CONSOLIDATED FINANCIAL STATEMENTS OF KOPEX S.A.

for the period 1 January 2014 to 31 December 2014

Katowice, April 2015

Nota **SPIS TREŚCI**

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

Note	ASSETS	31.12.2014	31.12.2013
	Fixed assets	**2 374 188**	**2 351 375**
12.1	Intangible assets	160 296	153 000
12.2	Goodwill of subsidiaries	1 249 955	1 248 064
12.3	Tangible fixed assets	693 891	752 459
12.4	Investment Property	26 571	26 725
12.5	Investments accounted for under the equity method	48 248	54 526
12.6	Long-term lease receivables	10 740	37 144
12.7	Other long-term financial assets	133 657	18 259
12.8	Assets from deferred income tax	50 830	61 198
	Current assets	**1 147 330**	**1 123 889**
12.9	Inventories	239 057	296 708
12.10	Short-term receivables from supplies and services	381 787	371 345
12.10	Short-term other receivables	109 444	84 225
12.6	Short-term lease receivables	27 246	55 627
12.11	Granted short-term loans	39 874	39 285
	Receivables related to current income tax	8 820	4 102
12.12	Other financial assets	1 377	9 902
12.25	Assets under contracts for construction services	254 880	174 108
12.13	Cash and cash equivalents	84 845	88 587
	Fixed assets held for sale	**1**	**1**
	Total assets	**3 521 519**	**3 475 265**
	LIABILITIES AND EQUITY		
	Shareholders equity	**2 617 807**	**2 516 509**
12.14	Share capital	74 333	74 333
12.14	Treasury shares	-2 979	-2 979
12.15	Issue of shares above nominal value	1 054 942	1 054 942
12.16	Revaluation capital	-515	5 019
	Foreign exchange translation differences	19 855	9 732
12.17	Retained earnings	1 465 644	1 369 384
	Capital of non-controlling	6 527	6 078
	Long-term liabilities	**92 458**	**122 383**
12.18	Credits and long-term loans	13 374	43 824
12.19	Long-term other liabilities	1 868	3 464
12.20	Long-term lease liabilities	46 825	46 951
12.8	Provision for deferred income tax	5 592	6 352
12.21	Long-term provision for employee benefits	21 259	17 925
12.22	Other long-term provisions for liabilities	846	17
12.23	Long-term prepayments	2 694	3 850
	Short term liabilities	**811 254**	**836 373**
12.18	Short-term credits and loans	348 979	364 365
12.24	Short-term liabilities for supplies and services	174 396	212 006
12.19	Short-term other liabilities	134 686	163 137
12.20	Short-term lease liabilities	36 786	32 120
	Liabilities for current income tax	6 343	9 571
12.12	Other financial liabilities	2 237	547
12.21	Short-term provision for employee benefits	14 227	13 004
12.22	Other short-term provisions for liabilities	15 247	14 309
12.23	Short term accruals	78 353	27 314
	Liabilities and equity, total	**3 521 519**	**3 475 265**
	Book value	**2 617 807**	**2 516 509**
	Number of shares	**74 056 038**	**74 056 038**
	Book value per share (in PLN)	**35,35**	**33,98**

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

Note		01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
	CONTINUED OPERATIONS		
12.25	Net revenues from sales of products, goods and materials	1 433 931	1 390 944
12.26	Cost of products, goods and materials	1 155 620	1 156 105
	Gross profit on sales	**278 311**	**234 839**
12.27	Other revenue	29 016	19 656
12.26	Cost of sales	39 627	37 136
12.26	General and administrative expenses	114 447	124 573
12.28	Other costs	26 357	8 581
12.29	Other profit / (losses)	8 690	2 589
	Profit from operating activities	**135 586**	**86 794**
12.30	Financial income	13 633	17 403
12.31	Financial costs	25 334	38 369
	Share in profits (losses) of subsidiaries using the equity method	6 117	9 614
	Gross profit	**130 002**	**75 442**
12.32	Income tax	27 391	9 384
	Consolidated net profit from continued operations	**102 611**	**66 058**
12.33	**Consolidated net profit from discontinued operations**	**122**	**345**
	Consolidated net profit total	**102 733**	**66 403**
	Net profit attributable to non-controlling interests	**1 473**	**1 125**
	Net profit attributable to shareholders of the parent company, including:	**101 260**	**65 278**
	-from continued operations	101 138	64 933
	-from discontinued operations	122	345
	Weighted average number of ordinary shares	**74 056 038**	**74 056 038**
	Net profit from continued operations attributable to shareholders of the company	**1,37**	**0,88**
	the parent company per 1 ordinary share	**-**	**-**
	Net profit from discontinued operations attributable to shareholders of the company	**1,37**	**0,88**

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

	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Consolidated net profit	**102 733**	**66 403**
Other comprehensive income, which will not be transferred to profit or loss	**-3 884**	**-486**
Actuarial losses arising from defined benefit plans	-3 727	-249
Income tax on actuarial losses	708	49
Other income	-485	-286
Income tax on other income	-380	-
Other comprehensive income, which can be transferred to profit or loss	**4 566**	**-11 119**
Foreign exchange translation differences	10 100	-10 123
Valuation of financial assets available for sale	-20	-
Cash flow hedges	-6 803	-1 228
Income tax related to cash flow hedges	1 289	232
Total other comprehensive income after tax	**682**	**-11 605**
Total comprehensive income	**103 415**	**54 798**
Attributable to non-controlling interests	1 397	879
Attributable to shareholders of Kopex SA	102 018	53 919

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

	Share capital	Own shares	Issue of shares above nominal valueEquity	Revaluation reserve			Foreign exchange translation differences	Retained earnings	Total	Equity attributable to non-controlling interests	Total equity
				Hedging instruments	Financial assets available for sale	Deffered tax					
Balance as at 01.01.2013	**74 333**	**-2 979**	**1 054 942**	**7 550**	**-176**	**-1 430**	**19 712**	**1 324 019**	**2 475 971**	**5 542**	**2 481 513**
Total comprehensive income	-	-	-	-1 140	-	215	-9 984	64 828	53 919	879	54 798
Dividends	-	-	-	-	-	-	-	-3 702	-3 702	-30	-3 732
Acquisition / increase / decrease of control	-	-	-	-	-	-	4	-5 796	-5 792	-1 073	-6 865
The acquisition of entities under common control	-	-	-	-	-	-	-	-9 807	-9 807	760	-9 047
Donations	-	-	-	-	-	-	-	-158	-158	-	-158
Balance as at 31.12.2013	**74 333**	**-2 979**	**1 054 942**	**6 410**	**-176**	**-1 215**	**9 732**	**1 369 384**	**2 510 431**	**6 078**	**2 516 509**
Balance as at 01.01.2014	**74 333**	**-2 979**	**1 054 942**	**6 410**	**-176**	**-1 215**	**9 732**	**1 369 384**	**2 510 431**	**6 078**	**2 516 509**
Total comprehensive income	-	-	-	-6 803	-20	1 289	10 078	97 474	102 018	1 397	103 415
Acquisition / increase / decrease of control	-	-	-	-	-	-	45	-436	-391	-809	-1 200
Dividends	-	-	-	-	-	-	-	-	-	-139	-139
Donations	-	-	-	-	-	-	-	-778	-778	-	-778
Balance as at 31.12.2014	**74 333**	**-2 979**	**1 054 942**	**-393**	**-196**	**74**	**19 855**	**1 465 644**	**2 611 280**	**6 527**	**2 617 807**

Consolidated statement of Kopex SA Capital Group cash flows 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	**130 153**	**75 868**
Adjustments for:		
Depreciation	151 786	150 118
Share in profits (losses) of subsidiaries valued using the equity method	-6 117	-9 614
(Profit) loss on foreign exchange differences	-3 239	-5 333
Interest and share in profits (dividends)	13 867	17 839
(Profit) loss from investing activities	-11 062	-13 687
Change in reserves	3 180	-8 859
Change in inventories	35 682	111 230
Change in trade receivables and trade and other receivables	-4 293	245 271
Change in short-term liabilities Trade and other payables	-41 137	62 283
The change in accruals	51 857	-3 793
Changes in assets under contracts for construction services	-103 996	-79 487
Income tax paid	-30 031	-18 189
Write-downs on assets	12 213	-11 753
currency transactions	3 368	1 864
Other adjustments	-911	-169
Net cash flows from operating activities	**201 320**	**513 589**
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of intangible and tangible fixed assets	21 777	31 349
Disposal of financial assets	7 992	17 683
Received dividends and shares in profits	8 113	-
Repayment of loans	40 597	45 784
Interest received	1 099	3 832
Received grants	946	4 683
Purchase of intangible and tangible fixed assets *	-172 758	-198 335
Acquisition of financial assets	-888	-
Loans granted	-79 751	-16 644
Loss of control of a subsidiary	-2 386	-
Other expenses	-204	-
Net cash flows from investing activities	**-175 463**	**-111 648**
CASH FLOWS FROM FINANCING ACTIVITIES		
Credits and loans **	152 830	66 489
Dividends and other distributions to shareholders	-	-4 347
Received commissions on guarantees	2 415	554
Credits and loans repaid **	-124 470	-377 514
Payment of liabilities under finance lease agreements	-38 771	-33 825
Interest paid	-20 639	-31 528
Paid commissions on loans and guarantees	-1 159	-2 699
Transactions with non-controlling interests	-1 165	-10 643
Other financial expenses	-319	-3
Net cash flows from financing activities	**-31 278**	**-393 516**
TOTAL NET CASH FLOW	**-5 421**	**8 425**
Balance-sheet change in cash, including:	**-3 742**	**7 004**
- Change in cash due to foreign exchange differences	1 679	-1 421
Cash and cash equivalents at beginning of period	**88 587**	**81 583**
Cash and cash equivalents at end of period, including:	**84 845**	**88 587**
- Restricted cash	3 456	4 193

In the "acquisition of intangible and tangible fixed assets" fixed assets produced in-house were included
** loans granted within the limit of the rotary had been reported as net values

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 4521E) 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. Group:

It focuses on the manufacture of machinery and equipment used in the mining industry. The Group is not only a manufacturer and supplier of machinery and equipment for coal mining, lignite and non-ferrous metal ores, but above all the general contractor of investment projects, offering a full service investment processes in the mining industry. Kopex Group is distinguished by the ability to offer comprehensive solutions for surface and underground mining and the ability to perform the contract under strictly defined, individual requirements of the customer. Kopex Group brings together reputable and recognized world-class manufacturers of machinery and equipment as well as modern technologies and solutions for the mining industry. The Group uses the specialized capabilities of companies included in its composition, which through its diverse range of product and service complement each other.

Presented financial statement is the consolidated financial statements and includes data for the period from 01.01.2014 to 31.12.2014 and comparative financial data for the period from 01.01.2013 to 31.12.2013.

The consolidated financial statements of KOPEX S.A. Group for 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.

Notes to the consolidated financial statements are an integral part of this report.

The currency of the report is Polish zloty.

The data is presented in thousands of zlotys.

This 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 the 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

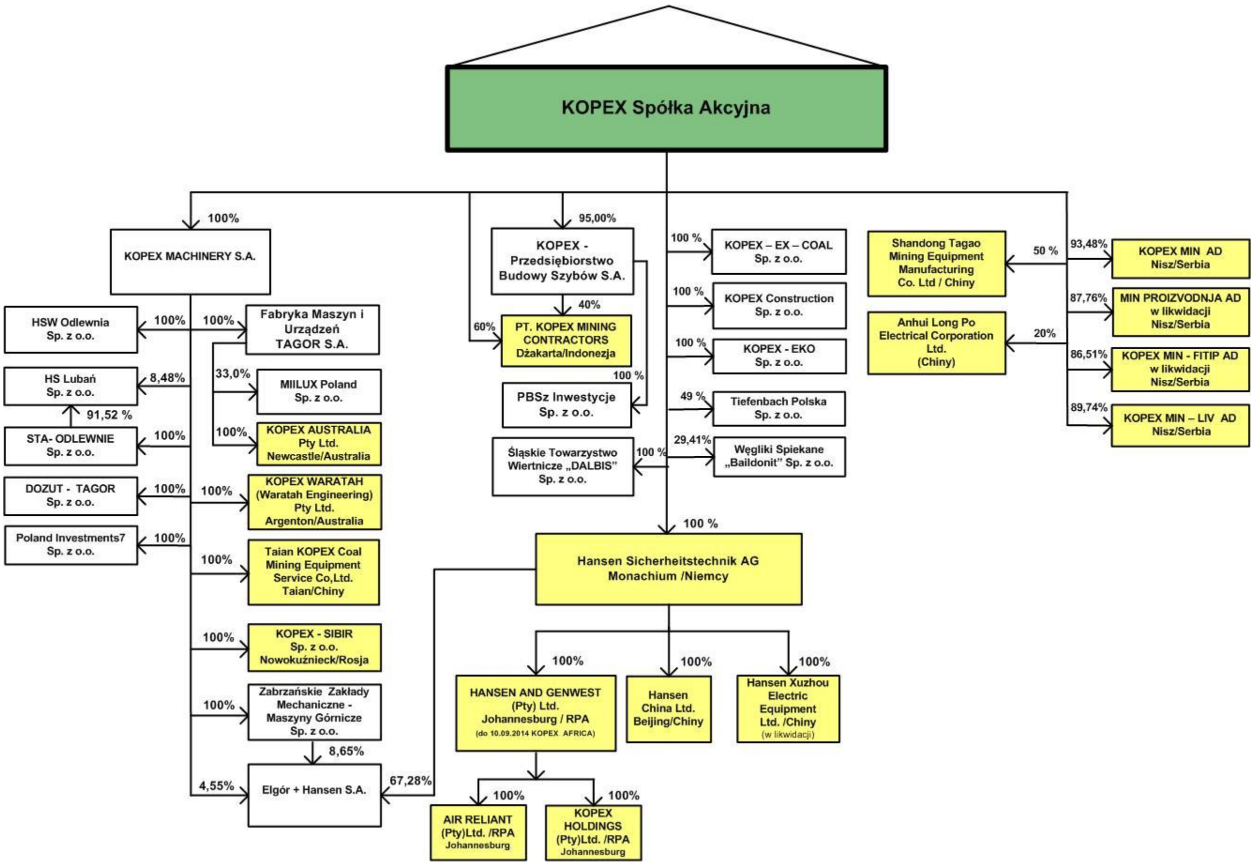
The financial statement was audited by PriceWaterhouseCoopers Sp. z o.o. seated at 14 Al. Armii Ludowej, 00-638 Warsaw on the basis of the Agreement dated 29 February 2012. This agreement was concluded as a result of the KOPEX S.A. Supervisory Board Resolution No 94/VI/2012 dated 16 January 2012. The 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 thousands 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. The list of entities of KOPEX SA Capital Group as at 31.12.2014



6. Companies included in the consolidated financial statements

Entity	***Consolidation method***
KOPEX S.A.	Full
KOPEX MACHINERY S.A.	Full
TAGOR S.A.	Full
DOZUT-TAGOR Sp. z o.o.	Full
KOPEX-FAMAGO Sp. z o.o.**	Full
KOPEX CONSTRUCTION Sp. z o.o.	Full
HSW ODLEWNIA Sp. z o.o.	Full
KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Full
PBSz INWESTYCJE Sp. z o.o.	Full
HANSEN SICHERHEITSTECHNIK AG (Germany)	Full
HANSEN+ELGÓR S.A. (dawniej: KOPEX ELECTRIC SYSTEMS S.A.)	Full
HANSEN & REINDERS CS spol.s.r.o. (Czech Republic)***	Full
HANSEN AND GENWEST (Pty) Ltd (dawniej: KOPEX AFRICA (Pty) Ltd) (RSA)	Full
HANSEN CHINA Ltd (China)	Full
KOPEX MIN (Serbia)	Full
KOPEX MIN-LIV (Serbia)	Full
KOPEX MIN-USŁUGI (Serbia)***	Full
ZZM – MASZYNY GÓRNICZE Sp. z o.o.	Full
KOPEX-EKO Sp. z o.o.	Full
POLAND INVESTMENTS 7 Sp. z o.o.	Full
KOPEX AUSTRALIA Pty Ltd (Australia)	Full
PT KOPEX MINING CONTRACTORS (Indonesia)	Full
KOPEX SIBIR SP. Z O.O. (Russia)	Full
KOPEX WARATAH PTY LTD (Australia)	Full
ŚLĄSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	Full
KOPEX-EX-COAL Sp. z o.o.	Full
STA-ODLEWNIE Sp. z o.o.	Full
HS LUBAŃ Sp. z o.o.	Full
Entity	***Valuation method***
HANSEN ELECTRIC spol.s.r.o. (Czech Republic)*	equity method
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	equity method
WS BAILDONIT Sp. z o.o.	equity method
TIEFENBACH Sp. z o.o.	equity method
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	equity method
MIILUX POLAND Sp. z o.o.	equity method

*Shares in company HANSEN ELECTRIC spol. s.r.o. (Czech Republic) were sold in March 2014. The consolidated income statement includes percentage share of proportion to their shares for the period in which the company was an associate.

** The Issuer lost control over KOPEX-FAMAGO Sp. z o.o. as a result of sale of all the shares.
The consolidated income statement includes all income and expenses of the subsidiary for the period from 01.01.2014 to 30.06.2014, ie. the date of sale of shares and diagnosed result in the loss of control.

Assets and liabilities over which control was lost as at 30.06.2014r.:

Fixed assets	55 783
Current assets	72 482
Long-term liabilities	61 728
Short term liabilities	75 345
Disposed net assets	**-8 808**

*** Shares of companies KOPEX MIN-USŁUGI (Serbia) and HANSEN & REINDERS CS spol.s.r.o. (Czech Republic) were sold in Q3. The consolidated income statement includes all income and expenses of these subsidiaries for the period from 01.01.2014 until the date of sale of shares and recognized results in the loss of control.

Consolidation does not cover newly founded company Kopex Taian Coal Mining Equipment Service Co. Ltd, based in China, due to the fact that the company had not yet started business.

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

7. Significant accounting principles

7.1. 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:

- Consolidation methods

KOPEX SA in accordance with the provisions of IFRS / IAS as the parent company shall consolidate ie. combine the financial statements of of KOPEX SA with the financial statements of subsidiaries by summing the corresponding financial statement items, including the necessary exemptions and adjustments.

The consolidated financial statements is financial statement of the Capital Group KOPEX SA prepared in such a manner as if it was a single economic entity.

Non-controlling interests are presented in the consolidated statement of financial position within equity as a separate item. Shares in profit or loss of the Group are also presented as a separate item.

Balances between KOPEX SA Group companies, transactions, income and expenses are eliminated in full.

In separate items in the consolidated statement KOPEX SA reports its interests in associates (at which KOPEX SA has significant influence and in which is a major investor). The shares are valued using the equity method.

The equity method is a method of accounting whereby the investment is initially recognized at purchase price and then following the purchase date its value is adjusted accordingly by changing the share of KOPEX SA in the net assets of the company. The share of KOPEX SA in profit or loss of the company, of the investee is recognized in the income statement in a separate item. Distributions received from the profit generated by the company in an investee reduce the carrying amount of the investment. The adjustment to the carrying amount may also be necessary due to changes in the proportion of KOPEX SA in a given company, resulting from changes in equity of the company that were not recognized in the income statement, the share of KOPEX SA in those changes is recognized in other reserves. These changes may also result from the revaluation of property, plant and equipment and foreign exchange differences. The share of KOPEX SA those changes is recognized directly in the equity.

On 1 October 2014 the Issuer's subsidiary established in the country concluded an agreement with its subsidiary, established abroad, agreement, under which there will be no repayment of maturing debt by the foreign company to a national company, and the intention of the parties is to convert these debts to equity or recapitalization of a foreign company in another way. From 1 October 2014 in accordance with IAS 21, these receivables are treated as net investments in a foreign operation, and exchange rate differences from the valuation of these investments are recognized in other comprehensive income.

- 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.

- Goodwill

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

a) is the sum of the amounts:

- the consideration transferred measured in accordance with IFRS 3, which generally requires the fair value. It is a payment that is transferred without payment of costs associated with the direct acquisition,

- the amount of any non-controlling interest in the acquiree, which are measured at fair value or at the proportionate share of non-controlling interest in a possible identifiable net assets of the acquiree,

- in a business combination achieved in stages, the fair value at the acquisition date of the share capital of the acquiree previously held by the acquirer,

b) the net amount of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed measured in accordance with IFRS 3.

Subsequent measurement of goodwill is to test it for impairment and demonstrating on the balance sheet at cost less accumulated loss due to impairment, which is recognized in the profit and loss account.

The purpose of impairment testing of goodwill, goodwill is allocated to each cash generating units, which as expected, are expected to benefit from the synergies of the combination . Each unit or group of units to which goodwill has been allocated ,should:

- represent the lowest level at which goodwill is monitored for internal management purposes,

- not be larger than a segment defined by basic or supplementary formula of financial reporting.

- Research and development costs

Research expenses are disclosed in the profit and loss account as and when incurred.

Expenditure incurred on development projects are recognized when the activation criteria are met. After initial recognition, development costs are calculated net of accumulated depreciation and write-offs due to permanent impairment.

Depreciation is straight-line method within the period of obtaining revenue from sales linked to the project.

- 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.

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.

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- 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".

- 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 Group 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".

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

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.

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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.

7.3. Published standards and interpretations that have not yet entered into force and have not been early adopted by the Group, and may affect the Group'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.

7.4. Published standards and interpretations that have not yet entered into force and have not been early adopted by the Group, which will not affect the Group'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 Group 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 Group constantly monitors the following capital ratios:

Capital ratios	31.12.2014	31.12.2013
average net debt ratio / average equity ratio	0,15	0,23
structure of liabilities ratio / sources of financing ratio	0,74	0,72
ROE	4,00%	2,66%
overall debt ratio	0,26	0,28

Key Group Companies Property Optimisation Programme is continued within the Group. It involves the optimization of assets and adapting it to the needs of the business activities conducted by entities of the Group.

The main tasks posed before the program is invariably Asset Optimization:

– continuous optimization of fixed assets in terms of tangible been assessed to determine its suitability to operating activities;
– sale of redundant assets into production, the permanent optimization of assets in stocks and receivables from supplies and services;
–

The goal, which the Group intends to achieve by pursuing the tasks of Asset Optimisation Programme is to maximize the reduction in net interest-bearing debt.

Implementation of the Program is periodically settled and analyzed. As a result, a number of activities were conducted, including in particular the sale of part of the tangible and carrying out the allocation of the Śląskie Towarzystwo Wiertnicze DALBIS sp. z o.o. in Tarnowskie Góry. The result of operations was also a significant reduction in the value of inventories of materials, finished goods and work in progress of companies covered by the Asset Optimization Programme. This contributed to a further reduction of debt, the Group's net interest income, which is essential in order to optimize its assets.

In 2014 we reported:

a) a) increase of net working capital to the amount of PLN 641.8 million, ie. 9.15% above the same period of 2013.
b) b) a decrease in net interest-bearing debt from PLN 399 million to PLN 361 million PLN, ie. 9.4% below the same period of 2013.
c) c) The decrease in the ratio of net debt / EBITDA ratio of 1.3 to a safe level.

In addition, Group companies have credit agreements containing capital ratios that must be met.

During the year, the balance being breached banking covenants by two Group companies (quarterly), and on an annualized basis, these covenants have been met.

8. Financial Risk Management Policy and Hedging

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

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

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

Financial instruments

Categories of financial instruments - carrying amount

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	Liabilities excluded from the scope of IAS 39	Receivables excluded from the scope of IAS 39	Hedging instruments	TOTAL
As at 31.12.2014											
Shares and bonds	12.7, 12.12A	2 106	-	39	-	-	-	-	-	-	**2 145**
Receivables from supplies and services	12.10A	-	-	-	381 787	-	-	-	-	-	**381 787**
Leasing receivables	12.6	-	-	-	-	-	-	-	37 986	-	**37 986**
Cash and deposits	12.13	-	-	-	84 845	-	-	-	-	-	**84 845**
Bonds and loans granted	12.7,12.11	-	-	-	156 520	-	-	-	-	-	**156 520**
Other financial assets (net)	12.10C	-	-	-	65 478	-	-	-	-	-	**65 478**
Derivative financial instruments	12.12A	-	-	476	-	-85	-	-	-	-1 290	**-899**
Liabilities for supplies and services	12.24	-	-	-	-	-	-174 396	-	-	-	**-174 396**
Loans and credits	12.18A	-	-	-	-	-	-362 353	-	-	-	**-362 353**
Leasing liabilities	12.20	-	-	-	-	-	-	-83 611	-	-	**-83 611**
Other financial liabilities	12.19	-	-	-	-	-	-37 480	-	-	-	**-37 480**
Total		**2 106**	**-**	**515**	**688 630**	**-85**	**-574 229**	**-83 611**	**37 986**	**-1 290**	**70 022**
As at 31.12.2013											
Shares and bonds	12.7, 12.12A	1 346	-	90	-	-	-	-	-	-	**1 436**
Receivables from supplies and services	12.10A	-	-	-	371 345	-	-	-	-	-	**371 345**
Leasing receivables	12.6	-	-	-	-	-	-	-	92 771	-	**92 771**
Cash and deposits	12.13	-	-	-	88 587	-	-	-	-	-	**88 587**
Bonds and loans granted	12.7,12.11	-	-	-	55 894	-	-	-	-	-	**55 894**
Other financial assets (net)	12.10C	-	-	-	45 374	-	-	-	-	-	**45 374**
Derivative financial instruments	12.12A	-	-	3 615	-	-526	-	-	-	6 176	**9 265**
Liabilities for supplies and services	12.24	-	-	-	-	-	-212 006	-	-	-	**-212 006**
Loans and credits	12.18B	-	-	-	-	-	-408 189	-	-	-	**-408 189**
Leasing liabilities	12.20	-	-	-	-	-	-	-79 071	-	-	**-79 071**
Other financial liabilities	12.19	-	-	-	-	-	-41 654	-	-	-	**-41 654**
Total		**1 346**	**-**	**3 705**	**561 200**	**-526**	**-661 849**	**-79 071**	**92 771**	**6 176**	**-76 248**

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	12.12A	39		
Derivative instruments, incl:	12.12A		-899	
Assets			1 338	
Liabilities			-2 237	

Classes of financial instruments	Nota	As at 31 December 2013 Fair value hierarchy		
		poziom 1	poziom 2	poziom 3
Shares	12.12A	90		
Derivative instruments, incl:	12.12A		9 265	
Assets			9 812	
Liabilities			-547	

Methods and assumptions adopted by the Group 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 Group 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 Group 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 Group's gross profit would have been lower or higher by PLN 15 314 thousand (PLN 11 806 thousand as at 31.12.2013)

Assuming that the range of fluctuations in exchange rates as at 31.12.2013 might have achieved the level of +/-1%, the Group's gross profit would have been lower or higher by PLN 1 667 thousand (PLN 2 500 thousand as at 31.12.2013)

Sensitivity analysis (in thousands PLN) as at 31.12.2014

	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
FINANCIAL ASSETS							
Cash in PLN	24 510	245	-245				
Cash in USD per zloty	1 227	12	-12	123		-123	
Cash in EUR per zloty	40 279	403	-403	4 028		-4 028	
Cash in other currencies	18 829	188	-188	1 883		-1 883	
Receivables from supplies and services and other receivables in PLN	153 854	1 539	-1 539				
Lease receivables PLN	2 646	26	-26	265		-265	
Granted loans with interest PLN	20	0	0	2		-2	
Receivables form supplies and services and other receivables in EUR	343 200						
Loans granted with interest calculated at EUR PLN	143 528			14 353		-14 353	
Receivables form supplies and services and other receivables in USD	29 881			2 988		-2 988	
Loans granted plus interest USD translated into PLN	4 715			472		-472	
Receivables form supplies and services and other receivables in AUD translated into PLN	47 121			4 712		-4 712	
Receivables form supplies and services and other receivables in other currencies translated into PLN	37 986	380	-380				
Financial assets classified into fair value through profit and loss	515			52		-52	
Derivative instruments in hedging relationships	862			27	59	-27	-59
the impact on financial assets before tax		**2 793**	**-2 793**	**28 905**	**59**	**-28 905**	**-59**
the impact on financial assets after tax		**2 262**	**-2 262**	**23 413**	**48**	**-23 413**	**-48**
FINANCIAL LIABILITIES							
Loans and advances received plus interest PLN	346 767	-3 468	3 468				
Lease liabilities PLN	13 506	-135	135	-1 351		1 351	
Liabilities from supplies and services and other receivables in PLN	2 080	-21	21	-208		208	
Liabilities form supplies and services and other receivables in EUR	191 043						
Liabilities form supplies and services and other receivables in USD	105 408			-10 541		10 541	
Liabilities form supplies and services and other receivables in other currencies translated into PLN	1 332			-133		133	
Financial liabilities classified into fair value through profit and loss	4 068			-407		407	
Derivative instruments in hedging relationships	9 099			-910		910	
FINANCIAL LIABILITIES	83 611	-836	836				
Loans and advances received plus interest PLN	85			-9		9	
Lease liabilities PLN	2 152			-32	-183	32	183
the impact on financial liabilities before tax		**-4 460**	**4 460**	**-13 591**	**-183**	**13 591**	**183**
the impact on financial liabilities after tax		**-3 613**	**3 613**	**-11 009**	**-148**	**11 009**	**148**

This sensitivity analysis is not representative for foreign currency risk and interest rate risk due to the fact that exposure to the end of the year in / at risk does not reflect the exposure during the entire financial year. United receivables, liabilities, valuation of derivative instruments for change throughout the year.

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

Sensitivity analysis (in thousands PLN) as at 31.12.2013

	carrying amount	Interest rate risk		Exchange rate risk			
		plus / minus 1%		plus 10% (price weakness PLN)		plus 10% (price weakness PLN)	
		profit/loss	profit/loss	profit/loss	changes in equity	profit/loss	changes in equity
FINANCIAL ASSETS							
Cash in PLN	50 994	510	-510				
Cash in USD per zloty	2 908	29	-29	291		-291	
Cash in EUR per zloty	18 269	183	-183	1 827		-1 827	
Cash in other currencies	16 416	164	-164	1 642		-1 642	
Receivables from supplies and services and other receivables in PLN	290 432						
Lease receivables PLN	55 892	559	-559				
Granted loans with interest PLN	94 466			9 447		-9 447	
Receivables form supplies and services and other receivables in EUR	2	0	0	0		0	
Loans granted with interest calculated at EUR PLN	13 391			1 339		-1 339	
Receivables form supplies and services and other receivables in USD	44 208			4 421		-4 421	
Loans granted plus interest USD translated into PLN	68 871			6 887		-6 887	
Receivables form supplies and services and other receivables in AUD translated into PLN	92 771	928	-928				
Receivables form supplies and services and other receivables in other currencies translated into PLN	3 705			371		-371	
Financial assets classified into fair value through profit and loss	6 197			78	541	-78	-541
the impact on financial assets before tax		**2 373**	**-2 373**	**26 303**	**541**	**-26 303**	**-541**
the impact on financial assets after tax		**1 922**	**-1 922**	**21 305**	**438**	**-21 305**	**-438**
FINANCIAL LIABILITIES							
Loans and advances received plus interest PLN	389 993	-3 900	3 900				
Lease liabilities PLN	12 223	-122	122	-1 222		1 222	
Liabilities from supplies and services and other receivables in PLN	5 973	-60	60	-597		597	
Liabilities form supplies and services and other receivables in EUR	252 385						
Liabilities form supplies and services and other receivables in USD	89 035			-8 904		8 904	
Liabilities form supplies and services and other receivables in other currencies translated into PLN	428			-43		43	
Financial liabilities classified into fair value through profit and loss	27 182			-2 718		2 718	
Derivative instruments in hedging relationships	9 577			-958		958	
FINANCIAL LIABILITIES	79 071	-791	791				
Loans and advances received plus interest PLN	526			-53		53	
Lease liabilities PLN	21			-2		2	
the impact on financial liabilities before tax		**-4 873**	**4 873**	**-14 497**		**14 497**	
the impact on financial liabilities after tax		**-3 947**	**3 947**	**-11 743**		**11 743**	

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 Group obtained additional cash from dividends received in the amount of PLN 107 989 thousand.

The Group 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 Group 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 Group in the current account allow for easy cash access. Conditions negotiated with the banks provide rollover payments of our liabilities to the Company.

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

The Group is conducting ongoing analysis of liquidity and debt ratios - the principle is to strive to maintain these ratios at a safe level. The Group has the full capacity to service debt. The aim is to extend deadlines for payments, and shorten the maturity of receivables.

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 1 year**	**1- 5 years**	**Over 5 years**		
Liabilities for supplies and services	174 263	133	-	**174 396**	**174 396**
Loans and borrrowings	354 473	15 795	-	**370 268**	**362 353**
Derivative financial instruments	2 042	195	-	**2 237**	**2 237**
Other financial liabilities	35 612	1 868	-	**37 480**	**37 480**
Leasing liabilities	40 085	44 998	5 877	**90 960**	**83 611**
Total financial liabilities in each maturity divisions	**606 475**	**62 989**	**5 877**	**675 341**	**660 077**
As at 31.12.2013					
Liabilities for supplies and services	211 754	252	-	**212 006**	**212 006**
Loans and borrrowings	373 731	45 446	-	**419 177**	**408 189**
Derivative financial instruments	547	-	-	**547**	**547**
Other financial liabilities	38 190	3 464	-	**41 654**	**41 654**
Leasing liabilities	35 793	50 761	**-**	**86 554**	**79 071**
Total financial liabilities in each maturity divisions	**660 015**	**99 923**	**-**	**759 938**	**741 467**

Credit risk

Credit risk should be understood as a failure to meet obligations by the debtors of the Group. The aforementioned credit risk may include various areas of the Group'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 Group in a form acceptable by the Group, by the aforesaid client.

The payment security most commonly used in the Group 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 Group has adopted the credit risk mitigation policy related with the payment due dates.

The Group 's credit risk policy with regard to the reliability of the financial institutions the companies of the Group 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 Group 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.

Year 2014 proved to be very difficult for the coal sector. The financial standing of coal companies underwent systematically deteriorating and the conditions for cooperation were very difficult.

In such circumstances, the companies of the Kopex Group used various forms of collateral flow of receivables from mining companies:

- Reverse factoring without recourse;

- Contracts for purchasing receivables without recourse (recourse);

- Discounting of receivables (without recourse).

These actions caused that KOPEX Group at the end of 2014 did not report any overdue receivables.

In 2014 within the Group agreements functioned of early debt redemption without recourse concluded by the Group companies with several banks and factoring institutions. Under the above mentioned agreements in the course of 2014 the Group realized early redemption of debt for a total amount of PLN 128 million.

In addition, from September 2013 until March 2014, the Group benefited from the KW SA program of factoring
In 2014 in the framework of the aforementioned program claims were settled for a total amount of PLN 37.2 million.

The repayment terms of the loan with the company personally associated were renegotiated by extending their maturity. Part payable to 12 months is PLN 5 666 thousand, being payable over 12 months was PLN 100 803 thousand. 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.

Other loans with personally related parties were granted in PLN and an interest rate based on WIBOR 1M plus a margin. They were secured by mortgages on real estate and guarantees.

The maximum exposure to credit risk is represented by:

- the net value of trade receivables: 381 787 thousand (PLN 371 345 thousand as of 31.12.2013)

- the value of loans PLN: 156 520 thousand (PLN 55 894 thousand as of 31.12.2013)

- lease receivables amounting to: 37 986 thousand (PLN 92 771 thousand as of 31.12.2013)

- other receivables amounting to: 84 249 thousand (PLN 55 531 thousand as of 31.12.2013)

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

1. Client 1 – 11,05% of total receivables

2. Client 2 – 9,78% of total receivables

3. Client 3 – 6,87% of total receivables

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

1. Client 1 – 24,41% of total receivables

2. Client 2 – 16,60% of total receivables

3. Client 3 – 8,89 % of total receivables

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
12.2	The test for impairment of goodwill	Key assumptions in terms of growth in sales revenue, operating profit and discount rates
12.6 12.7 12.10 12.11	Impairment losses on loans and receivables	Methodology used to determine the recoverable amount - The adopted Accounting Principles - a point regarding impairment
12.8	Income tax	The assumption adopted for recognition of deferred tax assets and provisions - The adopted Accounting Principles - a point concerning the assets and provision for income taxes
12.21	Employee benefits	The provision is estimated by the actuary - The adopted Accounting Principles - a point regarding provisions for liabilities.
12.12	Fair value of derivatives	Model and assumptions underlying the measurement of fair value - The adopted Accounting Principles - a point concerning financial instruments.
12.22	Provisions	Provisions for liabilities whose timing or amount are not certain - The adopted Accounting Principles - a point regarding provisions for liabilities
12.1 12.3 12.4	The useful lives of fixed assets, intangible assets and investment property	The useful lives and depreciation method - adopted accounting principles - point regarding intangible assets, fixed assets and investment property

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 cannot be measured with sufficient reliability
12.25	The contract for construction services	The stage of completion of the contract are calculated by dividing the percentage of the costs actually incurred for the cost of the contract - The adopted Accounting Principles - Contracts for construction services

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. The analysis of impairment of financial assets is described on pages 34-35, and on the recognition of exchange differences on page 12.

12. Notes to the Statements 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	other intangible assets	intangible assets in progress	Total intangible assets
Gross value at beginning of period	**71 033**	**98 860**	**24 456**	**2 336**	**4 445**	**201 130**
- Increases	-	19 846	241	-	10 961	31 048
- Reductions	-13 590	-203	-791	-52	-35	-14 671
- Reclassification	65 473	-65 353	5 370	-	-8 693	-3 203
- Foreign exchange differences	1 157	998	73	3	-	2 231
- The loss of control of a subsidiary	-	-	-1 664	-	-28	-1 692
Gross value at end of period	**124 073**	**54 148**	**27 685**	**2 287**	**6 650**	**214 843**
accumulated depreciation at beginning of period	**31 941**	**-**	**14 363**	**1 516**	**-**	**47 820**
depreciation	13 313	-	2 311	156	-	15 780
- sale and liquidation	-8 549	-	-417	-52	-	-9 018
- the loss of control of a subsidiary	-	-	-907	-	-	-907
- foreign exchange differences	467	-	52	3	-	522
accumulated depreciation at end of period	**37 172**	-	**15 402**	**1 623**	**-**	**54 197**
write-downs for impairment at beginning of period	**310**	**-**	**-**	**-**	**-**	**310**
- foreign exchange differences	40	-	**-**	**-**	**-**	40
write-downs for impairment at the end of the period	**350**	-	**-**	**-**	**-**	**350**
net value of intangible assets at beginning of period	**38 782**	**98 860**	**10 093**	**820**	**4 445**	**153 000**
net value of intangible assets at end of period	**86 551**	**54 148**	**12 283**	**664**	**6 650**	**160 296**

Note 12.1A **31.12.2013**

TABLE OF INTANGIBLE ASSETS

	research and development costs	R & D expenses in progress	concessions, patents, licenses	other intangible assets	intangible assets in progress	Total intangible assets
Gross value at beginning of period	**63 098**	**45 819**	**23 038**	**2 336**	**2 548**	**136 839**
- Increases	895	67 780	302	-	4 133	73 110
- Reductions	-2 281	-1 029	-429	-	-25	-3 764
- Reclassification	12 157	-11 446	1 489	4	-2 204	-
- Foreign exchange differences	-2 836	-2 264	-47	-4	-7	-5 158
- The loss of control of a subsidiary	-	-	103	-	-	103
Gross value at end of period	**71 033**	**98 860**	**24 456**	**2 336**	**4 445**	**201 130**
accumulated depreciation at beginning of period	**25 734**	**-**	**12 318**	**1 358**	**-**	**39 410**
- depreciation	8 227	-	2 285	162	-	10 674
- sale and liquidation	-1 280	-	-347	-6	-	-1 633
- the loss of control of a subsidiary	-	-	92	-	-	92
- foreign exchange differences	-740	-	15	2	-	-723
accumulated depreciation at end of period	**31 941**	-	**14 363**	**1 516**	**-**	**47 820**
write-downs for impairment at beginning of period	**3 947**	**2 011**	**-**	**-**	**-**	**5 958**
- reversal of losses recognized during the period	-3 658	-2 011	-	-	-	-5 669
- foreign exchange differences	21	-	-	-	-	21
write-downs for impairment at the end of the period	**310**	-	**-**	**-**	**-**	**310**
net value of intangible assets at beginning of period	**33 417**	**43 808**	**10 720**	**978**	**2 548**	**91 471**
net value of intangible assets at end of period	**38 782**	**98 860**	**10 093**	**820**	**4 445**	**153 000**

Note 12.1B

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	**31.12.2014**	**31.12.2013**
a) own	158 726	151 430
- Including those generated in-house	149 270	109 830
b) used under rental, lease or other agreement, including leasing agreement:	1 570	1 570
Total intangible assets	**160 296**	**153 000**

Note 12.1C

The income statement including any amortization of intangible assets	**2014**	**2013**
- Cost of sales	13 021	7 855
- Cost of sales	38	330
- General and administrative expenses	2 721	2 489
Total	**15 780**	**10 674**

Note 12.2

GOODWILL OF SUBSIDIARIES

As at 31.12.2014 and as at 31.12.2013 as a result of tests no impairment of goodwill was noted.

Goodwill for the purposes of testing for impairment of goodwill was allocated to operating segments.

Goodwill recognized in the consolidated financial statements in the amount of PLN 1,249,955 thousand was assigned to the segment Mining.

The recoverable value of a resort that allocated goodwill corresponds to its value in use, which is determined using the discounted cash flow before taxes, based on the five-year financial projections prepared independently by Group companies and approved by their management and consolidated forecasts for the years 2015-2019.

In the calculation gross discount rate was assumed at 8.44% (10.36% in 2013) on the basis of the weighted average cost of capital (WACC).

Continuation of the activity was assumed after the forecast period and to determine the residual value formula for perpetual annuity was used.

The Group does not assume growth of key parameters in the model after the forecast period..

Cash flow projections during the budget period were adopted assuming long-term development of the Group's business based on the use of internal potential. Defining objectives are based on available market prospects and forecasts for the global mining and development of KOPEX Group's strategy for the years 2015-2020. The Management Board of the parent company optimizes the model of the companies in the Group (optimization program) to create the organizational conditions for the implementation of continuous improvement in profitability and more efficient use of all resources.

The key assumptions of the forecast:

sales revenues - average annual growth during the forecast period: 13.3%

The operating result - average annual growth during the forecast period: 34.9%.

Cash flow during the forecast period assumed on the basis of a detailed analysis of products (revenue, profitability), and analysis of the markets.

Financial projections made in terms of constant prices in 2014.

It is assumed that an interest rate, and particularly operating profit are justified in light of the intensive development of key products and the inclusion of Kopex Group commercial offer through the care service system and early warning service called. "Life cycle management".

The sensitivity analysis, which assumed discount rate variability in the range of -1p.p. to + 1p.p. and the volatility of the operating result of -10p.p. to + 10p.p., it showed that if there have been significant changes in one of the key assumptions in the model is the total carrying value of the segment - Mining does not exceed the total recoverable amount..

Value in use is equal to the carrying value while reducing facility operating profit forecast by 30 percentage points or the discount rate by 4.5 p.p.

Note 12.3A 31.12.2014

TABLE OF FIXED ASSETS

	land	buildings and constructions	technical equipment and machines	means of transport	other fixed assets	fixed assets under construction	fixed assets total
The gross value of investment property at beginning of period	**15 946**	**289 606**	**934 293**	**26 392**	**37 701**	**21 508**	**1 325 446**
- increases	1 697	131	8 104	321	406	121 451	132 110
- reductions	-411	-6 737	-24 926	-4 072	-1 528	-	-37 674
- reclassification	915	8 149	94 854	2 242	2 538	-113 214	-4 516
- foreign exchange differences	-764	115	953	112	238	21	675
- the loss of control of a subsidiary	-848	-7 441	-56 264	-373	-1 216	-303	-66 445
The gross value of investment properties at end of period	**16 535**	**283 823**	**957 014**	**24 622**	**38 139**	**29 463**	**1 349 596**
accumulated depreciation at beginning of period	**2 693**	**52 128**	**474 546**	**14 900**	**27 719**	**-**	**571 986**
- depreciation	170	6 740	121 593	3 281	3 572	-	135 356
- sale and liquidation	-51	-1 250	-39 066	-2 523	-1 564	-	-44 454
- reclassification	-	-355	-955	-130	-	-	-1 440
- foreign exchange differences	-	-48	582	47	199	-	780
- the loss of control of a subsidiary	-804	-1 311	-15 722	-238	-796	-	-18 871
accumulated depreciation at end of period	**2 008**	**55 904**	**540 978**	**15 337**	**29 130**	-	**643 357**
write-downs for impairment at beginning of period	**-**	**-**	**129**	**798**	**-**	**74**	**1 001**
- losses recognized during the period	-	-	12 013	57	85	-	12 155
- reversal of losses recognized during the period	-	-	-13	-798	-	-	-811
- foreign exchange differences	-	-	3	-	-	-	3
write-downs for impairment at the end of the period	**-**	**-**	**12 132**	**57**	**85**	**74**	**12 348**
net value of investment property at beginning of period	**13 253**	**237 478**	**459 618**	**10 694**	**9 982**	**21 434**	**752 459**
net value of investment properties at end of period	**14 527**	**227 919**	**403 904**	**9 228**	**8 924**	**29 389**	**693 891**

Note 12.3A 31.12.2013

TABLE OF FIXED ASSETS

	land	buildings and constructions	technical equipment and machines	means of transport	other fixed assets	fixed assets under construction	fixed assets total
The gross value of investment property at beginning of period	**15 521**	**278 208**	**878 811**	**27 387**	**42 575**	**38 344**	**1 280 846**
- increases	1 023	269	12 649	2 078	594	114 758	131 371
- reductions	-1 166	-603	-69 923	-5 626	-7 975	-7 617	-92 910
- reclassification	794	8 904	111 023	2 263	2 736	-124 242	1 478
- foreign exchange differences	-374	-804	-3 464	-254	-554	22	-5 428
- the loss of control of a subsidiary	148	3 632	5 197	544	325	243	10 089
The gross value of investment properties at end of period	**15 946**	**289 606**	**934 293**	**26 392**	**37 701**	**21 508**	**1 325 446**
accumulated depreciation at beginning of period	**2 567**	**60 593**	**400 899**	**15 600**	**28 098**	**-**	**507 757**
- depreciation	162	6 848	122 971	3 128	5 542	-	138 651
- sale and liquidation	-36	-14 657	-48 728	-3 775	-5 683	-	-72 879
- reclassification	-	-1 083	-673	-126	47	-	-1 835
- foreign exchange differences	-	-82	-2 004	-109	-452	-	-2 647
- the loss of control of a subsidiary	-	509	2 081	182	167	-	2 939
accumulated depreciation at end of period	**2 693**	**52 128**	**474 546**	**14 900**	**27 719**	-	**571 986**
write-downs for impairment at beginning of period	**-**	**-**	**7 629**	**798**	**-**	**-**	**8 427**
- losses recognized during the period	-	-	1 579	-	-	508	2 087
- reversal of losses recognized during the period	-	-	-9 077	-	-	-434	-9 511
- foreign exchange differences	-	-	-2	-	-	-	-2
write-downs for impairment at the end of the period	**-**	**-**	**129**	**798**	**-**	**74**	**1 001**
net value of investment property at beginning of period	**12 954**	**217 615**	**470 283**	**10 989**	**14 477**	**38 344**	**764 662**
net value of investment properties at end of period	**13 253**	**237 478**	**459 618**	**10 694**	**9 982**	**21 434**	**752 459**

Fixed assets are encumbered by a mortgage and a pledge to the amount of PLN 718,338 thousand and constitute collateral for loans.
The value of future contractual commitments to acquire property, plant and equipment and intangible assets amounted to day 31.12.2014: PLN 17 914 thousand (as at 31.12.2013: PLN 17 840 thousand).

Note 12.3B

FIXED ASSETS BALANCE SHEET (OWNERSHIP STRUCTURE)	31.12.2014	31.12.2013
own	**593 717**	**641 192**
used under rental, lease or other agreement, including leasing agreement, including:	**100 174**	**111 267**
- on the basis of lease agreements - machinery and equipment	94 599	107 272
- On the basis of lease agreements - means of transport	3 265	3 874
- On the basis of lease agreements - other fixed assets	2 310	121
Fixed assets balance sheet, total	**693 891**	**752 459**

Note 12.3C

FIXED ASSETS SHOWN OFF-BALANCE SHEET	31.12.2014	31.12.2013
- Used under rental, lease or other agreement, including leasing agreement	4 183	3 336
- The value of land in perpetual usufruct	11 795	9 869
Fixed assets off-balance sheet	**15 978**	**13 205**

Note 12.4A 31.12.2014

CHANGES IN INVESTMENT PROPERTY

	land	buildings, premises and civil engineering	investment property under construction	Total investment properties
The gross value of investment property at beginning of period	**14 468**	**20 055**	**75**	**34 598**
- Increases	-	61	397	458
- reductions	-	-1 877	-	-1 877
- reclassification	1	2 329	-393	1 937
- foreign exchange differences	420	155	-	575
the gross value of investment properties at end of period	**14 889**	**20 723**	**79**	**35 691**
accumulated depreciation at beginning of period	**226**	**6 510**	-	**6 736**
- depreciation	83	567	-	650
- sale and liquidation	-	-786	-	-786
- reclassification	-	1 365	-	1 365
- foreign exchange differences	-	18	-	18
accumulated depreciation at end of period	**309**	**7 674**	-	**7 983**
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**	-	-	**1 137**
net value of investment property at beginning of period	**13 105**	**13 545**	**75**	**26 725**
net value of investment properties at end of period	**13 443**	**13 049**	**79**	**26 571**

Note 12.4A **31.12.2013**

CHANGES IN INVESTMENT PROPERTY

	land	buildings, premises and civil engineering	investment property under construction	Total investment properties
The gross value of investment property at beginning of period	**16 722**	**19 168**	**112**	**36 002**
- Increases	-	335	224	559
- reductions	-438	-	-	-438
- reclassification	-	2 684	-261	2 423
- foreign exchange differences	-1 816	-2 132	-	-3 948
the gross value of investment properties at end of period	**14 468**	**20 055**	**75**	**34 598**
accumulated depreciation at beginning of period	**143**	**6 476**	-	**6 619**
- depreciation	83	600	-	683
- reclassification	-	1 094	-	1 094
- foreign exchange differences	-	-1 660	-	-1 660
accumulated depreciation at end of period	**226**	**6 510**	-	**6 736**
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	**16 579**	**12 692**	**112**	**29 383**
net value of investment properties at end of period	**13 105**	**13 545**	**75**	**26 725**

Note 12.4B

REVENUES AND COSTS RELATED TO REAL ESTATE INVESTMENT	**31.12.2014**	**31.12.2013**
a) income from rents regarding investment property	4 649	6 339
b) direct operating expenses under income from rent dot. real estate investing	3 583	3 745
c) direct operating expenses regarding the investment property rental income not made	9	18

The fair value of investment property is close to book value.

Note 12.5A **31.12.2014**

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

ENTITY	HQ	% of share capital held	share in total number of votes
WS Baildonit Sp. z o.o.	Katowice	29,41%	29,41%
Anhui Long Po Electrical Corporation Ltd	China	20,00%	20,00%
Tifenbach Polska Sp. z o.o.	Radzionków	49,00%	49,00%
Shandong Tagao Mining Equipment Manufacturing Co. Ltd	China	50,00%	50,00%
Miilux Poland Sp. z o.o.	Tarnowskie Góry	33,00%	33,00%

Note 12.5A **31.12.2013**

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

ENTITY	HQ	% of share capital held	share in total number of votes
WS Baildonit Sp. z o.o.	Katowice	29,41%	29,41%
Anhui Long Po Electrical Corporation Ltd	China	20,00%	20,00%
Tifenbach Polska Sp. z o.o.	Radzionków	49,00%	49,00%
Odlewnia Staliwa Łabędy Sp. z o.o.	Gliwice	25,63%	25,63%
Shandong Tagao Mining Equipment Manufacturing Co. Ltd	China	50,00%	50,00%
Hansen Electric spol. S.r.o.	Czech Republic	50,00%	50,00%
OOO SIB-Hansen	Russia	40,00%	40,00%

Note 12.5B

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31.12.2014	31.12.2013
state at beginning of period	54 526	55 132
adjustment of profit from previous years	-1 519	-58
foreign currency translation differences	4 716	-2 146
adjustment of profits from transactions top down	21	100
valuation of property rights	6 117	9 614
dividend	-	-8 116
creation of an affiliated company	3 862	-
sale of associates	-19 475	-
Balance at the end of period	**48 248**	**54 526**

Note 12.5C

FINANCIAL DATA FOR ASSOCIATES	31.12.2014	31.12.2013
Total assets	638 591	631 942
Liabilities	540 188	533 915
Revenues	258 800	734 042
Profit / (loss) for the accounting period	9 193	14 592

Note 12.6

LEASING RECEIVABLES	31.12.2014	31.12.2013
minimum lease payments, including:	**42 475**	**100 196**
- Up to one year	31 382	61 385
- Up to 5 years	11 093	38 811
unrealized financial income, including:	**4 149**	**7 085**
- Up to one year	3 796	5 417
- Up to 5 years	353	1 668
the present value of minimum payments under finance leases:	**38 326**	**93 111**
- Up to one year	27 586	55 968
- Up to 5 years	10 740	37 143
reserve for unrecoverable lease payments (write-downs)	**340**	**340**
lease receivables in the statement of financial position, including:	**37 986**	**92 771**
- long-term	10 740	37 144
- short-term	27 246	55 627

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 value is PLN 3 584 thousand (PLN 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 largest lease arrangements in terms of value, for which the present value of the minimum lease payments as at 31.12.2014 amounted to 741 thousand PLN 31:
- 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 12.7

OTHER LONG-TERM FINANCIAL ASSETS	31.12.2014	31.12.2013
Long-term financial assets available for sale	2 106	1 346
Long-term other receivables	14 804	242
Long-term loans	116 646	16 609
Long-term prepayments	41	56
Investment in associates	60	6
Total	**133 657**	**18 259**

Detailed information regarding other receivables included in note 12.10C

Detailed information on the loans included in Note 8 and 12.11

Note 12.8A

DEFERRED INCOME TAX	31.12.2014	31.12.2013
Deferred income tax at the beginning of the period	115 118	81 762
Deferred income tax at the beginning of the reporting period	60 272	41 624
The surplus deferred income tax at the beginning of the period	**61 198**	**41 192**
The surplus deferred income tax at the beginning of the period	**6 352**	**1 054**
Changes during the reporting period:		
Recognized in the profit and loss account	-4 852	17 046
Recognized in other comprehensive income	1 617	281
Acquisition / loss of control of a subsidiary; foreign currency translation differences	-6 373	-2 538
Discontinued operations		-81
Deferred tax assets at end of period	123 569	115 118
Deferred tax assets at the end of the reporting period	78 331	60 272
The surplus deferred tax assets at end of period	**50 830**	**61 198**
The surplus deferred tax assets at end of period	**5 592**	**6 352**

The Group did not recognize deferred income tax on tax losses that can be settled in future periods by reducing taxable income, for the total amount of PLN 15,278 thousand.

Deferred tax assets as at 31.12.2014 in the amount of PLN 97 987 thousand scheduled for completion within 12 months, in the amount of PLN 25 582 thousand scheduled for completion during the period of over 12 months (as at 31.12.2013 in the amount of PLN 92 465 thousand scheduled for completion within 12 months, in the amount of PLN 22 653 thousand or completion within more than 12 months).

Provision for deferred income tax on 31.12.2014 and 31.12.2013 were due to be recovered within 12 months.

Note 12.8B 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	Loss / increase control / foreign exchange differences	As at 31.12.2014
Tax losses	35 500	526	-	-7 427	**28 599**
Costs relating to contracts for construction services	10 119	15 077	-	-4 601	**20 595**
Differences depreciation	15 606	4 204	-	-3	**19 807**
Investment tax credit	28 569	-8 798	-	-	**19 771**
Accruals	2 488	8 119	-	-110	**10 497**
Write-downs of assets	4 698	2 514	-	-117	**7 095**
Provisions for employee benefits	4 825	31	706	-8	**5 554**
Unpaid obligations	5 337	-634	-	-725	**3 978**
Interest	2 378	583	-	-221	**2 740**
Provisions for anticipated costs and claims	1 752	86	-	-52	**1 786**
Other	3 846	-958	347	-88	**3 147**
Total	**115 118**	**20 750**	**1 053**	**-13 352**	**123 569**

Provision for 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	Loss / increase control / foreign exchange differences	As at 31.12.2014
Assets under contracts for construction services	23 095	29 156	-	-3 824	**48 427**
Differences depreciation	25 069	-10 516	380	-2 902	**12 031**
Not received penalty	221	5 301	-	-210	**5 312**
Taxable temporary differences on foreign affiliates	2 741	1 273	-	25	**4 039**
Interest	2 787	1 135	-	-	**3 922**
Exchange differences	757	992	-	-7	**1 742**
Other	5 602	-1 739	-944	-61	**2 858**
Total	**60 272**	**25 602**	**-564**	**-6 979**	**78 331**

Note 12.8B 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	Loss / increase control / foreign exchange differences	Discontinued operations	As at 31.12.2013
Accruals and Provisions	10 064	-938	49	-110	-	**9 065**
Interest	1 389	989	-	-	-	**2 378**
Write-downs of assets	4 897	-261	-	62	-	**4 698**
Fixed assets	6 594	9 015	-	-3	-	**15 606**
Exchange differences	1 659	1 016	-	-	-	**2 675**
The revaluation of assets and liabilities	-255	120	135	-	-	**-**
Assets under contracts for construction services	5 419	4 700	-	-	-	**10 119**
Investment tax credit	21 565	7 004	-	-	-	**28 569**
Deductible temporary differences on foreign affiliates	136	28	-	-	-	**164**
Tax losses	22 678	15 913	-	-3 010	-81	**35 500**
Unpaid obligations	0	5 337	-	-	-	**5 337**
Other	7 616	-6 875	-	266	-	**1 007**
Total	**81 762**	**36 048**	**184**	**-2 795**	**-81**	**115 118**

Provision for 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	Loss / increase control / foreign exchange differences	Discontinued operations	As at 31.12.2013
Prepayments and accrued income	1 156	-691	-	-41	-	**424**
Interest	2 489	309	-	-11	-	**2 787**
Fixed assets	16 189	9 359	-	-479	-	**25 069**
Exchange differences	1 757	-1 000	-	-	-	**757**
Not received penalty	710	-489	-	-	-	**221**
The revaluation of assets and liabilities	2 686	-637	-97	-	-	**1 952**
Costs relating to contracts for construction services	6 556	16 543	-	-4	-	**23 095**
Taxable temporary differences on foreign affiliates	1 950	784	-	7	-	**2 741**
Taxable temporary differences relating to financial leasing	1 515	-838	-	-	-	**677**
Other	6 616	-4 338	-	271	-	**2 549**
Total	**41 624**	**19 002**	**-97**	**-257**	**-**	**60 272**

Note 12.9A

INVENTORIES	31.12.2014	31.12.2013
materials	88 662	139 086
semi-finished products and work in progress	107 940	92 828
finished products	31 076	61 735
goods	11 379	3 059
Total inventories	**239 057**	**296 708**
write-downs	18 376	25 614
Gross inventories total	**257 433**	**322 322**

Inventories are pledged to the amount of PLN 71 000 thousand and constitute collateral for bank loans.

Note 12.9B

CHANGE IN WRITE-DOWNS OF INVENTORIES	31.12.2014	31.12.2013
Balance at beginning of period	25 614	27 007
exchange differences	112	-472
increase recorded in the period in the profit and loss account	3 702	3 542
reductions recognized in the period in the profit and loss account	-5 927	-4 463
use of impairment charges	-5 091	-
loss of control over subsidiary	-34	-
Balance at end of period	**18 376**	**25 614**

In connection with the implemented optimization program materials were sold, used for the production and scrapped that were previously created offs updating the value. On the part of the production in course a write-down was created to the value recoverable.

Note 12.10A

SHORT-TERM RECEIVABLES FROM SUPPLIES AND SERVICES	31.12.2014	31.12.2013
with a repayment period up to 12 months	379 586	369 829
the period of over 12 months	2 201	1 516
Short-term net receivables from supplies and services, total	**381 787**	**371 345**
write-downs	46 483	31 981
Short-term receivables from supplies and services, gross	**428 270**	**403 326**

Trade receivables and services do not constitute a security for liabilities.

Note 12.10B

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	18 005	7 126
from 1 month to 3 months	23 124	12 377
over 3 months to 6 months	6 113	6 258
over 6 months to 1 year	3 364	2 512
over 1 year	13 635	18 602
receivables from supplies and services, overdue, total	**64 241**	**46 875**

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.. Other receivables overdue more than 1 year have not lost their value due to the fact that they are covered by collateral.

Note 12.10C

OTHER RECEIVABLES	31.12.2014	31.12.2013
Financial receivables:		
from damages	20 195	-
from financing activities	24 174	11 892
from investing activities	6 260	16 994
deposits, guarantee deposits	1 778	1 170
the amount to be refunded	-	1 277
other	13 071	14 041
Total financial receivables, of which:	**65 478**	**45 374**
long-term	4 579	-
short-term	60 899	45 374
Non-financial receivables:		
advances for deliveries	11 018	8 104
taxes, subsidies, customs, social security, health care and other benefits	22 914	17 713
receivables from the liquidators from liquidated subsidiaries	6 959	6 959
prepayments	6 067	3 119
other	11 812	3 198
Total non-financial receivables, short-term	**58 770**	**39 093**
long-term	10 225	242
short-term	48 545	38 851
Total other receivables Net	**124 248**	**84 467**
write-downs	15 927	23 575
Total other receivables Gross	**140 175**	**108 042**

Note 12.10D

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	55 556	53 683
exchange differences	36	-150
increases	10 769	8 184
decreases	-3 549	-7 226
loss of control over subsidiary	-402	-
acquisition of control of a subsidiary	-	1 065
Write-downs of receivables at end of period	**62 410**	**55 556**

Note 12.11

GRANTED LOANS	31.12.2014	31.12.2013
loans	156 520	39 352
bonds	-	16 542
Granted loans total, including:	**156 520**	**55 894**
long-term	116 646	16 609
short-term	39 874	39 285

Note 12.12A

OTHER FINANCIAL ASSETS AND LIABILITIES	31.12.2014	31.12.2013
Financial assets - Derivative financial instruments	**1 338**	**9 812**
hedging cash flows for which hedge accounting is conducted, as follows:	**862**	**6 197**
- with maturity of up to 12 months	736	5 616
- from maturity of over 12 months	126	581
hedging cash flows for which no hedge accounting is conducted:	**476**	**3 615**
- with maturity of up to 12 months	476	310
- from maturity of over 12 months	-	3 305
Financial assets at fair value through profit or loss	**39**	**90**
Financial liabilities - Derivative financial instruments	**2 237**	**547**
hedging cash flows for which hedge accounting is conducted, including:	**2 152**	**21**
- with maturity of up to 12 months	1 957	21
- with maturity of over 12 months	195	-
hedging cash flows for which no hedge accounting is conducted with maturity of up to 12 months	**85**	**131**
IRS transactions with a maturity of up to 12 months	**-**	**395**

In the position of short-term assets at fair value through profit or loss The Group recognized the shares of companies listed on the Stock Exchange in Warsaw.

Note 12.12B

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	**6 410**	**7 550**
the amount recognized in equity during the reporting period due to concluded effective hedging transactions	-5 595	3 994
realized hedging transactions held in equity until the planned (hedged) transactions	3 174	1 553
the amount transferred from equity to the income statement in the period, including:	4 382	6 687
- Transactions open	652	865
- Transactions closed	3 730	5 822
accumulated in equity gain or loss on financial instruments hedging cash flows at the end of the year	**-393**	**6 410**

Note 12.12C

RESULT IN FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS	31.12.2014	31.12.2013
realized derivatives	2 740	4 842
valuation of outstanding derivatives	-2 717	-101
valuation of listed shares	-53	-461
result from the sale of listed shares	-	1 319
Total	**-30**	**5 599**

Note 12.13

STRUCTURE OF CASH	31.12.2014	31.12.2013
cash in banks	81 224	87 615
cash at the tills	2 141	641
other means	1 480	331
Total cash	**84 845**	**88 587**

Note 12.14

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	10 zł	10 zł
- 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	**1 zł**	**1 zł**
- 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	**1 zł**	**1 zł**
- 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	**1 zł**	**1 zł**
Total number of shares	**74 332 538**	**74 332 538**
The nominal value of one share	**1 zł**	**1 zł**
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.

Note 12.15

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 12.16

REVALUATION RESERVE	31.12.2014	31.12.2013
revaluation of financial assets available for sale	-196	-176
cash flow hedges	-393	6 410
deferred tax arising from cash flow hedges	74	-1 215
Revaluation reserve, total	**-515**	**5 019**

Note 12.17

RETAINED EARNINGS	31.12.2014	31.12.2013
profits from previous years	1 289 878	1 224 890
from the revaluation of fixed assets	42 412	47 635
capital reserves	37 729	34 458
profit of the current period	101 260	65 278
profits (losses)	-6 957	-3 552
actuarial profits (losses) tax	1 322	675
Retained earnings, total	**1 465 644**	**1 369 384**

Note 12.18A **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			Terms of interest	The maturity date	Collateral
				Long term part	Short-term part				
		PLN thousand	credit / loan currency	PLN thousand	PLN thousand	credit / loan currency			
PKO BP	Warszawa	464 243	PLN	-	216 413	PLN	WIBOR 1M + MARGIN	31.07.2015	joint mortgage on real property, registered pledge on the shares, registered pledge on inventory, assignment of contracts, powers of attorney to bank accounts
Raiffeisen Bank Polska S.A.	Katowice	85 476	PLN	-	30 540	PLN	WIBOR 1M + MARGIN	26.02.2016	power of attorney to the account, assignment of contract
ING BSK S.A.	Katowice	105 500	PLN	-	56 143	PLN	WIBOR 1M + MARGIN	20.08.2015	mortgage on real property, registered pledge on machines, power of attorney to bank accounts, assignment of contract
PKO BP S.A.	Katowice	110 235	PLN	11 203	22 406	PLN	WIBOR 1M + MARGIN	09.06.2016	assignment of receivables from contracts, surety, promissory note
BNP Paribas Bank Polska S.A.	Katowice	40 000	PLN	-	8 789	PLN	WIBOR 1M + MARGIN	16.12.2016	blank promissory notes, pledge on inventory, capped mortgage on real estate
Westpack	Australia	10 057	AUD	-	6 592	AUD	Base rate + Margin	31.05.2015	bank guarantee
PKO BP SA	Gliwice	19 652	AUD	2 171	4 342	AUD	1M LIBOR AUD + MARŻA	30.06.2016	guarantees, registered pledge on inventory, assignment of insurance policy
The remaining credits and loans in PLN				-	1 515				
Other loans and credits in foreign currencies				-	2 239				
TOTAL				**13 374**	**348 979**				

Note 12.18B **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.	Warszawa	110 235	PLN	33 608	22 406	WIBOR 1M +	09.06.2016	assignment of receivables from contracts, surety, promissory note
PKO BP S.A.	Warszawa	79 389	PLN	-	55 210	WIBOR 1M + MARGIN	30.06.2014	weksel własny, pełnomocnictwo do rachunku w ING, poręczenie KOPEX, hipoteka łączna na nieruchomościach Tagor S.A. w Tarnowskich Górach i Zabrzu wraz z cesją z polisy
PKO BP S.A.	Warszawa	51 000	PLN	-	51 000			
ING Bank Ślski SA	Katowice	140 664	PLN	2 660	90 648	WIBOR 1M + MARGIN	19.07.2014	mortgage on real property, registered pledge on machinery and inventories of metallurgical, power of attorney to bank accounts, assignment of contracts
Raifaisen Bank Polska S.A.	Katowice	52 325	PLN	-	25 020	WIBOR 1M + MARGIN	29.08.2014	power of attorney to the account, declaration on submission to enforcement
PKO BP S.A.	Warszawa	20 000	PLN	-	20 000	WIBOR 1M + MARGIN	30.11.2014	promissory note guaranteed by KM SA, enforcement, civil law surety KOPEX SA, pledge on metallurgical materials Tagor, assignment of contract
PKO BP S.A.	Warszawa	98 000	PLN	-	-			
PKO BP S.A.	Warszawa	19 000	PLN	-	15 575	WIBOR 1M + MARGIN	01.07.2014	bill of exchange "in blanco", Kopex civil surety, aval KMSA, registered pledge on machines, assignment of receivables from contract
PKO BP S.A.	Warszawa	179 000	PLN	-	12 265	WIBOR 1M + MARGIN	01.07.2014	capped mortgage on real estate + assignment of insurance policy, assignment of receivables from contracts, power of attorney to bank accounts, surety, pledge on shares
PKO BP S.A.	Warszawa	20 000	PLN	-	20 000			
PKO BP S.A.	Warszawa	18 268	AUD	6 089	4 059	1M LIBOR AUD + MARŻA	30.06.2016	Kopex guarantee, registered pledge on the mat. Metallurgical hp SA , Assignment of insurance
BNP Paribas Bank Polska S.A.	Katowice	10 000	PLN	-	8 903	WIBOR 1M + MARGIN	02.05.2014	blank promissory note Kopex, KM, PBSZ, a statement of submission to enforcement, registered pledge on inventories hp, capped mortgage on real estate hp in Rybnik
DZ BANK	Warszawa	30 016	PLN	-	7 585	WIBOR 1M + MARGIN	21.03.2015	A promissory note guaranteed by Kopex SA; Kopex civil surety company, registered pledges hp SA and Tagor
DZ BANK	Warszawa	28 195	PLN	-	2 890	WIBOR 1M +	12.05.2014	A promissory note, surety, assignment of the contract, pledge
PKO BP S.A.	Warszawa	21 667	PLN	-	6 019	WIBOR 1M +	31.10.2014	assignment of debts, surety by Kopex SA
PKO BP S.A.	Warszawa	10 939	PLN	509	3 053	WIBOR 1M +	28.02.2015	assignment of debts, surety by Kopex SA
BZ WBK SA	Warszawa	5 000	PLN	-	5 015	WIBOR 1M + MARGIN	17.01.2014	bill of exchange "in blanco", guarantee Kopex SA, the authorization for the bank to dispose of accounts, transfer of future receivables from commercial contracts
PKO BP S.A.	Warszawa	15 000	PLN	-	-	WIBOR 1M + MARGIN	30.06.2016	promissory note, submission to execution, surety hp SA and KOPEX SA
ING BSK SA	Gliwice	12 000	PLN	-	3 668	WIBOR 1M +	30.04.2015	power of attorney to dispose of the funds on the current account at ING hp SA
mBank SA	Katowice	3 000	PLN	80	1 062	WIBOR 1M +	05.01.2015	assignment of debts, surety by Kopex SA
mBank SA	Katowice	10 000	PLN	-	446	WIBOR O/N + MARGIN	31.01.2014	bill of exchange; Kopex bail
The remaining credits and loans in				878	1 492			
Other loans and credits in foreign currencies				-	8 049			
TOTAL				**43 824**	**364 365**			

Note 12.19

OTHER LIABILITIES	31.12.2014	31.12.2013
advances received for deliveries	48 763	79 890
taxes, duties, insurance and other benefits	40 949	36 940
from remuneration	17 039	17 141
from investing activities	11 552	13 129
surplus of recognized losses and receivables conditioned by execution of an agreement on agreed upon with the valuation cumulative revenues	9 362	8 117
due to compulsory acquisition	1 981	2 075
from dividends	525	527
remaining	6 383	8 782
Other liabilities, of which:	**136 554**	**166 601**
long-term	1 868	3 464
short-term	134 686	163 137

Note 12.20

LEASING LIABILITIES	31.12.2014	31.12.2013
minimum lease payments, including:	**90 960**	**86 554**
- Up to one year	40 085	35 793
- Up to 5 years	44 998	50 761
- Over 5 years	5 877	-
future financial burdens, including:	**7 349**	**7 483**
- Up to one year	3 299	3 673
- Up to 5 years	3 522	3 810
- Over 5 years	528	-
the present value of minimum lease payments finance, including:	**83 611**	**79 071**
- Up to one year	36 786	32 120
- Up to 5 years	41 476	46 951
- Over 5 years	5 349	-
Leasing liabilities in the statement of financial position, including:	**83 611**	**79 071**
long-term	46 825	46 951
short-term	36 786	32 120

Most of the contracts has been concluded for a fixed term, for a period of 5 years.
The subjects of lease agreements are mining machines.
Interest rates on most lease agreements can vary depending on changes in WIBOR 1M.
The lessee has the right to purchase the leased object at the end of contracts and payment of all fees.

Note 12.21A

RESERVE UNDER EMPLOYEE BENEFITS	31.12.2014	31.12.2013
- Due to retirement, disability and death benefits	13 320	7 636
- Jubilee awards	11 670	12 307
- For unused vacation	7 983	7 749
- In respect of other benefits for employees	2 513	3 237
Total provision for employee benefits, including:	**35 486**	**30 929**
Long-term	21 259	17 925
short-term	14 227	13 004

Note 12.21B

RECONCILIATION OF LIABILITIES BALANCE WITH DEFINED BENEFIT	31.12.2014	31.12.2013
The commitment of defined benefit at beginning of period	19 943	26 079
Exchange differences	49	-
Current service cost	2 102	-1 029
Interest expenses	922	413
(Profits) and losses recognized in other comprehensive income	3 705	-249
(Profits) and losses recognized in the income statement	1 883	-2 149
Past service cost	22	-
Benefits paid	-4 122	-2 603
Loss of control of a subsidiary	-60	-
Other	546	-519
Defined benefit obligation at the end of the accounting period	**24 990**	**19 943**

Note 12.21C

VALUATION OF LIABILITIES WITH DEFINED BENEFIT RECOGNIZED IN THE PROFIT AND LOSS	2 014	2 013
Current service cost	-2 102	1 029
Interest expenses	-922	-413
Profits and (losses) recognized in the income statement	-1 883	2 149
Past service cost	-22	-
Other	-	519
Impact on the income statement	**-4 929**	**3 284**

Note 12.21D

VALUATION OF LIABILITIES WITH DEFINED BENEFIT RECOGNIZED IN OTHER COMPREHENSIVE INCOME	31.12.2014	31.12.2013
The opening balance of other comprehensive income	-3 552	-3 303
Profits and (losses) recognized in other comprehensive income in the current period	-3 727	-249
Profits and (losses) recognized in other comprehensive income in the current period attributable to minority shareholders	22	-
Loss of control of a subsidiary	300	-
The closing balance of other comprehensive income	**-6 957**	**-3 552**

Note 12.21E

BREAKDOWN OF ACTUARIAL GAINS AND LOSSES	2014
Change of financial assumptions	1 909
Change in demographic assumptions	-69
Other changes (experience adjustment))	3 748
Actuarial losses total	**5 588**

Costs for employee benefits are included in operating activities.

Note 12.21F

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

Note 12.21G

SENSITIVITY ANALYSIS OF CHANGES IN VALUATION OF LIABILITIES WITH DEFINED BENEFIT	31.12.2014
The discount rate -1p.p.	28 177
The discount rate + 1p.p.	24 376
Planned increases in the basics -1p.p.	24 134
Planned increases in the basics + 1p.p.	27 696

Note 12.22 31.12.2014

OTHER PROVISIONS FOR LIABILITIES

	As at 01.01.2014	Creation of reserves in the income statement	Change in the provision updating of estimates recognized in the profit and loss account	Use of reserves	Loss of control of a subsidiary	Release of unused provisions - recognition of the profit and loss account	As at 31.12.2014
Provision for warranty repairs	12 268	1 929	240	-	-451	-1 096	**12 890**
Provision for claims and litigations	969	544	307	-436	-	-62	**1 322**
Provision for predicting financial liabilities	431	609	178	-600	-	-	**618**
Other provisions	658	511	514	-137	-9	-274	**1 263**
Total	**14 326**	**3 593**	**1 239**	**-1 173**	**-460**	**-1 432**	**16 093**

Note 12.23

ACCRUALS	31.12.2014	31.12.2013
accruals	65 095	17 313
grants	12 905	12 922
other	3 047	929
Accruals, including:	**81 047**	**31 164**
long-term	2 694	3 850
short-term	78 353	27 314

NOTE 12.24

SHORT-TERM LIABILITIES FROM SUPPLIES AND SERVICES	31.12.2014	31.12.2013
- with a repayment period up to 12 months	174 263	211 754
- the period of over 12 months	133	252
Total short-term liabilities for supplies and services	**174 396**	**212 006**

Note 12.25A

NET REVENUE ON SALES OF PRODUCTS, GOODS AND MATERIALS	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
country, including:	**810 339**	**742 106**
- Sales of products and services	780 038	707 034
- Sale of goods	30 301	35 072
abroad, including:	**623 592**	**648 838**
- Sales of products and services	549 325	594 762
- Sale of goods	74 267	54 076

Net revenues from the sale, total	**1 433 931**	**1 390 944**

Note 12.25B

CONSTRUCTIONS SERVICES AGREEMENTS	for the period 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	637 812	687 882
The total amount of costs incurred and recognized profits (reduced by recognized losses) to date	524 871	374 516
The amount of advances received	48 582	67 348
The amount of retentions	3 671	5 957
Gross amount due from customers for work performed from the contract as assets	254 880	174 108
Gross amount due to the contracting authority for work performed from the agreement as liabilities	9 362	8 117

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 12.26

COSTS BY TYPE	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Depreciation	151 786	150 118
Consumption of materials and energy	443 454	371 701
Foreign service	292 236	355 051
Taxes and Fees	12 551	14 213
Salary	311 514	330 367
Social security and other benefits	74 375	76 479
Other costs by type	45 176	48 725
Costs by type, total	**1 331 092**	**1 346 654**
Change in product inventories and accruals	1 945	-54 847
Cost of manufacturing products for own needs (negative value)	112 606	54 732
Cost of sales (negative value)	39 627	37 136
General and administrative expenses (negative value)	114 447	124 573
Cost of products sold	**1 066 357**	**1 075 366**
Value of goods and materials	89 263	80 739
Cost of products, goods and materials	**1 155 620**	**1 156 105**

Note 12.27

OTHER REVENUES	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Damages, penalties, legal costs	23 377	3 909
Grants	2 650	1 031
Sales of social services	849	702
Surplus inventory	238	304
Cancelled commitment	231	1 063
Reversal of provisions from previous years	-	1 201
Reversed impairment of the revaluation of assets	-	9 221
Other	1 671	2 225
Other revenues, total	**29 016**	**19 656**

Note 12.28
OTHER COSTS

	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Write-offs due to revaluation of assets	17 376	-
Penalties, legal costs, damages	2 121	2 051
Established reserves	1 619	-
Cost of of maintaining social facilities	1 444	1 244
Receivables written off	664	618
Scrapping current assets	564	1 908
Other	2 569	2 760
Other costs, total	**26 357**	**8 581**

Note 12.29
OTHER PROFIT (LOSSES)

	for the period 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)	2 730	2 427
Valuation of foreign currency transactions (for which no hedge accounting is carried out)	-2 815	781
Foreign exchange differences (except for loans)	3 292	-13 871
Result from the sale of fixed assets	7 214	10 930
Result from the sale of financial assets (stocks, bonds)	1 636	2 757
Revaluation of investments (valuation of loans, long-term settlements, shares)	-962	-952
Other profits	-2 405	517
	8 690	**2 589**

Note 12.30
FINANCIAL REVENUE

	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Interest from loans granted	4 110	2 235
Other interest	3 532	6 507
Interest on lease	3 104	7 340
Commissions from sureties, warranties	2 431	555
Other financial revenues	456	766
Total financial revenues	**13 633**	**17 403**

Note 12.31
FINANCIAL COSTS

	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Interest on loans and credits	16 528	24 353
Interest on lease	4 052	3 895
Impairment losses on financial receivables	1 344	-
Other interest	1 178	6 061
Fees on sureties, guarantees, credits	1 105	2 756
Other	1 127	1 304
Financial expenses, total	**25 334**	**38 369**

Note 12.32A
RECONCILIATION OF THE THEORETICAL TAX RESULTING FROM THE PROFIT BEFORE TAX AND STATUTORY TAX RATEFROM THE INCOME TAX EXPENSE IN PROFIT AND LOSS STATEMENT

	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Profit (loss) before tax	130 002	75 442
Tax calculated at the rate of 19%	24 700	14 334
Effect of applying tax rates applied in other countries	1 737	-256
Income not subject to tax	-6 530	-852
Expenses not deductible	5 275	4 872
Utilisation of previously not recognized tax losses	-2 033	-
Tax losses in respect of which assets were not recognized as deferred tax	4 242	1 417
Tax relief in respect of which was not recognized as deferred tax assets	-	-9 071
Adjustments in respect of prior years' tax	-	265
Other adjustments	-	-1 325
Burden the financial result from the income tax	**27 391**	**9 384**

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 12.32B
INCOME TAX

	for the period 01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
Current tax	22 539	26 430
Deferred tax	4 852	-17 046
Income tax, total	**27 391**	**9 384**

Note 12.33
REVENUES, COSTS, RESULTS AND CASH FLOWS FROM DISCONTINUED OPERATIONS

	for the period 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 income and expenses		388
Gross profit	**151**	**426**
Income tax	29	81
Net profit from discontinued operations	**122**	**345**
Net profit from discontinued operations attributable to shareholders of parent company	**122**	**345**
Cash flows from discontinued operations:		
Cash flows from operating activities	1 455	33 925
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:	**116 184**	**17 382**	**98 802**
1. To related parties	-	-	-
2. To other entities *	116 184	17 382	98 802
- guarantees and sureties granted	82 847	-3 947	86 794
- promissory notes	33 337	21 329	12 008

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 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 Group:

- Segment - mining, covers the following areas of activity:
  - mining services,
  - manufacture and sale of machinery and equipment for underground mining,
  - manufacture and sale of machinery and equipment for surface mining,
  - manufacture and sale of machinery and electrical and electronic equipment,
  - castings.
- Other operating segments:
- manufacture and sale of machinery and equipment for industry,
- sale of coal,
- other activities.

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.

Capital Group Companies offer products related to 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 Capital Group as well as its organisational structure were taken into account when selecting an operating segment.

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

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

The Group operates in a number of geographical areas and therefore the Group'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..

CONSOLIDATED SEGMENT INFORMATION BY OPERATING INDUSTRY

	Mining		Production and sale of machinery and equipment for industry		Sale of coal		Other activities		Consolidation exclusions		**Consolidated value**	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
CONTINUED OPERATIONS												
Segment revenues total	1 303 731	1 296 007	17 457	15 591	55 228	21 211	57 515	58 135	-	-	1 433 931	1 390 944
Segment revenue from external customers	1 303 731	1 296 007	17 457	15 591	55 228	21 211	57 515	58 135	-	-	1 433 931	1 390 944
Revenue between segments	-	-	-	-	-	-	37 367	46 936	-37 367	-46 936	-	-
Segment result - gross profit on sales	257 063	223 855	2 972	1 014	3 201	873	15 075	9 097	-	-	**278 311**	**234 839**
Segment operating result	138 784	104 139	-736	-3 780	370	120	-2 832	-13 685	-	-	**135 586**	**86 794**
Financial result of the whole group											-11 701	-20 966
Share in profits (losses) of subsidiaries valued using the equity method											6 117	9 614
Gross profit											**130 002**	**75 442**
Income tax											27 391	9 384
Consolidated net profit from continued operations											102 611	66 058
Consolidated net profit from discontinued operations											122	345
Consolidated net profit total											**102 733**	**66 403**
Net profit attributable to non-controlling interests											1 473	1 125
Net profit attributable to shareholders of parent company											**101 260**	**65 278**
of which:												
- from continued operations											101 138	64 933
- from discontinued operation											122	345

INFORMATION ON CONSOLIDATED REVENUES BY GEOGRAPHICAL DESTINATIONS

	Mining		Production and sale of machinery and equipment for industry		Sale of coal		Other activities		**Consolidated value**	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
SOUTH AFRICA	48 663	52 869	-	-	-	-	-	-	48 663	52 869
ARGENTINA	255 009	161 996	-	-	-	-	-	-	255 009	161 996
AUSTRALIA	15 418	38 825	3	-	-	-	935	1 002	16 356	39 827
AUSTRIA	21	-	-	-	18 292	1 307	-	-	18 313	1 307
BELARUS	1 500	-	-	-	-	-	-	-	1 500	-
BOSNIA	26 396	63 257	-	-	-	-	52	-	26 448	63 257
CHINA	32 663	48 021	-	-	-	-	283	254	32 946	48 275
CZECH REPUBLIC	34 818	35 707	2 048	226	-	-	464	741	37 330	36 674
FRANCE	18 699	13 259	143	926	-	-	750	-	19 592	14 185
SPAIN	28	38	-	-	14 057	9 312	3	-	14 088	9 350
KAZACHSTAN	609	213	-	-	-	-	626	-	1 235	213
GERMANY	25 950	29 395	707	5 991	-	2 777	755	259	27 412	38 422
NORWAY	0	6 248	-	-	-	857	958	-	958	7 105
POLAND	742 601	680 630	12 186	6 688	1 234	-	54 318	54 788	810 339	742 106
RUSSIA	42 938	134 317	-	-	-	-	-2 075	198	40 863	134 515
ROMANIA	1 020	586	-	-	-	-	26	-	1 046	586
SERBIA	42 766	12 063	1 690	1 561	-	-	387	854	44 843	14 478
SLOVAKIA	98	17	-	-	4 343	1 342	-	-	4 441	1 359
SWEDEN	226	339	-	29	17 302	5 616	-	-	17 528	5 984
TURKEY	9 376	13 637	-	-	-	-	-	-	9 376	13 637
UKRAINE	1 524	1 796	-	-	-	-	-	-	1 524	1 796
OTHER	3 408	2 794	680	170	-	-	33	39	4 121	3 003
Total sale	1 303 731	1 296 007	17 457	15 591	55 228	21 211	57 515	58 135	**1 433 931**	**1 390 944**

Information on the main external customers, of which revenues exceed 10% or more of total revenues of the Capital Group, ie. PLN 143.393 thousand or more.

In 2014 the quantitative criterion defining the main customer has been achieved with the three (3) contractors. Revenues from the first contractor in the amount of PLN 253.296 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.

Revenues from the second contractor in the amount of PLN 201.571 thousand, have been attained in the segment: mining; there is no capital relationship between the above recipient and Kopex SA.

Revenues from the third contractor in the amount of PLN 185.937 thousand, have been attained in the segment: mining; there is no capital relationship between the above recipient and Kopex SA.

The largest customers of the Group in 2014 are companies operating in the sector: mining, coal sales, and other products. Sale is targeted at customers located in over 30 countries around the world.

The main suppliers of the Group for the period of 2014:

Kopex SA mainly acts as a central coordinator of supply of materials for the companies of the Group. The Group has an extensive supply network, based mainly on the domestic market.

The largest suppliers of the Group in 2014 are companies operating on the domestic market.

None of the suppliers exceeded 10% share in revenues from sales of the Group in 2014.

Fixed assets (other than financial instruments, assets, deferred tax assets arising from post-employment employee benefits and rights arising from insurance contracts) of the Group in 93.4% are located in the country of origin of the Parent Company.

15. Information about significant events that occurred after the balance sheet date, and were not included in the financial statements

Until the approval of the consolidated financial statements for publication, ie. until the date 27.4.2015, there were no significant events requiring disclosure.

16. 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**

SUPERVISORY BOARD		
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.

17. Transactions with related parties

	Revenues from sales of products, goods and materials	Other sales	Financial revenue
01.01.2014 to 31.12.2014			
From associates	2 731	883	88
From other related entities	7 597	23	2 942
01.01.2013 to 31.12.2013			
From associates	2 836	52	-
From other related entities	596	147	3 820

	Purchases of goods and services	Purchase of fixed assets and intangible assets	Financial costs
01.01.2014 to 31.12.2014			
From associates	24 673	-	-
From other related entities	15 343	408	1
01.01.2013 to 31.12.2013			
From associates	19 024	-	-
From other related entities	6 894	1 326	-

Receivables and liabilities from related parties	31.12.2014	31.12.2013
Trade and other receivables from affiliates (net)	4 359	4 706
Trade and other receivables from other related parties (net)	23 925	8 465
Lease receivables from other related parties (net)	258	428
Liabilities to associated companies	4 192	8 489
Liabilities to other related parties	971	501

Impairment losses on receivables from subsidiaries	31.12.2014	31.12.2013
Balance at beginning of period	4 894	3 899
Impairment allowance	429	254
Release of allowance	-	46
The acquisition of control of a subsidiary	-	787
Balance at end of period	5 323	4 894

Receivables and loan liabilities	31.12.2014	31.12.2013
Loans receivable from other related parties (net)	153 854	38 519
Loans receivable from affiliates (net)	2 645	1 270
Loan commitments to other related parties	-	-
Loan commitments to associates	-	-

Impairment losses on loans receivable from other related parties	31.12.2014	31.12.2013
Balance at beginning of period	6 324	-
Impairment allowance	256	-
The acquisition of control of a subsidiary	-	6 324
Balance at end of period	6 580	6 324

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

18. Statement of the Management Board

The annual consolidated 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 Group and the financial result of KOPEX SA Capital group.

The annual report gives a true picture of development, achievements and situation of the Kopex SA Capital Group, 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