



**CONSOLIDATED QUARTERLY REPORT OF
THE KOPEX GROUP
FOR THE PERIOD JANUARY 1ST-SEPTEMBER 30TH 2017**

KATOWICE, NOVEMBER 29TH 2017

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1. CONSOLIDATED FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS	PLN '000		EUR '000	
	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
CONTINUING OPERATIONS				
Net revenue from sale of products, merchandise and materials	585,863	621,274	137,636	142,207
Operating profit/(loss)	62,100	-467,498	14,589	-107,008
Profit/(loss) before tax	61,150	-502,395	14,366	-114,996
Consolidated net profit/(loss) from continuing operations	45,179	-565,710	10,614	-129,489
Total consolidated net profit/(loss)	43,819	-605,093	10,294	-138,503
Net profit/(loss) attributable to owners of the parent	43,052	-605,302	10,114	-138,551
Net profit/(loss) from discontinued operations attributable to owners of the parent	44,412	-565,919	10,434	-129,536
Net cash from operating activities	126,679	50,909	29,761	11,653
Net cash from investing activities	66,397	-35,216	15,599	-8,061
Net cash from financing activities	-123,312	-7,741	-28,970	-1,772
Total net cash flows	69,764	7,952	16,390	1,820
Number of shares	74,148,885	74,056,038	74,148,885	74,056,038
Total net earnings/(loss) per ordinary share attributable to owners of the parent (PLN/EUR)	0.58	-8.17	0.14	-1.87
Total net earnings/(loss) from continuing operations per ordinary share attributable to owners of the parent (PLN/EUR)	0.60	-7.64	0.14	-1.75

	Sep 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016
Total non-current assets	354,280	470,979	82,217	106,460
Total current assets	585,649	734,503	135,910	166,027
Total assets	961,004	1,264,529	223,017	285,834
Liabilities and provisions for liabilities	701,375	1,028,439	162,766	232,468
Non-current liabilities	489,874	598,743	113,684	135,340
Current liabilities	114,236	338,297	26,510	76,469
Equity	246,585	202,428	57,224	45,757
Share capital	74,333	74,333	17,250	16,802
Number of shares	74,332,538	74,056,038	74,332,538	74,056,038
Book value per share (PLN/EUR)	3.32	2.73	0.77	0.62

The financial highlights were translated using the following exchange rates:

- Items of assets and equity and liabilities were translated at the EUR/PLN mid rate quoted by the National Bank of Poland for the reporting date:
 - as at Sep 30th 2017: 4.3091
 - as at December 31st 2016: 4.4240
- Items of the statement of profit or loss and the statement of cash flows were translated at a rate representing the arithmetic mean of EUR/PLN exchange rates as at the end of each month in the reporting period:
 - first three quarters of 2017: 4.2566
 - first three quarters of 2016: 4.3688
- Maximum rates during the period:
 - first three quarters of 2017: 4.3308
 - first three quarters of 2016: 4.4405
- Minimum rates during the period:
 - first three quarters of 2017: 4.1737
 - first three quarters of 2016: 4.2684

2. SEPARATE FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS	PLN '000		EUR '000	
	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
Net revenue from sale of products, merchandise and material	366,433	392,906	86,086	89,935
Operating profit/(loss)	44,824	-246,350	10,530	-56,389
Profit/(loss) before tax	40,122	-334,154	9,426	-76,487
Total net profit/(loss)	39,961	-407,085	9,388	-93,181
Net cash from operating activities	128,992	25,405	30,304	5,815
Net cash from investing activities	59,306	-9,542	13,933	-2,184
Net cash from financing activities	-129,959	-19,493	-30,531	-4,462
Total net cash flows	58,339	-3,630	13,706	-831
Number of shares	74,148,885	74,056,038	74,148,885	74,056,038
Earnings per ordinary share (PLN/EUR)	0.54	-5.50	0.13	-1.26

	Sep 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016
Total non-current assets	571,239	672,106	132,566	151,923
Total current assets	387,172	566,785	89,850	128,116
Total assets	967,390	1,257,037	224,499	284,140
Liabilities and provisions for liabilities	620,093	953,622	143,903	215,557
Non-current liabilities	482,032	586,250	111,864	132,516
Current liabilities	64,857	286,847	15,051	64,839
Equity	347,297	303,415	80,596	68,584
Share capital	74,333	74,333	17,250	16,802
Number of shares	74,332,538	74,056,038	74,332,538	74,056,038
Book value per share (PLN/EUR)	4.67	4.10	1.08	0.93

The financial highlights were translated using the following exchange rates:

- Items of assets and equity and liabilities were translated at the EUR/PLN mid rate quoted by the National Bank of Poland for the reporting date:
 - as at Sep 30th 2017: 4.3091
 - as at December 31st 2016: 4.4240
- Items of the statement of profit or loss and the statement of cash flows were translated at a rate representing the arithmetic mean of EUR/PLN exchange rates as at the end of each month in the reporting period:
 - first three quarters of 2017: 4.2566
 - first three quarters of 2016: 4.3688
- Maximum rates during the period:
 - first three quarters of 2017: 4.3308
 - first three quarters of 2016: 4.4405
- Minimum rates during the period:
 - first three quarters of 2017: 4.1737
 - first three quarters of 2016: 4.2684

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE
KOPEX GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
OF THE KOPEX GROUP**

Interim condensed consolidated financial statements

3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE KOPEX GROUP

Note	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016	Jun 1– Sep 30 2017	Jun 1– Sep 30 2016
CONTINUING OPERATIONS:				
Net revenue from sale of products, merchandise and materials	585,863	621,274	140,020	194,184
Cost of sales	479,707	588,725	113,367	178,583
Gross profit/(loss)	106,156	32,549	26,653	15,601
15.1 Other income	41,972	8,937	309	3,344
Distribution costs	17,117	18,322	4,238	6,767
Administrative expenses	53,694	47,615	15,930	13,483
15.2 Other expenses	25,458	114,945	983	15,982
15.3 Other gains / (losses)	12,940	4,707	2,596	-6,150
15.4 (Impairment losses)/reversal of impairment losses on non-financial assets	-2,699	-332,809	-3,916	-3,077
Operating profit/(loss)	62,100	-467,498	4,491	-26,514
15.5 Finance income	9,999	5,028	1,510	959
15.6 Finance costs	10,949	42,463	3,270	4,938
Share in net profit/(loss) of equity-accounted subordinated entities	-	2,538	-	949
Profit/(loss) before tax	61,150	-502,395	2,731	-29,544
15.7 Income tax	15,971	63,315	2,152	596
Consolidated net profit/(loss) from continuing operations	45,179	-565,710	579	-30,140
Consolidated net loss from discontinued operations	-1,360	-39,383	1,401	-2,898
Total consolidated net profit/(loss)	43,819	-605,093	1,980	-33,038
Net profit attributable to non-controlling interests	767	209	192	-230
Net profit/(loss) attributable to owners of the parent, including:	43,052	-605,302	1,788	-32,808
- from continuing operations	44,412	-565,919	387	-29,910
13. - from discontinued operations	-1,360	-39,383	1,401	-2,898
17. Weighted average number of ordinary shares	74,148,885	74,056,038	74,332,538	74,056,038
Total net earnings/(loss) per ordinary share attributable to owners of the parent	0.58	-8.17	0.02	-0.44
Total net earnings/(loss) from continuing operations per ordinary share attributable to owners of the parent	0.60	-7.64	0.01	-0.40

Interim condensed consolidated financial statements

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE KOPEX GROUP

	Jan 1–Sep 30 2016	Jun 1–Sep 30 2017	Jun 1–Sep 30 2016
Consolidated net profit/(loss)	43,819	-605,093	1,980
Other comprehensive income that will not be reclassified to profit or loss	1,928	-363	736
Actuarial gains from defined benefit plans	1,854	-	918
Income tax on actuarial gains	-352	-	-174
Other income/(loss)	426	-363	-8
Other comprehensive income/(loss) that may be reclassified to profit or loss	-4,569	-436	-1,656
Currency translation differences	-4,569	1,304	-1,656
Cash flow hedges	-	-2,146	-
Income tax on cash flow hedges	-	407	-
Available-for-sale financial assets	-	-1	-
Total other comprehensive income, net of tax	-2,641	-799	-920
Total comprehensive income/(loss)	41,178	-605,892	1,060
Attributable to non-controlling interests	890	148	192
Attributable to shareholders of KOPEX S.A.	40,288	-606,040	868

Interim condensed consolidated financial statements

5. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE KOPEX GROUP

Note	ASSETS	Sep 30 2017	Dec 31 2016
	Non-current assets	354,280	470,979
	Intangible assets	8,323	21,421
16.1	Property, plant and equipment	257,629	298,526
	Investment property	36,393	31,971
	Long-term lease receivables	2,529	19,407
16.2	Other non-current assets	39,587	83,348
16.3	Deferred tax asset	9,819	16,306
	Current assets	585,649	734,503
	Inventories	98,600	110,854
	Short-term trade receivables	208,357	221,333
16.4	Other short-term receivables	52,915	138,315
	Short-term lease receivables	23,957	19,235
	Short-term loans	8,005	8,040
	Current income tax assets	1,768	8,136
	Other financial assets	4,026	30,019
16.5	Amounts due from customers for contract work	9,377	89,836
	Cash and cash equivalents	178,644	108,735
16.9	Non-current assets held for sale	21,075	59,047
	Total assets	961,004	1,264,529

Interim condensed consolidated financial statements

EQUITY AND LIABILITIES

	Equity	246,585	202,428
	Share capital	74,333	74,333
	Treasury shares	-	-2,979
	Share premium	-	417,330
	Revaluation reserve	-169	-169
16.6	Translation reserve	12,486	17,158
	Retained earnings/(accumulated losses)	157,056	-305,234
	Non-controlling interests	2,879	1,989
	Non-current liabilities	505,293	615,522
16.7	Long-term bank borrowings and other debt instruments	476,584	574,438
	Other non-current liabilities	47	95
	Long-term lease liabilities	13,243	24,210
	Deferred tax liabilities	3,020	1,700
	Long-term employee benefit obligations	10,939	13,675
	Other long-term provisions for liabilities	1,460	1,025
	Non-current accruals and deferred income	-	379
	Current liabilities	196,082	412,917
	Short-term bank borrowings and other debt instruments	-	641
	Short-term trade payables	63,516	79,401
16.8	Other current liabilities	35,706	240,812
	Short-term lease liabilities	13,996	15,653
	Short-term tax liabilities	1,018	546
	Other financial liabilities	-	1,244
	Short-term employee benefit obligations	17,237	14,298
	Other short-term provisions for liabilities	46,546	45,751
	Current accruals and deferred income	18,063	14,571
16.9	Liabilities related to non-current assets held for sale	13,044	33,662
	Total equity and liabilities	961,004	1,264,529
	Book value	246,585	202,428
	Number of shares	74,332,538	74,056,038
	Book value per share (PLN)	3.32	2.73

Interim condensed consolidated financial statements

6. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE KOPEX GROUP

	Share capital	Treasury shares	Share premium	Revaluation reserve			Currency translation differences	Retained earnings	Total	Equity attributable to non-controlling interests	Total equity
				Hedging instruments	Available-for-sale financial assets	Deferred tax					
Balance as at Jan 1 2017	74,333	-2,979	417,330	-	-169	-	17,158	-305,234	200,439	1,989	202,428
Total comprehensive income	-	-	-	-	-	-	-4,672	44,960	40,288	890	41,178
Distribution of profit/Coverage of loss	-	-	-417,330	-	-	-	-	417,330	-	-	-
Sale of treasury shares	-	2,979	-	-	-	-	-	-	2,979	-	2,979
Balance as at Sep 30 2017	74,333	-	-	-	-169	-	12,486	157,056	243,706	2,879	246,585
Balance as at Jan 1 2016	74,333	-2,979	1,054,942	2,496	-196	-475	8,396	-42,528	1,093,989	8,370	1,102,359
Total comprehensive income	-	-	-	-2,146	-1	407	1,359	-605,659	-606,040	148	-605,892
Dividends	-	-	-	-	-	-	-	-	-	-750	-750
Coverage of loss	-	-	-637,612	-	-	-	-	637,612	-	-	-
Combination of entities under common control	-	-	-	-	-	-	-	82	82	-	82
Grants	-	-	-	-	-	-	-	-122	-122	-	-122
Balance as at Sep 30 2016	74,333	-2,979	417,330	350	-197	-68	9,755	-10,615	487,909	7,768	495,677
Balance as at Jan 1 2016	74,333	-2,979	1,054,942	2,496	-196	-475	8,396	-42,528	1,093,989	8,370	1,102,359
Total comprehensive income	-	-	-	-2,496	27	475	8,762	-900,177	-893,409	-1,130	-894,539
Dividends	-	-	-	-	-	-	-	-20	-20	-5,251	-5,271
Coverage of loss	-	-	-637,612	-	-	-	-	637,612	-	-	-
Combination of entities under common control	-	-	-	-	-	-	-	1	1	-	1
Grants	-	-	-	-	-	-	-	-122	-122	-	-122
Balance as at Dec 31 2016	74,333	-2,979	417,330	-	-169	-	17,158	-305,234	200,439	1,989	202,428

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7. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS THE KOPEX GROUP

	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	61,150	-502,395
Adjustments for:		
Depreciation and amortisation	81,173	128,567
Share in net profit/(loss) of equity-accounted subordinated entities	-	-2,539
Foreign exchange (gains)/losses	-3,115	-16,372
Interest and share of profit (dividends)	7,229	6,050
Gain/(loss) on investing activities	-1,148	-1,952
Change in provisions	2,833	13,504
Change in inventories	12,254	43,284
Change in trade and other receivables	107,681	77,226
Change in short-term trade and other payables	-217,914	-34,512
Change in accruals and deferred income	3,112	-28,597
Change in amounts due from customers for contract work	80,459	24,841
Income taxes paid	-4,496	-1,852
Impairment losses on non-current assets	-849	260,806
Impairment losses on other financial assets	-587	24,964
Valuation of companies held for sale	-	22,036
Impairment losses on assets of companies intended for liquidation	-	39,465
Foreign currency transactions	-1,245	-1,166
Other adjustments	142	-449
Net cash (used)/ from operating activities	126,679	50,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of intangible assets and property, plant and equipment	5,512	9,790
Disposal of shares	9,699	9,022
Loans repaid	10,781	10,004
Interest received	1,326	305
Sale of financial assets	80,000	-
Purchase of intangible assets and property, plant and equipment*	-36,824	-63,876
Loans	-97	-
Purchase of financial assets	-4,000	-461
Net cash (used in)/ from investing activities	66,397	-35,216
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings and other debt instruments**	75,000	85,638
Commission fees received on sureties	100	81
Dividends and other distributions paid to owners	-2,844	-136
Repayment of bank borrowings and other equity instruments**	-176,416	-50,782
Payment of finance lease liabilities	-12,540	-21,839
Interest paid	-5,555	-12,176
Commission fees paid on borrowings and sureties	-1,148	-9,660
Other	91	1,133
Net cash used in financing activities	-123,312	-7,741
TOTAL NET CASH FLOWS	69,764	7,952
Net change in cash	69,909	7,907
Effect of exchange rate changes	145	-45
Cash at beginning of period	108,735	54,625
Cash at end of period, including:	178,644	62,532
- restricted cash	10,613	300

* Includes internally generated property, plant and equipment.

**Amounts borrowed under a working capital facility are disclosed in net amounts.

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8. GENERAL INFORMATION

KOPEX S.A. (the Company) of Katowice is a joint-stock company registered with the District Court for Katowice, 8th Commercial and Registry Division, on January 3rd 1994, under entry number RHB 10375. Pursuant to a decision by the District Court in Katowice, Commercial Division of the National Court Register, on July 12th 2001, KOPEX S.A. was entered into the Business Register under No. (KRS) 0000026782. The Company was incorporated for an indefinite term. Its registered office is located at ul. Grabowa 1, Katowice, Poland.

KOPEX S.A. is the parent of the KOPEX Group (*the Group*) and prepares the Group's consolidated financial statements.

The consolidated financial statements of KOPEX S.A. were consolidated by the parent FAMUR S.A. The direct parent of KOPEX S.A. is FAMUR S.A., while the ultimate parent of the entire Group is TDJ S.A.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future. As at the date of authorisation of these financial statements for issue, no circumstances were identified which would indicate any threat to the Group companies' ability to continue as going concerns.

The currency of these financial statements is the Polish zloty (PLN). Unless stated otherwise, all amounts are given in PLN '000.

9. THE GROUP'S BUSINESS

The principal business activity of the KOPEX Group ('KOPEX Group' or 'Group') is the manufacture of technologically advanced machinery and equipment for the mining industry. The KOPEX Group is not only a manufacturer and supplier of machinery and equipment for hard coal and lignite mining, but also a general contractor for investment projects. The Group includes companies operating in Poland, Russia, China, Serbia, South Africa, and other countries.

The KOPEX Group's competitive advantages include a comprehensive portfolio of products and services for underground mining and the capacity to deliver products and services strictly to specific requirements of individual customers. The Group includes manufacturers of high-quality machinery and equipment as well as providers of high-quality technologies and solutions for the mining sector, with recognition in Poland and abroad. The Group leverages the technical expertise and specialist capabilities of its companies, which have diversified and complementary product and service portfolios.

The KOPEX Group's offering as a general contractor spans the entire investment process in the mining industry, including:

- Project feasibility studies,
- Supervision over geological surveys of a mining area and assessment of deposit volumes,
- Development of first-working technology,
- Design of mining facilities,
- Manufacture, delivery and assembly of machinery, equipment and process systems, including maintenance services and spare part supplies,
- Construction, extension, modernisation, operation and decommissioning of mines,
- Project owner personnel training and engineering support during project execution.

Mining machinery and equipment offered by the KOPEX Group include:

- Mechanised longwall systems,
- Various types of roof supports,
- Heavy-duty shearer loaders, such as KSW 800, KSW 1500, KSW 2000,
- Scraper and belt conveyors for underground mining,
- Hydraulic power and control for powered roof support systems,
- Electric power supply and control equipment, including DC transmission for mining systems,
- Mining electronics,
- I&C systems,
- Methane detection equipment and communications,
- Controls and instruments,

As well as maintenance services, including the supply of necessary spare parts for customers' mining machinery and equipment.

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10. MARKET POSITION

Restructuring of the KOPEX Group

Following material deterioration of the KOPEX Group's financial condition and its failure to comply with bank covenants in Q4 2015, in early 2016 the Company was forced to enter into negotiations with the financing banks to restructure its debt. On December 1st 2016, a Restructuring Agreement was signed between the Company and its selected subsidiaries, the lending institutions, and the Investor.

The Group agreed to implement a number of restructuring measures, including:

- restructuring (divestment) of non-core non-current assets, with proceeds to be applied towards debt repayment,
 - divestment of shares in non-strategic companies,
 - cost and operational restructuring of the Company to reduce operating expenses and improve efficiency,
 - streamlining of the organisational structure and reducing operating expenses,
- which should enable the Group to perform the provisions of the Restructuring Agreement.

At present, given the ongoing restructuring process, KOPEX S.A. is unable to obtain multi-purpose credit and guarantee facilities to finance its operations, which is an obstacle to securing and performing contracts on its own, both in domestic and foreign markets. KOPEX S.A.'s current priority is to comply with the provisions of and obligations under the Restructuring Agreement. Successful performance of the Restructuring Agreement is expected to enable the Company to continue as a going concern.

Integration with the FAMUR Group

In Q3 2017, the Company continued its efforts aimed at implementing the plan of integration of the KOPEX Group with the FAMUR Group in line with the agreement with FAMUR S.A. of May 5th 2017, which sets out the terms of cooperation and integration of both Groups. The following developments occurred in connection with the process:

- On May 5th 2017, the KOPEX Management Board passed a resolution defining a model for the integration of the KOPEX and FAMUR Groups, and entered into a conditional agreement with FAMUR S.A. setting out the terms of cooperation and integration of the two companies (the "Agreement").

The integration process is expected to include the following steps:

1. Preparation for the integration by splitting off the following parts of the KOPEX business:
 - a. the trading and services business, comprising the KOPEX Group's current trading operations and services, to include Kopex PBSz, ŚTW Dalbis, trading in raw materials, and other operations; and
 - b. the machinery business, including in particular the operating assets and companies involved in the manufacture, maintenance and distribution of mining machinery (the "Machinery Business").
2. Integration of the Machinery Business pursuant to the Agreement, in particular by:
 - a. integrating sales processes,
 - b. restructuring production processes,
 - c. concentrating in FAMUR all sales, sales support, cooperation and logistics departments as well as other corporate functions currently performed by KOPEX.
3. Drafting and signing, by June 30th 2017, a plan to demerge KOPEX by spinning off the Machinery Business, which will be acquired by FAMUR in exchange for new FAMUR shares. Following the demerger, in exchange for KOPEX shares representing the Machinery Business the minority shareholders will receive new shares in FAMUR at the exchange ratio of 0.76 FAMUR share for 1 KOPEX share. Given the net value of the Machinery Business assets estimated as at March 31st 2017, it is expected that the demerger will result in cancellation of approximately 81% of KOPEX shares currently held by KOPEX shareholders. The final net value of KOPEX assets, and thus the net value of the Machinery Business assets, will be determined at the time of signing the demerger plan, based on values and amounts determined as at May 1st 2017. The exchange ratio is based on the average market prices of KOPEX and FAMUR shares in the three months preceding the date as at which data for the demerger plan will be adopted, i.e. May 1st 2017: PLN 3.94 per KOPEX share and PLN 5.16 per FAMUR share. The exchange ratio was calculated using the method defined in Art. 79.7. of the Public Offering Act, i.e. the ratio was based on the arithmetic mean of daily volume-weighted average prices of KOPEX and FAMUR shares. The demerger of KOPEX is scheduled to be formally completed in Q1 2018.

In parallel to the process of integrating the two groups, KOPEX will continue its current restructuring measures, including further workforce restructuring.

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Acting in accordance with the Articles of Association, on May 5th 2017 the KOPEX Management Board submitted a request to the Supervisory Board for approval of the FAMUR-KOPEX integration plan. On May 5th 2017, the Management Board was notified of a conditional offer made by FAMUR to purchase 65.83% of KOPEX shares from TDJ S.A.'s subsidiaries.

On May 9th 2017, KOPEX was notified of: approval of the integration plan by the KOPEX Supervisory Board, approval by the FAMUR Supervisory Board of the conditional offer to acquire KOPEX shares, and conclusion of the Agreement.

On June 27th 2017, following a number of transactions, FAMUR S.A. acquired a total of 48,932,015 shares in KOPEX S.A. and became its majority shareholder with a

- On June 29th 2017, the Management Board of KOPEX S.A. resolved to demerge the Company by spinning off an organised part of its business including in particular the operating assets and shares in companies engaged in the manufacture, maintenance and distribution of mining machinery, as well as selected manufacturing or investment processes ('Machinery Business'). The main objective of the demerger is for KOPEX and FAMUR to closely integrate within a single entity the production business (manufacturing of machinery) related to underground mining, so far conducted separately at both companies.

The planned demerger of the Company under the Demerger Plan of June 29th 2017 will be effected by way of a transfer to the existing company FAMUR S.A. of a part of KOPEX's assets in the form of an organised part of its business, including in particular the operating assets and shares in companies engaged in the manufacture, maintenance and distribution of mining machinery (demerger through a spin-off). The demerger will involve a reduction of KOPEX S.A.'s share capital by 79% through cancellation of Series A, B and C shares. These organisational changes will deliver business benefits resulting from the KOPEX Group's reorganised internal procedures, which will also be specifically adjusted to individual business lines. The ongoing efforts related to the spin-off of the Machinery Business from KOPEX are directly related to the contemplated integration of the KOPEX and FAMUR Groups.

Overview of the business of the KOPEX Group's material subsidiaries

⇒ **KOPEX S.A.** – main entity of the KOPEX Group; its business comprises manufacturing and trading activities.

KOPEX S.A. trades on international markets. Over time, it has developed into a general contractor and supplier of machinery and equipment, as well as a provider of specialist hard coal and lignite mining technology and services. With its extensive experience and highly-qualified personnel, KOPEX S.A. is an expert in extraction of coal and other minerals, and a provider of professional services to the mining sector and other industries.



On December 8th 2016, KOPEX S.A. (acquiring company) merged with its subsidiaries: KOPEX MACHINERY S.A., Fabryka Maszyn i Urządzeń TAGOR S.A., Zabrzeńskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o. and KOPEX Hydraulika Siłowa Sp. z o.o. (target companies). As a result of the merger, the structure of the Group was streamlined and four branches were established within KOPEX S.A.:

⇒ **KOPEX Head Office, Zabrze Branch** – sales to foreign markets, finance, accounting, support services, investor relations and corporate supervision.

⇒ **KOPEX S.A. Kombajny Zabrzeńskie Przenośniki Ryfama, Zabrze Branch (the branch largely focuses on activities previously carried out by KOPEX MACHINERY S.A. and Zabrzeńskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o.)** – manufacture of mining shearer loaders, rotating drums for shearer loaders, face conveyors, beam stage loaders, toothed reducers, dynamic crushers, cable suspensions, haulage assemblies, reversible drives with follow-up chain tensioning, belt conveyors, Ryfama conveyor belt turning stations, transport equipment (such as pipe, bucket and scraper conveyors, cages and skip hoists). The branch also supplies spray system filters for shearer loaders.

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MECHANISED AND AUTOMATED LONGWALL SYSTEMS



SHEARER LOADERS

- ⇒ **KOPEX S.A. Obudowy Tagor, Zabrze Branch (the branch largely focuses on activities previously carried out by Fabryka Maszyn i Urządzeń TAGOR S.A.)** – design and manufacture of powered roof support systems and powered gate road support systems; supply of custom-built elements of roof support systems.



POWERED ROOF SUPPORT SYSTEMS

- ⇒ **KOPEX S.A., Hydraulics Branch of Zabrze (the branch largely focuses on activities previously carried out by KOPEX Hydraulika Siłowa Sp. z o.o.)** – the branch's primary offering comprises hydraulic actuators used in a number of industries, in particular mining (including for powered roof support systems, shearer loaders, conveyors and other machinery), for CNC machines and other equipment. The range of products includes a proprietary and very durable protective coating for hydraulic cylinder bearing surfaces (piston rods and upper props) marketed under the DURACHROM brand. KOPEX also manufactures standard and special seals mainly for hydraulic cylinders (actuators) and control fittings, as well as repair-grade sealing elements for the same units (cylinders). The business also includes repairs of hydraulic cylinders and their subassemblies, manufacture of thermoplastic elements by injection methods, design of hydraulic supports and cylinders (actuators), moving and resting sealing systems for special applications, as well as testing of functionality and durability of hydraulic elements (in particular seals), and measuring physical and mechanical properties and strength parameters of materials (plastics, metals, rubber). *HYDRAULIC PROPS COATED WITH A LAYER OF UNIQUE DURACHROM PROTECTIVE COATING*



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- ⇒ **KOPEX-SIBIR Sp. z o.o. (Russia)** – supply of machinery and equipment for underground mining, on-site aftermarket maintenance, repairs, supplying spare parts for machinery and equipment, and customer support during delivery of new solutions.



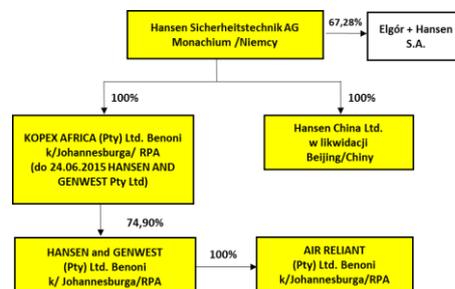
SERVICE CENTRE

- ⇒ **ELGÓR+HANSEN S.A.** – manufacturing of mining electrical equipment; drafting technical documentation for mining electrical equipment, providing end-to-end project management services, including design, manufacture and repair of explosion-proof equipment, as well as drafting documentation for integrated power supply and control units for mining systems.



MINING ELECTRICAL EQUIPMENT

- ⇒ **HANSEN Sicherheitstechnik AG (Germany)** – the company's business comprises: purchase and management of own and/or third-party assets, shares in other companies involved in the manufacture and supply of electric explosion-proof equipment, in particular the design, manufacture and repair of power distribution systems in explosion-proof housing, procurement of electrical equipment for mining machinery, drafting technical documentation for mining electrical systems, in particular for explosive atmospheres, and manufacture of electronics for mining applications. The structure of the Hansen Group as at the date of this report is presented below:



- ⇒ **HANSEN AND GENWEST Pty Ltd (RSA)** – currently the HANSEN Group's main manufacturing company in the Republic of South Africa. In the RSA, the company is approved by SABS to manufacture, repair and modify switchgears in explosion-proof housing and non-anti-explosive housing for mining applications. The company also delivers equipment and provides maintenance services for electrical motor starters, workstations, control stations, mobile substations, gate end boxes and specialised custom-built equipment and projects in the mining industry.

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MINING ELECTRICAL EQUIPMENT

- ⇒ **KOPEX-Przedsiębiorstwo Budowy Szybów S.A.** – specialist contractor for the mining industry: vertical workings (chiefly shafts and fore-shafts), horizontal workings and tunnels. Construction, architecture, engineering; lease of machinery and equipment; assembly, repairs and maintenance of machinery for mining and construction applications.



SPECIALIST SERVICES FOR THE MINING INDUSTRY

- ⇒ **Śląskie Towarzystwo Wiertnicze DALBIS Sp. z o.o.** – the company specialises in drilling for various applications and implementing drilling technologies in engineering and geotechnical work at surface and underground mining facilities.



DRILLING SERVICES

11. **KOPEX GROUP. INFORMATION ON CHANGES IN THE COMPANY'S AND THE GROUP'S ORGANISATIONAL OR EQUITY TIES**

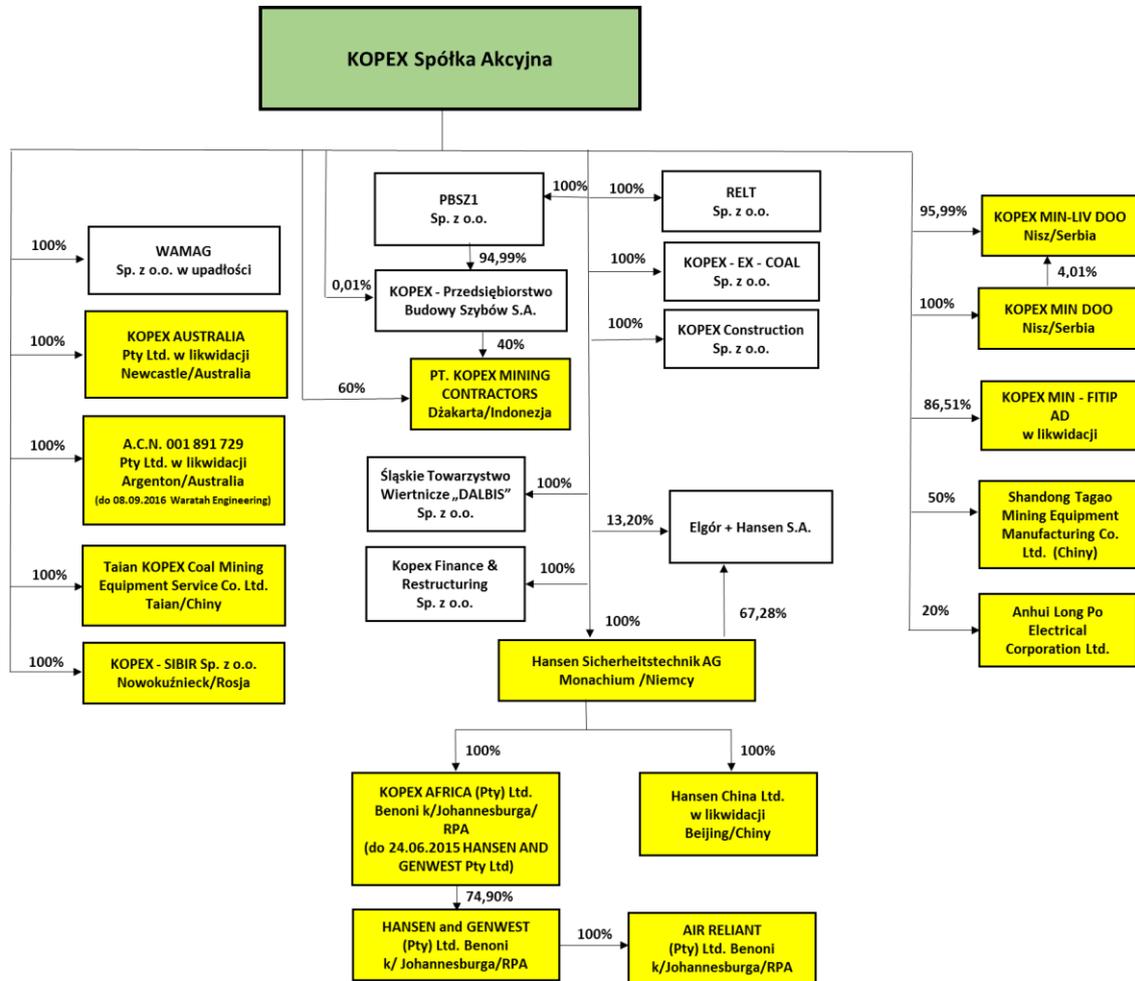
11.1 **ORGANISATION OF THE GROUP**

The KOPEX Group consists of the parent, KOPEX S.A., its subsidiaries and associated entities. The subsidiaries are of varying significance to the KOPEX Group's business and results of operations.

KOPEX S.A. conducts manufacturing and trading activities through its branches described in the previous section. As the parent of the Group, it also exercises corporate governance functions over the KOPEX Group companies.

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KOPEX GROUP CHART
AS AT SEP 30 2017



Note: Companies marked in yellow are based outside Poland.
Source: The Company; as at September 30th 2017

The interim condensed consolidated financial statements as at September 30th 2017 comprise the data of the following KOPEX Group entities:

Name of subsidiary	Consolidation method
KOPEX S.A.	Full
KOPEX CONSTRUCTION Sp. z o.o.	Full
KOPEX PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Full
RELT Sp. z o.o. (formerly: PBSz INWESTYCJE Sp. z o.o.)	Full
HANSEN SICHERHEITSTECHNIK AG (Germany)	Full
ELGÓR+HANSEN S.A.	Full
KOPEX AFRICA (Pty) Ltd (South Africa)	Full
HANSEN and GENWEST (Pty) Ltd (South Africa)	Full
HANSEN CHINA Ltd (China)	Full
KOPEX MIN (Serbia)	Full

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KOPEX MIN-LIV (Serbia)	Full
PT KOPEX MINING CONTRACTORS (Indonesia)	Full
KOPEX SIBIR Sp. z o.o. (Russia)	Full
ŚLAŃSKIE TOWARZYSTWO WIERTNICZE DALBIS Sp. z o.o.	Full
KOPEX-EX-COAL Sp. z o.o.	Full
TAIAN KOPEX COAL MINING EQUIPMENT SERVICE Co. Ltd (China)	Full
AIR RELIANT (Pty) Ltd (South Africa)	Full
KOPEX FINANCE & RESTRUCTURING Sp. z o. o.	Full
PBSZ1 Sp. z o. o.	Full

The following companies in liquidation or bankruptcy have not been consolidated:

WAMAG Sp. z o.o. w upadłości (in bankruptcy)
 KOPEX AUSTRALIA Pty Ltd. w likwidacji (in liquidation) (Australia)
 A.C.N. 001 891 729 Pty Ltd. w likwidacji (in liquidation) (Australia)
 KOPEX MIN-FITIP AD (in liquidation) (Serbia)

Anhui Long Po Electrical Corporation Ltd (China) was reclassified to non-current assets held for sale as at December 31st 2016.

As at December 31st 2016, shares in Shandong Tagao Mining Equipment Manufacturing Co Ltd (China) were reclassified to assets held for sale due to the inability to effectively influence the company.

In January 2017, the Company sold 22,050 shares in Kopex Foundry Sp. z o.o. The shares represented the entire share capital of Kopex Foundry Sp. z o.o. and conferred 22,050 voting rights at its general meeting, i.e. 100% of all votes.

Consideration received: PLN 7,000 thousand.

Net assets sold: PLN 6,719 thousand.

Net result on the loss of control: PLN 281 thousand.

Net result on the loss of control is disclosed under consolidated net loss from discontinued operations.

11.2 CHANGES IN THE GROUP STRUCTURE, INCLUDING CHANGES RESULTING FROM BUSINESS COMBINATIONS, ACQUISITION OR LOSS OF CONTROL OF SUBSIDIARIES, LONG-TERM INVESTMENTS, DEMERGERS, RESTRUCTURING, OR DISCONTINUED OPERATIONS

In the reporting period, the Company continued to implement the measures to restructure the organisation and assets of the KOPEX Group in accordance with the Restructuring Agreement signed on December 1st 2016 by KOPEX S.A. and its selected subsidiaries with the financing banks and TDJ EQUITY IV S.A., as the Investor.

In particular, these measures included:

- ⇒ Scaling down operations on markets with insufficient business potential (i.e. the Australian and Serbian markets), foundry operations, and manufacturing for the construction market,
- ⇒ Phasing out (with due account taken of the outstanding contractual obligations) the manufacture of roadheaders, as their lease proved unprofitable given the high manufacturing costs,
- ⇒ Divestment of shares in non-strategic subsidiaries and associates,
- ⇒ Declaring bankruptcy or placing in liquidation subsidiaries whose poor financial condition does not justify their continued operation,
- ⇒ Restructuring companies' non-core non-current assets, chiefly by offering redundant assets for sale and reallocating manufacturing operations, which is expected to lead to more efficient use of non-current assets,
- ⇒ Reducing current assets, including through disposal or scrapping of non-moving and redundant inventory,
- ⇒ Workforce optimisation.

In the reporting period, by the issue date of this report the following changes occurred in the KOPEX Group's structure, resulting from the adopted restructuring measures and the KOPEX Group's development objectives:

1) Disposal of shares in Tiefenbach Polska Sp. z o.o.

The conditions precedent for the disposal of all shares held by KOPEX in Tiefenbach Polska Sp. z o.o., representing 49% of the subsidiary's share capital, by KOPEX to Tiefenbach Polska Sp. z o.o. for subsequent cancellation, were fulfilled on August 28th 2017. As a result of the transaction, the Company no longer holds any shares in Tiefenbach Polska Sp. z o.o.

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2) Deregistration of Kopex Australia Proprietary Limited ACN 130 648 314 (Kopex Australia)

On October 6th 2017, a subsidiary of KOPEX S.A. operating under the name Kopex Australia Proprietary Limited ACN 130 648 314 (Kopex Australia) was removed from the register of companies by the Australian Securities and Investments Commission (ASIC), the Australian registry authority for companies. Kopex Australia was subject to voluntary administration under Australian law (see the Company's Current Report No. 58/2016 of August 1st 2016). Thus, Kopex Australia discontinued its corporate existence.

Long-term investments

In Q3 2017, the Group did not make any long-term equity investments.

12. SIGNIFICANT ACCOUNTING POLICIES

12.1 BASIS OF PREPARATION

Pursuant to Art. 55.5 of the Accounting Act of September 29th 1994 (Dz. U. of 2016, item 1047, as amended), since January 1st 2005 the KOPEX Group has applied the International Financial Reporting Standards as endorsed by the European Union (IAS/IFRS).

These financial statements are interim condensed statements. These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed the European Union. These interim condensed consolidated financial statements of the Group cover the period of nine months ended September 30th 2017 and contain the following comparative data:

- interim condensed consolidated statement of financial position with explanatory notes 16: as at December 31st 2016;
- interim condensed consolidated statement of profit or loss with explanatory notes 15, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows: for the nine months ended September 30th 2016.

In addition, the interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income include data for the three months ended September 30th 2017 and comparative data for the three months ended September 30th 2016.

These interim condensed consolidated financial statements do not include all the information and disclosures required in full-year financial statements and thus should be read in conjunction with the Company's consolidated financial statements for the financial year ended December 31st 2016, prepared in compliance with IAS/IFRS.

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except for derivative financial instruments and financial instruments, which are measured at fair value.

These interim condensed consolidated financial statements have not been reviewed by an auditor.

These interim condensed consolidated financial statements were authorised for issue by the Management Board on November 29th 2017.

12.2 ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies and computation methods as those applied to prepare the most recent full-year consolidated financial statements.

Financial statements of the KOPEX Group are prepared in accordance with the International Financial Reporting Standards. In particular, these financial statements have been prepared in accordance with IAS 34: *Interim Financial Reporting*, and to the extent not covered by IFRS – in accordance with the Accounting Act and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities of February 19th 2009 (Dz.U. of 2009 No. 33, item 259, as amended).

Interim condensed consolidated financial statements

12.3 CHANGES IN ESTIMATES

Preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the management to make significant estimates and judgements as to the accounting principles applied by the Company and the Group. In Q1-Q3 2017, there were no material changes to estimates or estimation methods in relation to the data presented in the consolidated financial statements for 2016, which could affect the reporting period.

13. DISCONTINUED OPERATIONS

One of the objectives of the restructuring programme is to reduce the size of the Group, and to sell redundant, non-core assets or assets that fail to bring the expected return.

The following are revenues, expenses and cash flows related to discontinued operations, which comprise operations in Australia and Serbia, foundry operations, and manufacturing for the construction market.

DISCONTINUED OPERATIONS	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Net revenue from sale of products, merchandise and material	23,493	55,477
Cost of sales	19,792	58,074
Gross profit/(loss)	3,701	-2,597
Other income	382	977
Distribution costs	323	1,004
Administrative expenses	3,722	13,380
Other expenses	565	20,391
Other gains / (losses)	-3,576	231
(Impairment losses)/reversal of impairment losses on non-financial assets	414	-1,716
Operating loss	-3,689	-37,880
Financing activities	2,300	-1,649
Loss before tax	-1,389	-39,529
Income tax	-29	-146
Consolidated net loss from discontinued operations	-1,360	-39,383
Statement of cash flows for discontinued operations	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Cash flows from operating activities	-34	-5,539
Cash flows from investing activities	14	-544
Cash flows from financing activities	-61	2,766
Total cash flows from discontinued operations	-81	-3,317

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14. OPERATING SEGMENTS

On June 27th 2017, Famur S.A. obtained control of the Kopex Group, as a result of which new business segments were established at the Group, as compared with December 31st 2016. The new segment structure was aligned with the segment structure of Famur S.A., the parent.

BUSINESS SEGMENTS

UNDERGROUND SEGMENT

involving the following equipment:

- Longwall systems. A typical longwall system consists of a shearer, conveyor and powered roof support, and is designed to meet the customer's specific needs to ensure the most efficient and safe production from a given seam.
- Roadheaders are self-propelled machines used primarily to drill galleries and tunnels. Loaders, dinting loaders, drills and drilling rigs.
- Transport and handling systems. These are modern underground railway units designed to transport personnel and equipment, as well as various belt conveyors for further transport of the coal output. The systems may also be used for transport of other bulk materials.

SURFACE SEGMENT

including:

- Operations involving assembly of machinery and equipment, as well as turn-key delivery and construction of mine shaft hoists.
- Loading and hoisting equipment.
- Design, construction and engineering services for the mining industry at large.

ELECTRICAL EQUIPMENT SEGMENT including:

- Design and manufacture of power supply and switchgear equipment.
- Design and manufacture of electronic components.
- Development and deployment of IT solutions. Implementation of industrial automation systems.
- implementation of industrial automation systems,
- development of technical systems and devices,
- Integration of power and automation systems.

SERVICES FOR MINING INDUSTRY

including:

- Mining construction services, including:
 - sinking new shafts from the surface and from the levels,
 - deepening of existing shafts and sub-shafts ;
 - equipping shafts with shaft reinforcements, auxiliary shaft equipment, pipelines and cables,
 - comprehensive upgrades of mine shaft hoists,
 - construction of coal bunkers and storage reservoirs,
 - repairs of shaft casings and entries, shaft equipment and bunkers,
 - drilling of rock and rock and coal roadways.
- Design services for mining construction, including conceptual and design documentation (technical, technological, working and as-built).
- Drilling services, including surface and underground drilling.
- Commodity (including coal) trading.

Because the Group operates in many geographical regions, the management considered it necessary to additionally present revenue by geography to properly reflect the complexity of the Group's geographical presence. The tables below present the consolidated operating segments by business line and geography.

**CONSOLIDATED REPORT OF
THE KOPEX GROUP
FOR Q3 2017
(all amounts in PLN '000)**

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CONSOLIDATED OPERATING SEGMENTS BY BUSINESS LINE

	UNDERGROUND SEGMENT		SURFACE SEGMENT		ELECTRICAL EQUIPMENT SEGMENT		SERVICES FOR MINING SEGMENT		TOTAL	
	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016
CONTINUING OPERATIONS										
REVENUE FROM SALE OF PRODUCTS, MERCHANDISE AND MATERIALS	310,752	302,734	11,285	41,319	72,000	60,014	191,826	217,207	585,863	621,274
COST OF SALES	239,922	310,010	11,467	39,564	53,867	48,927	174,451	190,224	479,707	588,725
SEGMENT'S GROSS PROFIT	70,830	-7,276	-182	1,755	18,133	11,087	17,375	26,983	106,156	32,549
DISTRIBUTION COSTS	10,764	9,701	10	1,382	4,254	5,367	2,089	1,872	17,117	18,322
ADMINISTRATIVE EXPENSES	37,118	28,683	807	1,321	6,377	6,865	9,392	10,746	53,694	47,615
SEGMENT'S PROFIT/(LOSS) ON SALES	22,948	-45,660	-999	-948	7,502	-1,145	5,894	14,365	35,345	-33,388

CONSOLIDATED REVENUE BY GEOGRAPHY

	UNDERGROUND SEGMENT		SURFACE SEGMENT		ELECTRICAL EQUIPMENT SEGMENT		SERVICES FOR MINING SEGMENT		TOTAL	
	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016
POLAND	149,684	250,469	11,285	33,673	38,633	26,918	129,781	152,552	329,383	463,612
RUSSIA AND CIS	35,918	41,182	-	-	215	2,021	-	-	36,133	43,203
EUROPEAN UNION	10,219	13,996	-	-	119	457	62,045	64,655	72,383	79,108
OTHER EUROPE	1,266	1,881	-	7,646	-	-	-	-	1,266	9,527
OTHER (AMERICA, ASIA, AFRICA)	113,665	-4,794	-	-	33,033	30,618	-	-	146,698	25,824
TOTAL	310,752	302,734	11,285	41,319	72,000	60,014	191,826	217,207	585,863	621,274

POLAND	149,684	250,469	11,285	33,673	38,633	26,918	129,781	152,552	329,383	463,612
EXPORTS	161,068	52,265	-	7,646	33,367	33,096	62,045	64,655	256,480	157,662
TOTAL	310,752	302,734	11,285	41,319	72,000	60,014	191,826	217,207	585,863	621,274

15. EXPLANATORY NOTES TO SELECTED ITEMS OF INCOME AND EXPENSES

15.1 OTHER INCOME

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Reversal of impairment losses on receivables from previous years	35,136	968
Grants	2,614	1,786
Compensation/damages, penalties, legal costs	856	3,266
Reversal of provisions from previous years	-	977
Other	3,366	1,940
Total	41,972	8,937

In Q1-Q3 2017, the Group reversed impairment losses on receivables in a total amount of PLN 35,136 thousand, related mainly to receivables from AO Ugolnaja Kompania Siewierny Kuzbas, in connection with partial payment and provision of an unconditional and irrevocable bank guarantee issued by Sberbank of Russia to the Company's subsidiary Kopex Sibir OOO, securing payments resulting from court settlement and an annex to the contract of April 1st 2017. The balance of the impairment loss was used in

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connection with costs incurred to sign the court settlement agreement and the annex. On September 12th 2017, AO Ugolnaya Kompaniya Severny Kuzbas paid the receivable in full.

15.2 OTHER EXPENSES

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Compensation and fixtures pay for employees	6,508	11,017
Scrapping of current assets	5,841	6,682
Recognised provisions for penalties and compensation, expected liabilities and other provisions	8,436	-
Compensation/damages, penalties, legal costs	1,291	6,137
Impairment losses on receivables	-	87,507
Other	3,382	3,602
Total	25,458	114,945

Compensation and severance pay for employees include compensation and severance payments already made, as well as provisions recognised for that purpose in connection with the ongoing restructuring, including workforce optimisation.

The cost of scrapping current assets results from the ongoing divestment of redundant, deficient assets.

15.3 OTHER GAINS/(LOSSES)

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Exchange differences (except for bank borrowings and other debt instruments)	10,349	1,826
Gain/(loss) on sale or retirement of property, plant and equipment	3,004	2,773
Valuation of foreign currency transactions (not subject to hedge accounting)	1,191	368
Revaluation of investments (valuation of borrowings, long-term receivables and payables, shares)	49	541
Gain/(loss) on sale of financial assets (shares, bonds)	-1,653	-565
Gain/(loss) on foreign currency transactions (not subject to hedge accounting)	-	-226
Other	-	-10
Total	12,940	4,707

Interim condensed consolidated financial statements

15.4 (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Inventory write-downs	-3,549	-10,503
Impairment losses on property, plant and equipment	-552	-54,441
Impairment losses on development work	40	-63,247
Impairment losses on shares	1,362	-
Impairment losses on other intangible assets	-	-10,390
Impairment losses on investment property	-	-2,881
Impairment loss on goodwill	-	-129,846
Impairment losses on assets of companies held for sale	-	-22,036
Impairment losses on assets of companies intended for liquidation	-	-976
Loss of control	-	-38,489
Total	-2,699	-332,809

15.5 FINANCE INCOME

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Interest	6,607	4,644
Reversal of impairment losses and provisions	2,860	-
Other	532	384
Total	9,999	5,028

Interest income consists of mainly interest paid on long-term receivables.

The reversal of provisions for finance costs was related to the expiry of certain sureties and guarantees provided by the Group in respect of Famago Sp. z o.o. w upadłości (in bankruptcy).

15.6 FINANCE COSTS

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Interest	9,562	13,057
Impairment losses on financial receivables	-	24,964
Provisions recognised for finance costs	-	3,116
Other	1,387	1,326
Total	10,949	42,463

15.7 INCOME TAX

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016
Current portion	8,997	5,231
Deferred portion	6,974	58,084
Total	15,971	63,315

Interim condensed consolidated financial statements

16. EXPLANATORY NOTES TO SELECTED ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

16.1 PROPERTY, PLANT AND EQUIPMENT

In Q1-Q3 2017, the Group did not enter into any material transactions to purchase any property, plant or equipment. The Group sold many items of property, plant and equipment as part of the restructuring process, including asset restructuring involving the sale of redundant assets. The total proceeds from the sale of property, plant and equipment in Q1-Q3 2017 amounted to PLN 5,512 thousand.

16.2 OTHER NON-CURRENT ASSETS

	Sep 30 2017	Dec 31 2016
Non-current available-for-sale financial assets	7,784	7,784
Other long-term receivables	31,378	25,556
Non-current prepayments and accrued income	421	-
Long-term loans	4	8
Other non-current financial assets	-	50,000
Total	39,587	83,348

The increase in other long-term receivables relates to a contract bond of PLN 19,000 thousand, posted as security for a completed contract.

The decrease in other non-current financial assets results from their termination.

16.3 DEFERRED TAX ASSETS

The decrease in deferred tax asset from PLN 16,306 thousand to PLN 9,819 thousand is mainly attributable to the reversal of the impairment loss on receivables from AO Ugolnaya Kompaniya Severny Kuzbas of Russia.

16.4 OTHER SHORT-TERM RECEIVABLES

The decrease in other receivables from PLN 138,315 thousand to PLN 52,914 thousand as at December 31st 2016 resulted mainly from the settlement of receivables in relation to deliveries made.

16.5 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Amounts due from customers for contract work fell from PLN 89,836 thousand as at December 31st 2016 to PLN 9,377 thousand. In its most recent full-year consolidated financial statements the Group disclosed an amount due under contracts with an Argentine customer of PLN 84,396 thousand. In H1 2017, the balance of the contractual deliveries were made and invoices were issued.

16.6 TRANSLATION RESERVE

For the purpose of preparing the consolidated financial statements in the KOPEX Group's presentation currency, i.e. in PLN, individual items of the financial statements of foreign operations whose functional currencies are different than PLN are translated as follows:

- assets and liabilities – at the mid rate applicable at the end of the reporting period, as quoted for a given currency by the National Bank of Poland.

Interim condensed consolidated financial statements

- items of the statement of profit or loss, statement of comprehensive income and statement of cash flows – at the exchange rate computed as the arithmetic mean of mid rates quoted by the National Bank of Poland for the end of each month during the reporting period.

Foreign exchange differences on translation of the financial statements of foreign operations are recognised in other comprehensive income.

16.7 LONG-TERM BANK BORROWINGS AND OTHER DEBT INSTRUMENTS

Long-term bank borrowings and other debt instruments went down from PLN 574,438 thousand to PLN 476,584 thousand. Thanks to the measures undertaken by the KOPEX Group, such as process optimisation and divestments of non-core assets, as well as the TDJ Group's financial support and gradual collection of receivables, KOPEX was able to secure funds for early repayment of Tranche C debt of nearly PLN 143m.

16.8 OTHER CURRENT LIABILITIES

Other current liabilities decreased from PLN 240,812 thousand to PLN 35,706 thousand, mainly on account of the settlement of liabilities in relation to deliveries made.

16.9 NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES

Non-current assets held for sale decreased from PLN 59,047 thousand as at December 31st 2016 to PLN 21,075 thousand, and related liabilities went down from PLN 33,662 thousand to PLN 13,044 thousand due to the divestment process.

17. EARNINGS PER SHARE

On June 26th 2017, the Company submitted orders to sell to Famur S.A. (the Buyer) 276,500 own shares of Kopex S.A., representing 0.37% of the Company's share capital and carrying the right to 276,500 votes at the Company's General Meeting. The sell order was executed by way of a block transaction at a trading session on June 26th 2017 (with the execution date falling on the next business day, i.e. June 27th 2017).

Earnings per share in the period from January 1st to September 30th 2017 were calculated based on the weighted average number of ordinary shares outstanding in the period, i.e. 74,148,885 shares.

18. CHANGES IN THE GROUP'S AND THE COMPANY'S CONTINGENT LIABILITIES AND ASSETS PLEDGED AS SECURITY

The Group	As at Sep 30 2017	Increase (+) decrease (-)	As at Dec 31 2016
Total contingent liabilities, including:	56,670	-3,243	59,913
1. To other related entities	-	-	-
2. To other entities	56,670	-3,243	59,913
- for KOPEX Group companies	55,188	4,575	50,613
- for other entities	1,077	-7,759	8,836
- for companies held for sale	405	-59	464

The following types of security were created over the Group's assets in favour of its financial creditors in accordance with the Restructuring Agreement:

- mortgage over properties with a net carrying amount of PLN 18,707 thousand as at September 30th 2017;
- pledge over movables and rights with a net carrying amount of PLN 160,972 thousand as at September 30th 2017.

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Company	As at Sep 30 2017	Increase (+) decrease (-)	As at Dec 31 2016
Total contingent liabilities, including:	29,332	-13,355	42,687
1. To subsidiaries	-	-	-
- for other related entities	-	-	-
2. To other entities	29,332	-13,355	42,687
- for companies held for sale	279	-533	812
- for other entities	1,077	-7,759	8,836
- other contingent liabilities	27,976	-5,063	33,039

The following types of security were created over the Company's assets in favour of its financial creditors in accordance with the Restructuring Agreement:

- mortgage over properties with a net carrying amount of PLN 23,143 thousand as at September 30th 2017;
- pledge over shares in subsidiaries with a net carrying amount of PLN 277,529 thousand as at September 30th 2017.

Interim condensed consolidated financial statements

19. MATURITY OF FINANCIAL RECEIVABLES AND LIABILITIES AT THE KOPEX GROUP

As at Sep 30 2017	Total	Past due	Not past due, maturing/repayable in:						
			Up to 1 month	1–3 months	3–6 months	6–2 months	More than 12 months	From 3 to 5 years	
Financial receivables:									
Loans	8,010	8,001	-	1	1	3	4	-	
Trade receivables	208,357	22,522	54,790	74,260	31,498	23,526	1,661	100	
Lease receivables	26,486	6	2,988	4,087	6,111	10,765	2,529	-	
Other financial receivables	46,655	246	4,890	609	328	9,202	24,859	6,521	
Total	289,508	30,775	62,668	78,957	37,938	43,496	29,053	6,621	
Financial liabilities:									
Bank borrowings and other debt instruments	476,584	-	-	-	-	-	88,000	388,584	
Trade payables	63,516	8,025	29,996	21,491	3,134	860	10	-	
Lease liabilities	27,239	-	1,313	2,714	3,437	6,532	12,249	994	
Other financial liabilities	9,553	152	3,892	1,299	1,631	2,532	47	-	
Total	576,892	8,177	35,201	25,504	8,202	9,924	100,306	389,578	

As at Dec 31 2016	Total	Past due	Not past due, maturing/repayable in:						
			Up to 1 month	1–3 months	3–6 months	6–12 months	More than 12 months	From 3 to 5 years	
Financial receivables:									
Loans	8,048	8,001	35	1	1	2	8	-	
Trade receivables	221,333	52,366	58,827	79,855	26,779	1,199	2,267	40	
Lease receivables	38,642	-	1,300	4,210	3,706	10,019	19,407	-	
Other financial receivables	30,915	576	1,680	1,599	491	984	3,234	22,351	
Total	298,938	60,943	61,842	85,665	30,977	12,204	24,916	22,391	
Financial liabilities:									
Bank borrowings and other	575,079	-	-	-	641	-	62,386	512,052	
Trade payables	79,401	8,535	26,732	38,576	4,031	450	1,077	-	
Lease liabilities	39,863	-	1,510	3,302	3,794	7,047	24,210	-	
Other financial liabilities	28,380	1,781	25,235	1,269	-	-	94	1	
Total	722,723	10,316	53,477	43,147	8,466	7,497	87,767	512,053	

Interim condensed consolidated financial statements

20. FAIR VALUE

Financial assets and liabilities measured at fair value:

Class of financial instruments	Fair value hierarchy	
	Level 1	Level 3
As at Sep 30 2017		
Shares in companies at fair value through profit or loss	26	-
Available-for-sale financial assets	-	7,784
As at Dec 31 2016		
Shares in companies at fair value through profit or loss	19	-
Available-for-sale financial assets	-	7,784

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

The following valuation levels were applied for financial instruments measured at fair value through profit or loss:

- Level 1: prices quoted on an active market for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1, which are observable on the market either directly (prices) or indirectly (data based on market prices),
- Level 3: inputs for the valuation of an asset or liability other than based on observable market data. The Company recognised available-for-sale financial assets at cost less impairment losses, if any. The Company is not able to reliably determine the fair value of its holdings in companies not listed on active markets due to insufficient data.

21. RELATED-PARTY TRANSACTIONS

The related-party transactions in Q3 2017 were made on an arm's length basis and, in the opinion of the Management Board, were typical and routine transactions.

Interim condensed separate financial statements

**INTERIM CONDENSED
SEPARATE FINANCIAL STATEMENTS
OF KOPEX S.A.**

Interim condensed separate financial statements

22. INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS OF KOPEX S.A.

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016 restated amounts	Jun 1– Sep 30 2017	Jun 1– Sep 30 2016 restated amounts
Net revenue from sale of products, merchandise and materials	366,433	392,906	72,436	125,735
Cost of sales	305,228	411,410	58,590	128,471
Gross profit/(loss)	61,205	-18,504	13,846	-2,736
Other income	45,959	31,092	1,408	2,193
Distribution costs	10,612	11,422	2,661	4,335
Administrative expenses	35,354	30,319	10,108	4,036
Other expenses	21,352	83,891	301	12,613
Other gains / (losses)	7,945	-1,384	2,244	-7,591
Impairment losses (-)/reversal of impairment losses (+) on non-financial assets	-2,967	-131,922	-3,922	1,220
Operating profit/(loss)	44,824	-246,350	506	-27,898
Finance income	5,796	5,034	1,114	1,538
Finance costs	10,498	92,838	3,252	4,223
Profit/(loss) before tax	40,122	-334,154	-1,632	-30,583
Income tax	161	72,931	97	-
Total net profit/(loss)	39,961	-407,085	-1,729	-30,583
Weighted average number of ordinary shares	74,148,885	74,056,038	74,332,538	74,056,038
Net earnings/(loss) per ordinary share	0.54	-5.50	-0.02	-0.41

* Reconciliation of restated data is presented in Note 27.2

Interim condensed separate financial statements

23. INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME OF KOPEX S.A.

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016 restated amounts	Jun 1– Sep 30 2017	Jun 1– Sep 30 2016 restated amounts
Net profit/(loss)	39,961	-395,755	-1,729	-30,583
Other comprehensive income that will not be reclassified to profit or loss	1,498	-	834	-
Actuarial gains from defined benefit plans	1,849	-	1,029	-
Income tax on actuarial gains	-351	-	-195	-
Other comprehensive income/(loss) that may be reclassified to profit or loss	-555	-1,738	-	7
Cash flow hedges	-	-2,146	-	8
Income tax on cash flow hedges	-	408	-	-1
Revaluation gains/(losses)	-555	-	-	-
Total other comprehensive income/(loss), net of tax	943	-1,738	834	7
Total comprehensive income/(loss)	40,904	-397,493	-895	-30,576

Interim condensed separate financial statements

24. INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION OF KOPEX S.A.

	Sep 30 2017	Dec 31 2016 restated amounts
ASSETS		
Non-current assets	571,239	672,106
Intangible assets	3,436	14,576
Property, plant and equipment	131,860	167,531
Investment property	33,007	22,127
Long-term lease receivables	2,818	19,789
Other non-current assets	400,118	448,083
Current assets	387,172	566,785
Inventories	64,722	76,790
Short-term trade receivables	120,548	136,148
Other short-term receivables	81,675	185,900
Short-term lease receivables	24,083	19,728
Short-term loans	8,005	15,682
Current income tax assets	453	4,955
Other financial assets	26	30,019
Amounts due from customers for contract work	2,247	70,610
Cash and cash equivalents	85,413	26,953
Non-current assets held for sale	8,979	18,146
Total assets	967,390	1,257,037

Interim condensed separate financial statements

EQUITY AND LIABILITIES	Sep 30 2017	Dec 31 2016 restated amounts
Equity	347,297	303,415
Share capital	74,333	74,333
Treasury shares	-	-2,979
Share premium	-	417,330
Revaluation reserve	260,204	260,759
Retained earnings	12,760	-446,028
Non-current liabilities	489,812	596,042
Long-term bank borrowings and other debt instruments	477,186	574,438
Other non-current liabilities	41	95
Long-term lease liabilities	4,805	11,717
Deferred tax liabilities	776	263
Long-term employee benefit obligations	6,351	8,485
Other long-term provisions for liabilities	653	664
Accruals and deferred income	-	380
Current liabilities	130,281	357,580
Short-term bank borrowings and other debt instruments	-	6,922
Short-term trade payables	41,112	50,061
Other current liabilities	15,265	220,200
Short-term lease liabilities	8,480	8,420
Other financial liabilities	-	1,244
Short-term employee benefit obligations	3,930	6,420
Other short-term provisions for liabilities	43,873	52,267
Accruals and deferred income	17,621	12,046
Total equity and liabilities	967,390	1,257,037
Book value	347,297	303,415
Number of shares	74,332,538	74,056,038
Book value per share (PLN)	4.67	4.10

Interim condensed separate financial statements

25. INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY OF KOPEX S.A.

	Share capital	Treasury shares	Share premium	Revaluation reserve			Retained earnings/(accumulated losses)	Total equity
				Hedging instruments	Revaluation gains	Deferred tax		
Balance as at Jan 1 2017, based on approved financial statements	74,333	-2,979	417,330	-	-	-	-446,028	42,656
Change in accounting policy (Note 27)	-	-	-	-	260,759	-	-	260,759
Balance as at Jan 1 2017 after restatement	74,333	-2,979	417,330	-	260,759	-	-446,028	303,415
Total comprehensive income/(loss)	-	-	-	-	-555	-	41,458	40,903
Coverage of loss	-	-	-417,330	-	-	-	417,330	-
Sale of treasury shares	-	2,979	-	-	-	-	-	2,979
Balance as at Sep 30 2017	74,333	-	-	-	260,204	-	12,760	347,297
Balance as at Jan 1 2016, based on approved financial statements	74,333	-2,979	1,054,942	2,496	-	-474	-190,424	937894
Change in accounting policy (Note 27)	-	-	-	-	248,728	-	-	248,728
Balance as at Jan 1 2016 after restatement	74,333	-2,979	1,054,942	2,496	248,728	-474	-190,424	1,186,622
Total comprehensive income/(loss)	-	-	-	-2,146	-	408	-395,755	-397,493
Coverage of loss	-	-	-637,612	-	-	-	637,612	-
Grants	-	-	-	-	-	-	-122	-122
Balance as at Sep 30 2016	74,333	-2,979	417,330	350	248,728	-66	51,311	789,007
Balance as at Jan 1 2016, based on approved financial statements	74,333	-2,979	1,054,942	2,496	-	-474	-190,424	937894
Change in accounting policy (Note 27)	-	-	-	-	248,728	-	-	248,728
Balance as at Jan 1 2016 after restatement	74,333	-2,979	1,054,942	2,496	248,728	-474	-190,424	1,186,622
Total comprehensive income/(loss)	-	-	-	-2,496	12,031	474	-893,092	-883,083
Coverage of loss	-	-	-637,612	-	-	-	637,612	-
Grants	-	-	-	-	-	-	-124	-124
Balance as at Dec 31 2016	74,333	-2,979	417,330	-	260,759	-	-446,028	303,415

Interim condensed separate financial statements

26. INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS OF KOPEX S.A.

	Jan 1– Sep 30 2017	Jan 1– Sep 30 2016 restated amounts
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	40,122	-328,025
Adjustments for:		
Depreciation and amortisation	63,001	105,163
Foreign exchange (gains)/losses	-155	-2,153
Interest and share of profit (dividends)	7,577	-7,342
Gain/(loss) on investing activities	-247	3,114
Change in provisions	-11,606	21,039
Change in inventories	12,068	35,017
Change in trade and other receivables	146,235	125,709
Change in short-term trade and other payables	-204,003	-103,064
Change in accruals and deferred income	5,195	-13,784
Change in amounts due from customers for contract work	68,364	9,963
Income taxes paid	4,501	2,114
Derivative financial instruments	-1,245	-1,166
Impairment losses on non-current assets	-955	124,125
Impairment losses on loans	25	54,886
Grants	-	-122
Other	115	-69
Net cash from operating activities	128,992	25,405
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of intangible assets and property, plant and equipment	4,373	7,473
Disposal of shares	9,484	560
Dividends and other profit distributions received	-	23,135
Interest received	1,255	532
Repayment of borrowings	8,061	12,504
Disposal of financial instruments	80,000	-
Purchase of intangible assets and property, plant and equipment	-23,214	-34,060
Purchase of financial assets	-19,900	-1,425
Loans	-753	-18,261
Net cash from investing activities	59,306	-9,542
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings and other debt instruments*	75,000	74,267
Commission fees received on sureties	7	9
Repayment of bank borrowings and other equity instruments*	-182,815	-56,531
Payment of finance lease liabilities	-6,819	-15,173
Interest paid	-5,675	-12,537
Commission fees paid on borrowings and sureties	-283	-9,528
Payment of other financial liabilities	-9,374	-
Net cash from financing activities	-129,959	-19,493
TOTAL NET CASH FLOWS	58,339	-3,630
Net change in cash, including:	58,460	-3,824
- effect of exchange rate changes	121	-194
Cash at beginning of period	26,953	38,672
Cash at end of period, including:	85,413	34,848
- restricted cash	10,238	3,064

*Amounts borrowed under a working capital facility are disclosed in net amounts.

Interim condensed separate financial statements**27. ACCOUNTING POLICIES**

These interim condensed separate financial statements have been prepared in accordance with the same accounting policies and computation methods as those applied to prepare the most recent full-year separate financial statements, save for a changed policy applied to the valuation of shares in subsidiaries, joint ventures and associates, and of shares in companies classified as non-current financial assets available for sale.

In previous years, such shares were measured at cost.

The Company's Management Board decided to change the applicable accounting policy with effect as of January 1st 2017. The above assets are now recognised by the Company in its separate financial statements in accordance with IAS 39, i.e. at fair value plus any transaction costs that may be directly attributable to the acquisition of a given financial asset. If available-for-sale financial assets are not listed on an active market and if their fair value cannot be reliably determined using alternative methods, they are measured at cost less impairment losses. A positive or negative difference between the fair value of available-for-sale assets (if they are listed on an active regulated market or if their fair value can be reliably measured using alternative methods) and their cost are recognised under other comprehensive income. Impairment losses on available-for-sale assets are recognised as cost.

In the Management Board's opinion, the value of shares in subsidiaries, joint ventures and associates measured at cost does not fully represent their current value and thus does not fully reflect the Company's financial condition.

In view of the considerable difference between the value of these financial assets measured at cost and their fair value, the Management Board decided to change the applicable accounting policy.

The Management Board is of the opinion that the change will result in the Company's separate financial statements providing information that is more reliable and more useful in assessing the Company's financial condition.

In connection with the foregoing, the comparative data in KOPEX S.A.'s separate financial statements has been restated. The restatement has resulted in the following changes to assets and items of equity:

In the statement of financial position as at January 1st 2016:

Other non-current financial assets: + PLN 248,728 thousand

Revaluation capital reserve: + PLN 248,728 thousand

In the statement of financial position as at December 31st 2016:

Other non-current financial assets: + PLN 260,759 thousand

Revaluation capital reserve: + PLN 260,759 thousand

27.1 CHANGES IN ESTIMATES

Preparation of interim condensed separate financial statements in accordance with IAS 34 requires the management to make significant estimates and judgements as to the accounting principles applied by the Company. In Q3 2017, there were no material changes to estimates or estimation methods in relation to data presented in the full-year financial statements for 2016, which could affect the current period, with the exception of the change described above.

27.2 RECONCILIATION OF COMPARATIVE DATA

Given that on December 8th 2016 KOPEX S.A. (as the acquiring company) merged with KOPEX MACHINERY S.A., ZABRZAŃSKIE ZAKŁADY MECHANICZNE – MASZYNY GÓRNICZE Sp. z o.o., FABRYKA MASZYN I URZĄDZEŃ TAGOR S.A. and KOPEX HYDRAULIKA SIŁOWA Sp. z o.o. (acquirees), the comparative data has been appropriately restated. The merger was accounted for using the predecessor method, i.e. individual items of the relevant assets, liabilities, equity, income and expenses of the combined entities as at the merger date were aggregated, while the share capitals of the acquirees, mutual liabilities and receivables, income and expenses as well as profits and losses of the combined entities were eliminated. The table below shows a reconciliation of restated data from KOPEX S.A.'s statement of profit or loss.

Separate statement of profit or loss of KOPEX S.A. – reconciliation of comparative data for Q1-Q3 2016:

**CONSOLIDATED REPORT OF
THE KOPEX GROUP
FOR Q3 2017
(all amounts in PLN '000)**

Interim condensed separate financial statements

	Jan 1– Sep 30 2016 restated amounts	data of acquirees for Q1-Q3 2016	eliminations on merger	most recent published data for Q1-Q3 2016
Net revenue from sale of products, merchandise and materials	392,906	348,405	-77,143	121,644
Cost of sales	411,410	382,079	-75,448	104,779
Gross profit/(loss)	-18,504	-33,674	-1,695	16,865
Other income	31,092	6,088	-1,258	26,262
Distribution costs	11,422	6,079	-106	5,449
Administrative expenses	30,319	20,378	-7,290	17,231
Other expenses	83,891	62,535	-1,199	22,555
Other gains / (losses)	-1,384	-2,020	-69	705
Impairment losses (-)/reversal of impairment losses (+) on non-financial assets	-131,922	-118,279	97547	-111,190
Operating profit/(loss)	-246,350	-236,877	103,120	-112,593
Finance income	5,034	5,101	-4,142	4,075
Finance costs	92,838	31,291	-3,991	65,538
Profit/(loss) before tax	-334,154	-263,067	102,969	-174,056
Income tax	72,931	57,663	-	15,268
Total net profit/(loss)	-407,085	-320,730	102,969	-189,324

28. RELATED-PARTY TRANSACTIONS

The related-party transactions in Q3 2017 were made on an arm's length basis and, in the opinion of the Management Board, were typical and routine transactions.

ADDITIONAL INFORMATION ON THE COMPANY AND ITS GROUP

29. SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, 5% OR MORE OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING OF THE COMPANY AS AT THE DATE OF ISSUE OF THIS QUARTERLY REPORT; CHANGES IN MAJOR HOLDINGS OF COMPANY SHARES AFTER THE ISSUE OF THE PREVIOUS QUARTERLY REPORT

In Q3 2017 to the date of issue of this quarterly report, the share capital of KOPEX S.A. did not change. It amounts to PLN 74,332,538.00 and comprises 74,332,538 ordinary bearer shares with a par value of PLN 1.00 per share, including:

- a) 19,892,700 Series A ordinary bearer shares,
- b) 47,739,838 Series B ordinary bearer shares, and
- c) 6,700,000 Series C ordinary bearer shares.

KOPEX S.A. shares have been listed on the Warsaw Stock Exchange since June 4th 1998. (ISIN: KPX PLKOPEX00018, Market/Segment: main market, Sector: Machine engineering, Index: sWIG80).

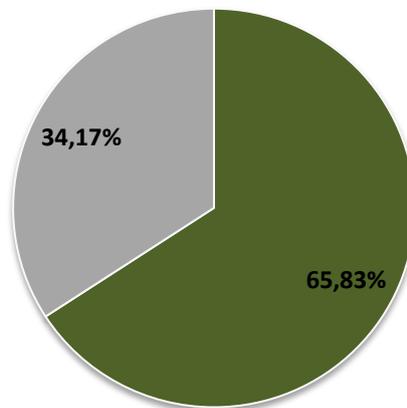
The Company's shareholding structure as at the date of issue of this Q1 2017 quarterly report:

SHAREHOLDER	Number of shares held	Equity interest in KOPEX S.A.	Total number of voting rights at GM	% of voting rights at GM
FAMUR S.A.	48 932 015 ¹⁾	65.83%	48,932,015	65.83%
Other shareholders – Free Float	25,400,523	34.17%	25,400,523	34.17%
Total:	74,332,538	100.00%	74,332,538	100.00%

Notes:

¹⁾ Total number of KOPEX S.A. shares held by FAMUR S.A. (majority shareholder), as specified in a notification of June 27th 2017 (Current Report No. 37/2017 of June 27th 2017).

Shareholder structure of KOPEX S.A.



■ FAMUR S.A. ■ Pozostali Akcjonariusze

30. NUMBER OF COMPANY SHARES OR RIGHTS TO COMPANY SHARES HELD BY THE MANAGEMENT AND SUPERVISORY STAFF AS AT THE DATE OF ISSUE OF THIS QUARTERLY REPORT. CHANGES IN THE MANAGEMENT AND SUPERVISORY STAFF'S HOLDINGS AFTER THE ISSUE OF THE PREVIOUS INTERIM REPORT

NUMBER OF COMPANY SHARES OR RIGHTS TO COMPANY SHARES HELD BY THE MANAGEMENT STAFF

Full name	Position on the Management Board OF KOPEX S.A.	Total number of KOPEX shares at this report date	Change in number of shares held
Beata ZAWISZOWSKA	President of the Management Board	none	none ¹⁾
Bartosz BIELAK	Vice President of the Management Board	none	none ¹⁾

Notes:

¹⁾ The number of Company shares held by the persons listed above did not change after the issue of the previous interim report.

The members of the management staff specified above do not hold any rights to Company shares or shares in the Company's subsidiaries.

NUMBER OF COMPANY SHARES OR RIGHTS TO SHARES HELD BY THE SUPERVISORY STAFF

Full name	Position on the Supervisory Board OF KOPEX S.A.	Total number of KOPEX shares at this report date	Change in the number of shares held ¹⁾
Mirosław BENDZERA	Chairman of the Supervisory Board	none	
Adam TOBOREK	Deputy Chairman of the Supervisory Board	none	
Karolina BLACHA-CIEŚLIK	Secretary of the Supervisory Board	none	
Dawid GRUSZCZYK	Member of the Supervisory Board	none	
Zdzisław SZYPUŁA	Member of the Supervisory Board	none	
Robert ROGOWSKI	Member of the Supervisory Board	none	
Dorota WYJADŁOWSKA	Member of the Supervisory Board	none	

Notes:

¹⁾ On October 17th 2017, Ms Magdalena Zajączkowska-Ejsymont, Mr Tomasz Domogala, Mr Czesław Kisiel, Mr Wojciech Gelner and Mr Jacek Leonkiewicz tendered their resignations as members of the Company's Supervisory Board with effect as of October 18th 2017. On October 19th 2017, the Company's Extraordinary General Meeting appointed the following persons to the Supervisory Board: Ms Dorota Wyjadłowska, Ms Karolina Blacha-Cieślik, Mr Mirosław Bendzer, Mr Adam Toborek, Mr Dawid Gruszczyk, Mr Zdzisław Szypuła and Mr Robert Rogowski.

These persons were appointed as members of the Company's Supervisory Board on October 19th 2017, thus the column "change in the number of shares held", which would show the change since the issue of the previous interim report, is irrelevant.

The members of the Company's supervisory staff specified above do not hold any rights to Company shares or shares in the Company's subsidiaries.

31. HEADCOUNT AT THE COMPANY AND ITS GROUP

Headcount at KOPEX S.A. and its Branches:

	PERSONS	
	Sep 30 2017	Dec 31 2016
WHITE COLLAR WORKERS	251	562
BLUE COLLAR WORKERS	442	808
TOTAL	693	1,370

Headcount at the KOPEX Group:

	PERSONS	
	Sep 30 2017	Dec 31 2016
WHITE COLLAR WORKERS	773	1,157
BLUE COLLAR WORKERS	1,586	2,255
TOTAL	2,359	3,412

32. LITIGATION, ARBITRATION OR ADMINISTRATIVE PROCEEDINGS

The following court proceedings were pending as at the date of issue of these financial statements:

No.	SUBJECT MATTER OF LITIGATION	AMOUNT UNDER LITIGATION '000 PLN	DATE INSTIGATED	PLAINTIFF	OPPONENT	COURT
1.	Payment of compensation for losses on settlement of currency forwards	33,705	30.12.2009	Fazos S.A. (currently Famur S.A.)	KOPEX S.A.	Regional Court and Court of Appeals in Katowice
2.	Filing of claims in bankruptcy proceedings	82,852 – Category 2 8,284 – Category 3	02.12.2016	KOPEX S.A.	Famago Sp. z o.o. w upadłości (in bankruptcy)	District Court for Wrocław Fabryczna in Wrocław
3.	Filing of claims in bankruptcy proceedings	11,000 – Category 2 1,340 – Category 3	02.12.2016	Elgór+Hansen S.A.	Famago Sp. z o.o. w upadłości (in bankruptcy)	District Court for Wrocław Fabryczna in Wrocław

- KOPEX S.A. of Katowice (formerly KOPEX S.A. and TAGOR S.A.) is a party to a legal dispute with FAMUR S.A. (formerly Fabryka Zmechanizowanych Obudów Ścianowych Fazos S.A. of Tarnowskie Góry and then Zakład Maszyn Górniczych GLINIK Sp. z o.o.) for payment of PLN 51,875,600.00. In the course of the proceedings, the amount claimed was reduced to PLN 33,705,361.31 (without waiving the claim). On June 29th 2016, the Regional Court in Katowice dismissed the claim in its entirety. The case was appealed against to the Court of Appeals in Katowice. According to the law firm previously representing KOPEX S.A., the probability of the claimant prevailing in court was lower than that of the claimant losing the case as there were no contractual grounds for the claims and no proximate cause. In view of the foregoing and in accordance with IAS 37, KOPEX S.A. concluded that it did not have any present obligation arising from past events and thus did not recognise any provision.

KOPEX S.A. (on August 2nd 2017) and FAMUR S.A. (on August 1st 2017) submitted requests to suspend the proceedings upon a joint motion of the parties, together with a request for cancellation of the hearing set for September 7th 2017 given that FAMUR S.A. now holds a controlling interest (65.83%) in KOPEX S.A. and has become its parent, which – in the opinion of the parties – implies the need for amicable settlement of the dispute.

On August 11th 2017, KOPEX S.A. received a decision of the Court of Appeals to suspend the proceedings, along with a notice of cancellation of the hearing scheduled for September 7th 2017.
- Under its decision of September 20th 2017 in the case brought by Galantine Sp. z o.o. and Nationale Nederlanden OFE (previously ING OFE) against KOPEX S.A. for declaring invalid and repealing the resolutions of the Extraordinary General

Meeting of KOPEX S.A. held on February 20th and, after adjournment, on March 14th 2014, following the withdrawal by Galantine Sp. z o.o. of the action to repeal Resolutions No. 5 and 9 of the Extraordinary General Meeting of KOPEX S.A. and its waiver of the relevant claims, the Regional Court in Katowice discontinued the proceedings in the case brought by Galantine Sp. z o.o. against KOPEX S.A. to repeal Resolutions No. 5 and 9 of the Extraordinary General Meeting. The Company had provided information on the case in the following Current Reports: No. 42/2014 of May 7th 2014, No. 48/2014 of June 5th 2014, No. 56/2014 of July 10th 2014, No. 69/2014 of December 17th 2014, No. 10/2015 of March 11th 2015, No. 15/2015 of May 8th 2015, No. 12/2016 of February 3rd 2016 and No. 98/2016 of November 25th 2016.

Except as described above, as at the date of issue of these financial statements neither the Company nor any entity of its Group was a party to any other pending proceedings before a court, arbitration tribunal or public administration body whose value would represent 10% or more of the Company's equity.

33. LIST OF TRANSACTIONS CONCLUDED BY THE COMPANY OR THE COMPANY'S SUBSIDIARIES WITH RELATED PARTIES OTHER THAN ON ARM'S LENGTH BASIS

Based on available information, during the reporting period neither KOPEX S.A. nor any of its subsidiaries entered into any related-party transactions other than on arm's length basis.

34. LOAN SURETIES OR GUARANTEES ISSUED BY THE COMPANY OR ITS SUBSIDIARIES WHERE THE AGGREGATE VALUE OF SUCH OUTSTANDING SURETIES OR GUARANTEES ISSUED TO A SINGLE ENTITY OR ITS SUBSIDIARY REPRESENTS 10% OR MORE OF THE COMPANY'S EQUITY

In the reporting period, neither the Company nor any of its subsidiaries issued any loan sureties or guarantees with a value exceeding 10% of the Company's equity.

35. BRIEF DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OR FAILURES IN THE REPORTING PERIOD, INCLUDING IDENTIFICATION OF KEY EVENTS

In the reporting period, the Parent and its subsidiaries operated in line with their respective articles of association.

Below, the Company presents the significant achievements and failures that occurred in the period from July 1st 2017 to the date of issue of this report:

- On July 28th 2017, the Management Board of KOPEX S.A. published a written opinion issued by a qualified auditor of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. on the audit of the Demerger Plan of KOPEX Spółka Akcyjna. The audit of the Demerger Plan included in particular procedures designed to verify whether:
 - the Demerger Plan has been prepared in accordance with the provisions of Art. 534.1 of the Commercial Companies Code;
 - the Demerger Plan contains all required appendices, in accordance with the provisions of Art. 534.2 of the Commercial Companies Code;
 - The share exchange ratio referred to in Art. 534.1.2 of the Commercial Companies Code has been established properly and the methods used to determine the proposed share exchange ratio (based on the arithmetic mean of the average daily market prices weighted by the volumes of trade in the Demerged Company stock and the Acquirer stock in the three months preceding the date as at which data for the Demerger Plan was adopted,

Based on the procedures he performed, the auditor believes that in all material respects:

- The Demerger Plan has been prepared in a fair and correct manner, in accordance with the adopted criteria;
- The share exchange ratio referred to in Art. 534.1.2 of the Commercial Companies Code has been determined properly;
- The methods used to determine the share exchange ratio proposed in the Demerger Plan are reasonable;
- No particular difficulties occurred in the valuation of shares in the Demerged Company.

- On August 1st 2017, the Management Board of KOPEX S.A. published the Directors' Report on the operations of KOPEX S.A. of Katowice, providing grounds and rationale for the demerger in accordance with Art. 529.1.4 of the Commercial Companies Code, outlining the legal basis for the demerger, the share exchange ratio and the criteria for the division of the shares, the economic rationale, particular difficulties in the valuation of the shares, a summary and recommendations. In addition, on August 1st 2017, the Management Board of KOPEX S.A. published a notice of the Extraordinary General Meeting to be held on September 29th 2017, with the agenda including a resolution on the demerger of KOPEX S.A. by transferring a part of its assets to FAMUR S.A., as well as a first notice of the intention to demerge KOPEX S.A. On August 17th 2017, the Management Board of KOPEX S.A. published a second notice of the intention to demerge.
- On August 22nd 2017, the Management Board of KOPEX S.A. resolved to reverse an impairment loss on the receivable outstanding as at August 22nd 2017 payable to the Group by AO Ugolnaya Kompaniya Severny Kuzbas ('Berezovsky mine') in connection with the provision by the Berezovsky mine of an unconditional and irrevocable bank guarantee issued by the Sberbank of Russia to the Company's subsidiary KOPEX Sibir OOO. The bank guarantee was issued as security for the payments due from the Berezovsky mine to KOPEX Sibir OOO under the court settlement and annex to the contract of April 1st 2017. On September 12th 2017, AO Ugolnaya Kompaniya Severny Kuzbas paid the receivable in full.
- On August 30th 2017, the Management Board of KOPEX S.A., at the request of FAMUR S.A. (majority shareholder), cancelled the Extraordinary General Meeting convened for September 29th 2017, which was to adopt a resolution on the demerger of KOPEX S.A. by transferring a part of its assets to FAMUR S.A. As the grounds for the cancellation the majority shareholder stated, among other things, that it wanted to put forward a proposal to include in the information memorandum prepared by FAMUR S.A. in connection with the ongoing demerger of KOPEX S.A. the most recent financial data which was being reviewed by an independent auditor, reflecting the state of affairs after FAMUR S.A. took control over KOPEX S.A., i.e. as at June 30th 2017, which was after the date of issue of the interim report for H1 2017. The General Meeting will be reconvened with the same agenda immediately after the Polish Financial Supervision Authority approves the information memorandum.

Events after the reporting date

- Following the resignation of the following members of the KOPEX Supervisory Board: Ms Magdalena Zajączkowska-Ejsymont, Mr Tomasz Domogała, Mr Czesław Kisiel, Mr Wojciech Gelner and Mr Jacek Leonkiewicz as of October 18th 2017, on October 19th 2017 the Extraordinary General Meeting appointed the following persons to the Supervisory Board: Mr Mirosław Bendzera, Mr Zdzisław Szypuła, Mr Dawid Gruszczyk, Mr Adam Toborek, Ms Karolina Blacha-Cieślik, Mr Robert Rogowski and Ms Dorota Wyjadłowska.
- On November 21st 2017, the Company was notified by its subsidiary KOPEX – Przedsiębiorstwo Budowy Szybów S.A. of its receipt of the contract signed on November 17th 2017 between Jastrzębska Spółka Węglowa S.A. – KWK Pniówek (the Principal) and a consortium (the Contractor) comprising KOPEX – Przedsiębiorstwo Budowy Szybów S.A. (Consortium Member – a subsidiary of the Company), and Przedsiębiorstwo Produkcyjno-Górnictwo – JAS Sp. z o.o. (Consortium Leader). The contract provides for the deepening of the IV JSW S.A. KWK Pniówek shaft to a depth of 856 m and the construction of shaft inlets. The deadline for its performance is 24 months from the execution date. The value of the contract is PLN 43,861,788.62 (VAT-exclusive) (PLN 53,590,000.00 (VAT-inclusive)). The scope of work and consideration due to each Consortium Member are to be specified in a separate implementation contract between the Consortium Members. The contract has standard provisions on payment of contractual penalties in the event of, among other things, delays in performing the contract or removing defects, termination of the contract for reasons attributable to the Contractor, and non-performance or improper performance of the contract.

All significant information for 2017 is available on the KOPEX S.A.'s website at: <http://www.kopex.com.pl/idm,3336,biezace.html>

36. FACTORS AND EVENTS, ESPECIALLY OF A NON-RECURRING NATURE, HAVING MATERIAL BEARING ON THE FINANCIAL STATEMENTS

In Q3 2017, no events, in particular of a non-recurring nature, occurred at the KOPEX Group, which would have a material bearing on the financial performance presented in the financial statements, while explanations have been provided for any significant items of income and expenses.

The factors that continue to be the key source of risks to the KOPEX Group's business is the Company's and its subsidiaries' financial distress, resulting in their inability to obtain multi-purpose credit and guarantee facilities, which is a key obstacle to securing major contracts, in particular in foreign markets.

External factors affecting the Group's business include: shortage of qualified workforce for typical industrial occupations, the European Union's climate policy, and large and unpredictable exchange rate fluctuations.

Internal factors of key importance to the Group's future operations included the implementation of the provisions of the Restructuring Agreement signed on December 1st 2016 with financial creditors and TDJ EQUITY IV S.A., continued implementation of a range of cost and operational restructuring measures at the Group, which are expected to optimise the costs of its operations and improve their efficiency.

37. ISSUE, REDEMPTION AND REPAYMENT OF EQUITY AND NON-EQUITY SECURITIES

In Q3 2017, neither the Company nor any the Group companies issued, redeemed or repaid non-equity and equity securities.

38. DIVIDEND PAID OR DECLARED, INCLUDING AGGREGATE AND PER SHARE DIVIDEND, SEPARATELY FOR ORDINARY AND PREFERENCE SHARES

In H1 2017, neither the Company nor any the Group companies issued, redeemed or repaid non-equity and equity securities.

39. EVENTS THAT OCCURRED AFTER THE DATE AS AT WHICH THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS WERE PREPARED AND WHICH HAVE NOT BEEN PRESENTED IN THE FINANCIAL STATEMENTS BUT MAY HAVE A MATERIAL EFFECT ON THE COMPANY'S FUTURE FINANCIAL PERFORMANCE

There have been no events that occurred after the date as at which the condensed half-year financial statements were prepared and which have not been presented in the financial statements but may have a material effect on the Company's future financial performance.

40. MANAGEMENT BOARD'S POSITION ON THE FEASIBILITY OF MEETING ANY PREVIOUSLY PUBLISHED FORECASTS FOR THE GIVEN YEAR IN THE LIGHT OF RESULTS PRESENTED IN THE QUARTERLY REPORT IN CONJUNCTION TO PROSPECTED RESULTS

The Company has not published any forecasts or guidance for 2017.

41. SEASONALITY OR CYCLICALITY OF THE COMPANY'S AND THE GROUP'S OPERATIONS IN THE REPORTING PERIOD

The Company's and its Group members' operations are not subject to seasonal or cyclical changes.

42. FACTORS WHICH IN THE COMPANY'S OPINION WILL AFFECT ITS PERFORMANCE IN THE NEXT QUARTER AND BEYOND

The factor that will significantly affect the Company's future business is continuing the operational, asset and financial restructuring of the KOPEX Group. The main objective of the process is to perform the Restructuring Agreement, which is of key importance to the Group's future operations. The restructuring process includes in particular divestment of the Group's non-core assets, sale or liquidation of certain subsidiaries and associates with respect to which business risks or strategic decisions do not justify their continued operation within the Group, and workforce optimisation. All those initiatives are aimed at optimising the Group's operating expenses, ensuring focus on core business, consolidating business areas, and generating positive cash flows.

A key process to be completed in the near future will be the successful completion of subsequent stages of the integration of KOPEX S.A. and FAMUR S.A., initiated in May 2017, which, in accordance with the adopted integration model, will consist in spinning off an organised part of KOPEX S.A.'s business comprising, in particular, the operating assets and shares in companies involved in the

manufacture, maintenance and distribution of mining machinery, as well as selected production or investment processes and transferring it in whole to FAMUR S.A. As a consequence of the demerger, KOPEX S.A.'s activities will focus on its trading and service business, comprising the operations of Kopex-Przedsiębiorstwo Budowy Szybów S.A. ("PBSz"), Śląskie Towarzystwo Wiertnicze Dalbis sp. z o.o. ("Dalbis") and coal trading. Implementation of the above plan will affect the KOPEX Group's consolidated data, which will only reflect its trading and service business.

The Company believes that the following factors may also affect its performance in and beyond the next reporting period:

- Continued economic upturn in the mining sector (revenue from the sale of coal in Q1-Q3 2017 reached PLN 15.2bn and net profit came in at PLN 1.66bn) and the resulting investment projects at coal companies, including the planned implementation of advanced technologies and innovative solutions.
- Coal production and sales in H2 2017 forecast to grow by more than 10% on H1 2017.
- Taking advantage of improved economic conditions to continue the process of restructuring of the Polish mining industry and the mining companies' gradual rebuilding of production capacities on the back of increased capex, which should improve the mining industry's resilience to economic downswing.
- Active marketing efforts of the KOPEX Group to improve sales on foreign markets and diversification of product mix.
- Factors stemming from the EU's decarbonisation policy and pressure to reduce coal's share in the energy mix of EU countries, which may lead to an increase in the share of renewable energy sources in national energy mixes, and the trend to eliminate coal.
- Pressure on financial institutions with a view to reducing their involvement in financing the mining and related industries.
- Research on and implementation of environmentally friendly technologies for use of coal thanks to, among other things, building advanced coal-fired power units characterised by high efficiency and low carbon emissions, technological conversion of coal to other fuels (e.g. coal gasification units).
- Adoption of the government's "Programme for the Polish Hard Coal Mining Sector until 2030", which is currently at the stage of public consultation and discussions between the ministries, and which aims to stabilise the sector's profitability and liquidity by adapting production to market needs, continued integration of the mining and energy sectors, investment to access new deposits and improving production efficiency, development of staff competences, supporting and developing clean coal technologies, innovation and safety improvement, diversification of the industrial customer base, and completion of restructuring measures.
- The risk of an increase in supply and concurrent drop in demand for coal resulting from the transition of European and US economies to greater reliance on green energy sources, the announced reactivation of mining and easing of restrictions on US coal, which in the long term may lead to a decline in global coal prices.
- Risks related to the economic situation in Argentina, the third largest economy in Latin America. As the KOPEX Group is involved in a number of mining projects in Argentina, it is monitoring this market on an ongoing basis. In the first half of 2017, the Company dispatched further equipment deliveries to Argentina under a contract for the supply of longwall and roadheader systems to that country.
- Developments in the general economic situation and GDP growth in Poland and abroad, including the risk of geopolitical destabilisation and its adverse impact on the economy.
- Exchange rate risk related to the Group companies' foreign sales denominated in foreign currencies.

SIGNATURES

Katowice, November 29th 2017

President of the Management Board

Beata Zawiszowska

Vice President of the Management Board

Bartosz Bielak