By decision the Board of Kopex SA with effect from 1 October 2013 the company discontinued activities related to electricity trading. Revenues, costs and results of this activity in 2014 and 2013 were presented in Note 12.31. It is not expected to refrain from other activities in the next period.

17. Information on average employment

Average employment in 2014 amounted to 251 people, of which:

- average number of employees in the country 210 people,

- average number of employees abroad 41 people

In the professional groups the average employment in 2014 was as follows:

- average number of collar workers	216	people
- average number of manual workers	35	people

18. Information about significant events relating to previous years recognized in the financial statements for the current period

The Company had no significant events related to prior years.

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

Did not occur.

20. Information on total net value of salaries and bonuses paid or payable for the managing and supervising the issuer in the issuer and of the amounts of remuneration and rewards received for performing functions in subsidiaries, jointly controlled entities and associates in 2014 (net), for the period of appointment.

MANAGEMENT BOARD		
Name		PLN thousand
PIOTR	BRONCEL	394
ANDRZEJ	MEDER	519
ARKADIUSZ	ŚNIEŻKO	98
JOANNA	WĘGRZYN	518
JÓZEF	WOLSKI	753
TOTAL REMUNERATION		**2 282**

BOARD OF DIRECTORS		
Name		PLN thousand
PIOTR	AUGUSTYNIAK	6
BOGUSŁAW	BOBROWSKI	50
JÓZEF	DULBIŃSKI	45
KRZYSZTOF	JĘDRZEJEWSKI	389
MICHAŁ	ROGATKO	105
ANDRZEJ	SIKORA	50
TOTAL REMUNERATION		**645**

Remuneration of the Board for 2013 amounted to PLN 2 076 thousand, the remuneration of the Supervisory Board for 2013 amounted to PLN 615 thousand.

21. Statement of the Management Board

The annual financial statements and comparative information have been prepared in accordance with the applicable accounting principles, and give a true and fair view of the financial position of the company and the financial result of KOPEX SA.

The annual report gives a true picture of development and achievements and situation of the Company, including a description of the main risks and threats.

The entity authorized to audit financial statements, auditing the annual financial statements was selected in accordance with the law.

This entity and chartered auditor performing the audit met the conditions to issue an impartial and independent audit report, in accordance with the relevant provisions of national law.

Member Of The Board	Member Of The Board	Member Of The Board	Chairman Of The Board
Piotr Broncel	Joanna Węgrzyn	Andrzej Meder	Józef Wolski

The person responsible
for bookkeeping:

Director of Accounting and Taxes

Alina Mazurczyk