Separate financial statement of KOPEX S.A.

for the period from 1 January 2010 to 31 December 2010

Katowice, April 2011

Separate Statement of Financial Position of KOPEX S.A.
drawn up as for 31 December 2010 in thousand zlotys.

Assets	31 December 2010	31 December 2009
Fixed assets	**1 329 382**	**1 271 927**
Intangible assets	4 867	2 367
Tangible assets	12 904	17 896
Investment real estates	1 287	1 287
Long-term financial assets available for sale		1 264
Long-term receivables from supplies and services		
Long-term other receivables	821	824
Long-term loans granted	4 356	23 056
Other long-term financial assets	1 297 215	1 211 601
Deferred income tax assets	7 932	13 632
Long-term accruals		
Current assets	**260 705**	**259 848**
Inventories	2 492	2 869
Short-term receivables from supplies and services	95 497	105 234
Short-term other receivables	27 361	43 549
Short-term loans granted	110 440	73 768
Current income tax receivables	2 489	
Short-term financial assets available for sale		
Derivative financial instruments	1 141	8 299
Evaluation of equitable financial assets from financial result		
Money assets and their equivalents	20 916	24 823
Short-term accruals	369	1 306
Fixed assets available for sale	**5**	
Total assets	**1 590 092**	**1 531 775**

Liabilities		
Equity	**1 346 459**	**1 319 916**
Share capital	74 333	74 333
Own shares	-2 979	-2 979
Supplementary capital	1 262 056	1 259 981
Capital from updating evaluation	-85	-30 515
Other reserve capitals	17 021	17 021
Exchange rate differences from conversion		
Retained profit	-3 887	2 075
Long-term liabilities	**5 128**	**7 454**
Long-term credits and loans		
Long-term liabilities from supplies and services		
Long-term other liabilities	648	848
Deferred income tax reserve	3 960	6 287
Long-term pension reserve	373	319
Other long-term reserves for liabilities		
Long-term accruals	147	
Short-term liabilities	**238 505**	**204 405**
Short-term credits and loans	155 083	63 213
Short-term liabilities from supplies and services	61 396	69 986
Short-term other liabilities	11 386	31 342
Current income tax liabilities		
Derivative financial instruments	434	29 498
Evaluation of equitable financial assets from financial result		
Short-term pension reserve	236	220
Other short-term reserves for liabilities	9 970	10 146
Short-term accruals		
Total liabilities	**1 590 092**	**1 531 775**

Book value	**1 346 459**	**1 319 916**
Number of shares	**74 056 038**	**67 639 372**
Book value per share(BVSP) in [PLN]	**18.18**	**19.51**

Separate Income Statement of KOPEX S.A.
drawn up for the period
01 January 2010 to 31 December 2010 in thousand zlotys

	01.01 2010 to 31.12. 2010	**01.01. 2009 to 31.12.2009**
Net income from sale of products, goods and materials, incl:	**1 030 014**	**867 035**
Net income from sale of products to related parties	*13 054*	*8 392*
Net income from sale of goods and materials to related parties	*3 259*	*840*
Net income from sale of products	28 469	26 908
Net income from sale of goods and materials	1 001 545	840 127
Costs of products, goods and materials sold, incl:	**967 362**	**815 740**
Manufacture cost of products sold to related parties	*8 459*	*4 352*
Cost of goods and materials sold to related parties	*2 576*	*618*
Manufacture cost of products sold	17 751	19 006
Value of goods and materials sold	949 611	796 734
Gross profit (loss) on sales	**62 652**	**51 295**
Other income	**15 866**	**3 640**
Selling costs	**21 020**	**13 528**
Overheads	**20 459**	**20 176**
Other costs	**37 260**	**9 305**
Operating profit (loss)	**-221**	**11 926**
Financial income	**37 800**	**7 524**
Dividends and share in profits	11 760	83
Interest	7 249	2 456
Income from investments sold	13 949	1 673
Revaluation of investment	4 416	720
Exchange rate differences		
Other	426	2 592
Financial costs, incl.		**16 203**
Interest	6 883	7 948
Value of investment sold	10 318	1 264
Revaluation of investment	9 102	
Exchange rate differences	17 967	5 523
Other	1 202	1 468
Gross profit (loss), incl.	**-7 893**	**3 247**
Income tax, incl:	**-4 006**	**1 172**
current	311	2 835
deferred	-4 317	-1 663
Net profit (loss)	**-3 887**	**2 075**
Average weighed number of common shares	**74 056 038**	**67 639 372**
Profit (loss) per one common share [PLN]	**-0.05**	**0.03**

Separate Statement of Total Income of KOPEX S.A. drawn up for the period 01 January 2010 to 31 December 2010 in thousand zlotys

	01 January 2010 to 31 December 2010	01 January 2009 to 31 December 2009
Net profit (loss)	**-3 887**	**2 075**
Other total incomes:		
Exchange rate differences from conversion		
Financial assets available for sale		
Safeguarding cash flow	30 430	13 229
Changes in revaluation surplus		
Other incomes		
Income tax from other components of total incomes		
All other total incomes after taxation	**30 430**	**13 229**
Total incomes	**26 543**	**15 304**

Statement on Changes in equity of KOPEX S.A. drawn up for the period 01 January 2010 to 31 December 2010 in thousand zlotys

	Share capital	**Own shares**	**Supple mentary capital**	**Capital from updating evaluation**				**Other reserve capital**	**Exchange rate differences from conversion**	**Retained earnings**	**Total equity**
				Safeguarding instruments	Financial assets vailable for sale	Revaluation surplus	Deferred income tax				
Balance as for 1 January 2009	**67 633**	**-400**	**1 101 696**	**-54 035**		**27**	**10 267**	**19 600**		**7 939**	**1 152 727**
Exchange rate differences from conversion											
Financial assets available for sale											
Safeguarding cash flow				16 332			-3 103				13 229
Revaluation earnings			3			-3					0
Other incomes											
Income tax from other components											
Net profit (loss)										2 075	2 075
Total incomes			**3**	**16 332**		**-3**	**-3 103**			**2 075**	**15 304**
Share issue	6 700		147 764								154 464
Buy back of own shares		-2 579	2 579					-2 579			-2 579
Profit distribution			7 939							-7 939	0
Dividends											
Balance as for 31 December 2009	**74 333**	**-2 979**	**1 259 981**	**-37 703**		**24**	**7 164**	**17 021**		**2 075**	**1 319 916**
Balance as for 1 January 2010	**74 333**	**-2 979**	**1 259 981**	**-37 703**		**24**	**7 164**	**17 021**		**2 075**	**1 319 916**
Exchange rate differences from conversion											
Financial assets available for sale											
Safeguarding cash flow				37 568			-7 138				30 430
Revaluation earnings											
Other incomes											
Income tax from other components											
Net profit (loss)										-3 887	-3 887
Total incomes				**37 568**			**-7 138**			**-3 887**	**26 543**
Share issue											
Buy back of own shares											
Profit distribution			2 075							-2 075	0
Dividends											
Balance as for 31 December 2010	**74 333**	**-2 979**	**1 262 056**	**-135**		**24**	**26**	**17 021**		**-3 887**	**1 346 459**

Separate Cash Flow Statement of KOPEX S.A. drawn up for the period 01 January 2010 to 31 December 2010 in thousand zlotys

	01 January 2010 to 31 December 2010	01 January 2009 to 31 December 2009
CASH FLOW FROM OPERATING ACTIVITY		
Gross profit (loss)	**-7 893**	**3 247**
Corrections by:		
Depreciation	1 767	2 109
Deduction of the company's value or surplus of net equitable assets value of the entity being taken above fusion costs		
(Profit) loss from exchange rates differences	806	2 230
Interest and share in profits (dividends)	-7 128	7 127
(Profit) loss from investment activities	-4 044	-570
Change in reserves	-106	-3 056
Change in inventories	378	4 620
Change in receivables from supplies, services and other receivables	29 438	20 922
Change in short-term liabilities from supplies, services and other receivables	-34 211	6 841
Change in accruals	1 084	571
Income tax paid	-2 489	2 894
Other corrections	36 148	-19 104
Net cash flow from operating activity	**13 750**	**27 831**
CASH FLOW FROM INVESTMENT ACTIVITY		
Sale of intangible, legal and material fixed assets	11 657	449
Sale of investments in real property and intangible assets		
Sale of financial assets	2 967	1 673
Dividends and share in profits received	11 760	83
Repayment of long-term loans granted		
Interest received	770	1 014
Other investment receipts	183 535	18 336
Acquisition of intangible, legal and material fixed assets	-3 159	-2 891
Investments in real property and intangible assets		
Acquisition of financial assets	-104 223	-36 165
Long-term loans granted		
Other investment expenses	-206 391	-90 758
Net cash flow from investment activity	**-103 084**	**-108 259**
CASH FLOW FROM FINANCIAL ACTIVITY		
Receipts from share issue, other capital instruments and capital surcharge		157 450
Credits and loans	263 243	80 887
Issue of indebted securities		
Other financial receipts	2	3
Acquisition of own shares		-2 579
Dividends and other payments for the benefit of owners		
Other expenses, than payments for the benefit of owners, from profit distribution		
Repayments of credits and loans	-171 373	-155 678
Repurchase of indebted securities		
Expenses on other financial liabilities		
Payments of liabilities from financial leasing agreements		
Interest paid	-6 376	-7 678
Other financial expenses	-184	-4 193
Net cash flow from financial activity	**85 312**	**68 212**
TOTAL NET CASH FLOW	**-4 022**	**-12 216**
Balance change in cash and other money assets, incl:	**-3 907**	**-13 521**
-change in cash and money assets from differences in exchange rates	11 657	-1 305
Money assets at the beginning of period	**24 823**	**38 344**
Money assets at the end of period, incl:	**20 916**	**24 823**
- of restricted possibility of commanding		

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Additional information to the separate financial statement

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT

1. General information

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

The principal activity of the Company (code PKD 4521E) is an export, import of raw materials, products and services, including complete industrial plants, equipment and machinery, industrial and consumer goods (the company acts in this area as an intermediary both in domestic and foreign trade), as well as rendering a wide range of services including consulting, promotional activity and so on. The company is listed on the Stock Exchange in Warsaw in the continuous trading system and was classified to the sector of electromechanical industry.

The presented financial report is a separate financial statement and includes data for the year 2010 as well as comparative financial data for the year 2009.

Internal organizational units preparing their own financial reports are excluded from KOPEX financial statement.

The financial statement for the year 2010 has been prepared assuming that economic activity will be continued. There are no circumstances indicating a risk to interrupt the activity.

KOPEX S.A. is a dominant entity (a parent company) and prepares a consolidated financial statement.

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

The structure of share capital as at 31.12.2010 is as follows:

- 60,41% of share capital 44 906 459 shares - Krzysztof Jędrzejewski
- 5,10% of share capital 3 789 840 shares - Aviva OFE Aviva BZ WBK
- 34,49% of share capital 25 636 239 shares - other shareholders

The aforementioned financial statement was signed by the Management Board on 21 April 2011.

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

2. Management Board and Supervisory Board

the Management Board

the Management Board on the Day of 31 December 2010

Marian Kostempski	Chairman of the Board
Joanna Parzych	Vice Chairman of the Board
Józef Wolski	Vice Chairman of the Board

The Supervisory Board

The supervisory Board on the Day of 31 December 2010

Krzysztof Jędrzejewski	Chairman of the Board
Artur Kucharski	Vice Chairman of the Board
Michał Rogatko	Secretary of the Board
Marzena Misiuna	Member of the Board
Adam Kalkusiński	Member of the Board

3. Entity auditing the financial statement

The financial statement was audited by PKF Audyt Sp with a registered seat in 01-747 Warszawa, ul. Elbląska 15/17, Regional Office in Katowice, basing on the Agreement dated 23 March 2010. This agreement was concluded as a result of KOPEX S.A. Supervisory Board Resolution No 58/VI/2009 dated 27 November 2009.

4. Base of preparing the financial statement

The financial statement for 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union.

From January 1st , 2005, KOPEX S.A., in accordance with the Resolution No. 27 of the Annual General Meeting dated 21 April 2005(adopted under the art. 45 par. 1c of the Accounting Act – the content being in force since January 1st, 2005), prepares an individual financial statement in accordance with International Accounting Standards.

5. List of subsidiaries of KOPEX Group as at 31.12.2010.

Entity	*Linkage*
KOPEX S.A.	Parent company
ZZM S.A.	subsidiary
TAGOR S.A.	Indirect subsidiary
DOZUT-TAGOR Sp. z o.o.	Indirect subsidiary
BREMASZ Sp. z o.o.	Indirect subsidiary
GRUPA ZARZĄDZAJĄCA HBS Sp. z o.o.	Indirect subsidiary
KOPEX EQUITY Sp. z o.o.	subsidiary
KOPEX GmbH (Germany)	subsidiary
KOPEX-ENGINEERING Sp. z o.o.	Indirect subsidiary
KOPEX-FAMAGO Sp. z o.o.	Indirect subsidiary
KOPEX CONSTRUCTION Sp. z o.o.	fullsubsidiary
HSW ODLEWNIA Sp. z o.o.	Indirect subsidiary
WAMAG S.A.	subsidiary
KOPEX-PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	subsidiary
PBSz INWESTYCJE Sp. z o.o.	Indirect subsidiary
Grupa HANSEN (Germany)	subsidiary
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (Chiny)	subsidiary
KOPEX MIN-MONT A.D. (Serbia)	subsidiary
KOPEX MIN – FITIP (Serbia) – in liquidation	subsidiary
KOPEX MIN-OPREMA A.D. (Serbia)	subsidiary
KOPEX MIN-LIV A.D. (Serbia)	subsidiary
PT KOPEX MINING CONTRACTORS (Indonesia)	subsidiary
ZZM MASZYNY GÓRNICZE Sp. z o.o.	Indirect subsidiary
ZAKŁAD ELEKTRONIKI GÓRNICZEJ ZEG S.A.	Indirect subsidiary
KOPEX-EKO Sp. z o.o.	subsidiary
POLAND INVESTMENTS 7 Sp. z o.o.	Indirect subsidiary
KOPEX TECHNOLOGY Sp. z o.o.	Indirect subsidiary
KOPEX AUSTRALIA PTY Ltd (Australia)	Indirect subsidiary
EL-GÓR S.A.	subsidiary
KOPEX WARATAH Pty Ltd (Australia)	Indirect subsidiary
RYBNICKA FABRYKA MASZYN RYFAMA S.A.	subsidiary
KOPEX SIBIR Sp. z o.o. (Russia)	Indirect subsidiary
WS BAILDONIT Sp. z o.o.	Associated
TIEFENBACH-POLSKA Sp. z o.o.	Associated
ODLEWNIA STALIWA ŁABĘDY Sp. z o.o.	Indirectly associated
EKOPEX (Ukraine)	Associated
INBYE MINING SERVICES (Australia)	Joint venture
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Indirectly associated

Detailed information regarding the entities directly associated with the Issuer have been included in the further part of the financial statements (note 9c).

6. Relevant accounting rules

6.1. Statement of compliance

The financial statement of KOPEX S.A. has been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union on 31 December 2010.

6.2. Applied accounting rules

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

- Intangible assets

Intangible assets are declared in the purchase price or in the cost of manufacture from which amortization and the total sum of depreciation charges related to the loss of value are deducted. Writing down the value of a component of intangible assets should be uniformly spread throughout the period of its usage estimated as best as possible. Amortization should commence when the asset is ready for use. The method used reflects the way of consuming economic benefits from the asset.

Intangible assets, excluding the goodwill, are amortized using straight line-method, as follows:
- Licenses for the use of computer software – 30%
- Computer software – 20%
- Other intangible assets - in accordance with the duration of the contract or the estimated useful life

Intangible assets with a low purchase price (original value of less than 3.5 thousand PLN) are subject to a single write – off into the costs. Other intangible assets are amortized using a straight-line method throughout the period of their useful life estimated as best as possible. The period and method of depreciation of intangible assets with a significant original value are reviewed at least at the end of each fiscal year.

Amortization of intangible assets is included in the following items of the profit and loss account: processing costs of products sold, costs of sale, overhead expenses.

Disclosure of information on intangible assets is made by dividing them into homogeneous groups and marking out those intangible assets which are manufactured by the company on its own.

The following items are not included in the intangible assets:
- Goodwill generated by the company on its own
- Trademarks, magazine titles, publication titles, customer lists and items of similar form generated by the company on its own
- Expenditures incurred on commencing the business activity, on advertising, promotion, training and restructuring the part or all the company.

- Goodwill

Goodwill of the company is defined as the amount by which the cost of business combination exceeds the fair value of the controlling company's share in the identifiable net assets of the acquired subsidiary or associated company on the day of takeover. Goodwill is subject to impairment review.
In the balance sheet, the goodwill is shown as an asset reduced by cumulated deductions due to permanent impairment included in the profit and loss account.
Goodwill arising out of the purchase of a foreign entity is expressed in the currency of the foreign country and converted at the average exchange rate fixed by the NBP (National Polish Bank) at the balance sheet date.
The differences due to the exchange rate are recognized in equity in the item "Difference in exchange rates"
In the event of a negative value, the parent company shall immediately re-identify and valuate identifiable assets, liabilities and conditional liabilities of the acquiree as well as reevaluate the cost of business combination. The excess resulting from reevaluation is included in the profit.
At the time of sale (loss of control) over a subsidiary or the company commonly controlled, the goodwill attributable to this subsidiary/company is taken into account at the time of calculating the profit/loss due to sale.

- Fixed assets.

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

For the fiscal and balance sheet purposes, fixed assets having the initial value lower than 3.500 zlotys, , are depreciated only once at the moment of their receipt for use.

Fixed assets are subject to amortization using the straight-line method starting from the month following the month of receipt for use, the depreciation being performed during the period corresponding to the estimated period of their useful life. The residual value and useful lives are subject to annual reviews and they are amortized with the depreciation rate applicable in the subsequent periods.

For taxation purposes, the adopted depreciation rates shall be the rates under the Legal Persons Income Act dated 15 February 1992. The act determines the amount of depreciation constituting tax deductible costs.

The rates of depreciation for fixed assets are as follows:

- Buildings and structures – 2,5% - 4,5%,
- Technical equipment and machinery – 10% - 38,72%,
- Transport means – 20% - 33,06%,
- Others – 14% - 40%,
- the right of perpetual usufruct of land, purchased for the property
    - acquisition value up to 500 thousand PLN– 20%,
    - acquisition value over 500 thousands PLN – period of the contract

The right of perpetual usufruct of land obtained free of charge from the Treasury is recorded off-balance sheet.

Freehold lands are not subject to amortization.

- Fixed assets held for sale

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

- Investment Properties

Investment properties - held in order to achieve the revenue from leasing and / or increase of their value - are measured on the balance sheet day at the cost reduced by previous depreciation write -offs. The period and method of depreciation of the investment properties with a significant initial value are reviewed at least at the end of each financial year in terms of their expected utility.

Investment properties are amortized using a straight-line method starting from the month following the month of receipt for use during the estimated period of their economical utility.

The rates of depreciation for investment properties are as follows:

- Buildings and structures – 2,5% - 4,5%,
- the right of perpetual usufruct of land, purchased the property
    - acquisition value up to 500 thousand PLN– 20%,
    - acquisition value above 500 thousand PLN – the contract period

Feehold lands are not subject to amortization.

- Fixed assets under construction

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

- Long-term receivables

Long-term receivables are receivables other ones than those due to supplies and services for which payment falls during a period of time longer than one year from the balance sheet day as well as those due to supplies and services which go beyond a normal operating cycle. The operating cycle is construed as a period between the acquisition of assets for processing and the execution thereof in the form of cash or cash equivalents. Long-term loans and receivables are measured at amortized cost using the method of the effective interest rate. As at the balance sheet date, long-term receivables in foreign currencies are measured at the average rate fixed by NBP (National Polish Bank) for this day and exchange differences thus resulting are reported respectively in income or financial costs.

- Leasing

Lease contract is classified as a finance lease, if all the risks and benefits, due to possessing the object of lease, have been transferred to the lessee.

The leased object is recognized in the books on the commencement date of leasing at the lower of the two amounts: the fair value or the present value of minimum leasing fees.

The leased object is amortized for a period of its usage. If it is not certain that the lessee obtains the title of ownership by the end of the lease period, the leased object shall be amortized for a shorter period of the two periods: lease term or term of its use.

Lease contract is classified as an operating lease if all risks and benefits due to possessing the object of lease have not been transferred to the lessee.

At the balance sheet date of 2010, the Company had no assets being subject to finance lease.

- Finanacial instruments:

The financial instruments include in particular:

- Financial assets or financial liabilities measured at fair value with changes in the profit and loss account – they include assets and liabilities acquired principally to generate a profit from the change in price or margin, assets and financial liabilities classified as belonging to this group and derivatives (not used as hedging instruments),
- Loans and receivables - financial assets which are not derivative instruments, with fixed or determinable payments, not quoted on an active market
- Investments held to maturity day – these are no derivative financial assets with fixed or determinable payments and fixed maturity period and which the Company intends to hold and is able to hold until their maturity date
- Assets available for sale

Valuation of financial instruments:

- assets are measured at fair value through profit or loss
- loans and receivables are measured at amortized cost and the effects of this valuation are recognized at the financial result
- Investments held to maturity date are measured at amortized cost and the effects of this valuation are recognized at the financial result
- Financial assets available for sale are measured at fair value and the effects of this valuation are referred to equity.

- Hedge Accounting

For some derivative instruments which can be classified as hedging instruments, hedge accounting is applied to recognize the effects of compensating changes in fair value of a hedging instrument and a hedged item which have impact on the profit and loss account.

Fair value hedge is recognized in the following manner:

- gains or losses resulting from revaluation of the fair value of the hedge instrument are recognized in the profit or loss account
- gains or losses related to a hedged item and resulting to a hedged risk shall adjust the carrying amount of the hedged item and are recognized in the profit or loss account.

Cash flow hedge is recognized in the following manner:

- the part of the gain or loss on the hedging instrument, that is an effective hedge, is recognized directly in equity by recollecting changes in equity. Gains or losses on the hedging instrument which refer to the equity are recognized in the profit and loss account in the same period where the hedged transaction affects the profit or loss.
- the ineffective part of gains or losses on the hedging instrument is recognized in the profit and loss account as financial income / expenses.

Result on cash flow hedging instruments is shown in the profit and loss account as other income/expenses.

Net investment hedges in foreign companies are recognized similarly to cash flow hedges.

- Investments in subsidiaries and associated companies

  The investments made in the subsidiaries or associated companies are recognized in the financial statement at the purchase price decreased by eventual write - offs due to impairment.

- Inventories

  Inventories are measured at their cost or net value likely to obtain, depending on which of them is lower. On the balance sheet day, write – offs updating the value of inventories are made if there are reasons justifying the aforementioned depreciation. Write – offs are recognized in the balance sheet as other operating costs.
  On the balance sheet date, inventories are stated at a purchase price reduced by depreciation made.

  Outgoing of inventories is made by the Company in the following ways:

  - materials according to FIFO method – outgoing of the asset is measured at prices of the components which the Company earlier acquired
  - materials purchased for a specific order and goods acquired prior a specific identification of the real price of these components, irrespective of the date of their purchase or manufacture,
  - energy measured at average prices, it means, fixed in the amount of the weighted average price for a given period.

- Short – term receivables

  For short-term receivables are classified all receivables from supplies and services, regardless of a contractual due date and all the other titles that are payable within 12 months from the balance sheet date as well as all receivables from supplies and services payable over 12 months, which do not go beyond the normal operating cycle. The operating cycle is the time between the acquisition of the assets for processing and their realization in cash or cash equivalent. Short-term receivables include also the current portion of long-term receivables and granted prepayments and advances. Receivables are reported at net amounts, it means they are reduced by the revaluation write - offs, which are credited to other operating costs (except for deductions from receivables due to interests which are credited to financial costs.).

  Revaluation write – offs on receivables are established:

  - On the receivables from debtors in liquidation (except from the cases when the liquidation is conducted under the regulations on privatization of state-owned enterprises), under bankruptcy proceedings, opening of arrangement proceedings – up to the amount of receivables not covered by the guarantee or other security instrument, notified to the liquidator or official receiver in bankruptcy or arrangement proceedings, or up to the amount of proposed redemption
  - Receivables from debtors in case of dismissal of bankruptcy petition if the debtor's assets are insufficient to cover the costs of bankruptcy proceedings.
  - receivables contested by debtors (controversial) to the amount not covered by the guarantee or other hedging instrument.
  - On all receivables the due date of which did not expire before the closing balance sheet date (monthly, annual) or has already expired and the debtor’s economical and financial situation is unfavorable – up to the amount to be payable
  - On the total amount of unpaid interests on overdue payments.

  Receivables denominated in foreign currencies are measured on the balance sheet date at the average exchange rate fixed for a given currency by the NBP (National Polish Bank) for this day. Exchange differences from receivables denominated in foreign currencies arising from the valuation date and the payment date are recognized in the balance sheet as follows: negative ones as financial costs and positive ones as financial income. In justified cases, they are recognized as a production cost of fixed assets or intangible assets (respectively, in order to increase or decrease these costs).

Cash means of payment

Cash and cash equivalents are shown at nominal value. Denominated in foreign currencies, cash and cash equivalents are measured on the balance sheet date at the average exchange rate fixed for a given currency by the NBP for this day. Exchange differences relate to the income or financial costs.

- Prepaid expenses and accruals

Prepayments take place when the costs incurred relate to future reporting periods.

The following items are submitted to settlement over time:

- Rent for the lease of premises, machinery and equipment
- Energy paid for several months in advance,
- property insurance
- Annual fees for land taken in perpetuity,
- annual appropriation to the company’s social benefits fund
- Paid up magazine subscription for the next year
- Other costs related to the number of reporting periods if their activation has been evidenced with an appropriate document confirming that they were incurred
- excess of established from valuation cumulative revenues over recognized net advance payments is recorded in the balance sheet under short – term prepayments and presented in the assets.

Titles of prepayments that do not relate to the normal operating cycle of the company and their period of settlement exceeds 12 months from the balance sheet date, are recognized in the balance sheet as long – term prepayments.

Accruals are made in the amount of probable liabilities attributable to the current reporting period.

Accruals include:

- Reserve for guarantee service and warranty or reserve for sold goods of long – term use
- Estimated costs for auditing a financial statement
- Reserves for unpaid bonuses for employees, proxies and board members
- The value of services provided for the company that have not been invoiced, and under the contract the contractor was not obliged to invoice them
- Costs of pollution fees, costs related to the current reporting period evidenced with an invoice in the next reporting period
- reserve for future financial costs
- excess of the recognized net advance payments over the established from valuation cumulative revenues is recognized in the balance sheet as short-term accrual and presented in the liabilities at the item "liabilities arising from advances on supplies”.

- Equities

Equity capital includes original capital (share capital), spare capital and reserve capital, net profit (loss) for a given period and undistributed profit from previous years.
Original capital is shown in the amount specified in the Articles of Association and entered in the trade register. Declared but not paid capital contributions are recognized as called up share capital. Shareholders may increase or decrease the equity in accordance with the Commercial Code. If the increase results from an increase in the share capital, it is booked only with a date on which the court registered the amendment.

Original capital (equity) can be reduced by redemption of shares only if the Articles of Association provides so. Original capital is valuated in liabilities at nominal value.

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

- Provisions for liabilities

Provisions are liabilities whose amount and term of payment are not certain. Provision is created when the entity assumes the obligation arising from past events, it is likely that fulfilling this obligation will cause an outflow of resources representing economic benefits and we can accurately estimate the amount of that obligation.

If these conditions are not met, provisions are not created:

The amount of provisions should reflect the best estimated expenditures required to fulfill the existing obligation on the balance sheet date, it means:

- The amount - which according to rational premises, the Company would pay on the balance sheet date fulfilling the obligation or,
- The amount which the Company would pay to a third party in return for taking over the obligation in question at the same time.

Provisions are created for the following titles :

- Loss from business transactions
- Guarantees and waranties granted
- Results of pending litigation and appeal proceedings
- Future employee benefits – jubilee awards
- Value of unused annual employee leaves
- Severance payments on retirement
- Provision for financial costs
- Provision for the costs of contracts in order to preserve the commensurateness of revenues and expenses
- Future costs related to restructuring

Provisions for employee benefits are estimated by the actuary.

The company has chosen the method of immediate recognition of actuarial gains and losses both those being within the range described in the IAS 19, par. 92, as well as those going beyond it

- Assets and provision for income tax

In view of the temporary differences between the value of assets and liabilities shown in the books and their tax value and the tax loss that might be deducted in the future, the entity creates a provision and determines the assets for the deferred income tax of which it is a tax payer.

The Gross Profit calculated on the basis of accounting records, is converted into the tax income via:

- adding to the gross profit, the expenditures not being deductible expenses in accordance with the Law on Corporate Income Tax
- deducting, from the gross profit, the revenues not recognized as a tax revenue, according to the said law
- adding to the gross profit the so-called statistical revenues

Adjustments to the gross profit mentioned above can be as follows:

- permanent – these are additions and deductions which are not taken into account when measuring the income, for example: representation expenses, depreciation of passenger cars and their insurance above the amounts deemed boundary limits

- temporary - are those that can be treated as cost of revenues/deductible expenses or revenues under the Income Tax Act, but in a different period than the period foreseen in the Accounting Act.

The provision for a deferred income tax is established at the amount of income tax requiring payment in the future due to positive temporary differences, it means, the differences which will increase the basis for calculating income tax in the future. The provision is valuated according to the tax rates which will be applied when the provision is released, taking for a base the tax rates (and tax regulations) that would be effective or were actually effective on the balance sheet date.

The current and deferred tax is recognized as income or expense that affects the net profit or loss of a given period, except from the taxes on the following transactions:

- Transactions or events that are recognized directly in equity, in the same or a different period or
- Business combinations

Provision for a deferred income tax as well as for activated income tax must be analyzed and settled on a monthly basis, following the titles under which they were created. The deferred income tax should be recognized in the profit and loss account as "Income tax”.

Provision for a deferred income tax as well as for activated income tax is created only for temporary adjustments. Assets and provision for a deferred income tax related to the operations settled with equity refer also to the equity.

- Liabilities

Long-term liabilities include liabilities for which the due date falls at least one year after the balance sheet date. This item also contains long-term bank loans and borrowings as well as the liabilities for supplies and services maturing above 12 months, going beyond the normal operating cycle. Long-term liabilities, beyond the normal operating cycle, are valuated on the balance sheet date at amortized cost using the effective interest rate.
Bank loans are recorded at the purchase price equal to the fair value of cash received and reduced by the costs of credit.
Short-term liabilities are all the liabilities for deliveries and services in the normal production cycle as well as other liabilities which are due within 12 months from the balance sheet date.
Liabilities are valuated at the amount payable.
Liabilities denominated in foreign currencies are valuated on the balance sheet date at the average exchange rate fixed for a given currency by the NBP for this day. Exchange differences from liabilities denominated in foreign currencies arising on the valuation date and the payment date are recognized in the balance sheet as follows: negative ones as financial costs and positive ones as financial income respectively.

- Revenues

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

- Goverment grants:

Government grants, including non-monetary grants at fair value are recognized when it is certain that:
– the Company will meet the conditions related to obtaining grants
– grants will be given

The concept of the government refers to government, governmental institutions, governmental agencies and other similar bodies whether local, national or international.

Government grants are recognized systematically as an income in particular periods in order to match them with the related costs which the grants ought to compensate. The grants do not increase directly in equity.
A government grant that becomes due as compensation for costs already incurred or losses or that is given to the company in order to provide an immediate financial support, without any future related costs, shall be recognized as an income in the period in which it becomes due.
Non-monetary government grants may have the form of transfer of non-monetary asset such as land, or other assets given to the company to use. In such cases, a non-monetary asset shall be valuated and booked at fair value.

Government grants till to assets, including non-monetary grants at fair value, are presented in the balance sheet as a deferred income of the future periods or the amount of grants is subtracted in order to obtain the carrying amount of the assets.
The Company has adopted the method of presenting non-monetary grants related to the assets at fair value as deferred income of the future periods and recognizing them in the balance sheet as an income during the period of their utilization.

Grants are presented in the profit and loss account as other operating income.

Government grants being subject to repayments are recognized as a change in the estimated value. It means that the repayment of the grant is firstly referred to the unpaid balance of a deferred revenue. The remaining part is referred to the costs of the current period.

The standard does not resolve the matter of the EU subsidies. The Company treats the EU subsidies as government grants.

- Contracts of construction services

  Income from contracts for provision of construction services is valuated on the balance sheet date using the method of "services progress" (stage of completion of contracts in progress method), which is estimated as the relation between costs already incurred to planned, currently updated costs of contract execution, i.e. the rate of performance of the cost budget for the construction. Income from executed contracts is recorded with reference to the degree of contract execution

  Excess of recorded cumulative revenues over the sum of losses and receivables conditioned by contract execution (partial invoices) is recognized in "short-term prepayments and accruals" and presented in the assets. Excess of recorded losses and receivables conditioned by contract execution (partial invoices) over the cumulative revenues is recognized in "short-term accruals" and shown in the liabilities at "Advances liabilities on supplies".

  If the estimated total and final income as well as costs related to the contract of construction services which is being executed indicate a loss, in this case, the provision for the whole loss is created in the balance sheet and credited to costs.

- Net profit or loss

  The financial result - net profit or loss of the Company is determined using the accrual basis of accounting and matching the revenues with the expenses.

6.3. The published standards and interpretations that entered into force on 1 January 2010 and their impact on the financial statement

- IFRS 2 – „Share-based Payment". Changes to the standard were published by the IASB on 18 June 2009. The standard did not cause any changes in the financial statement.
- IAS 32 – "Financial instruments: presentation" The change was published by the IASB on 8 October 2009 and concerns the classification of issue of subscription rights denominated in currencies other than the functional currency. The standard did not cause any changes in the financial statement.
- IFRIC 15 – "Agreements for the Construction of Real Estates"– did not cause any change in the financial statement.
- IFRS 3 – "Business Combinations"

  The changed IFRS3 was published by the IASB on 10 January 2008. The revised standard provides with a detailed information on the conduct of merge of the companies and the settlement by using the purchase method. The standard is effective for annual periods beginning after 30 June 2009 and applies to business combinations created after that date. The amended standard did not cause any change in the separate financial statement
- IAS 27 – „Consolidated Financial Statement"

  The revised IAS 27 was published by the IASB on 10 January 2008. According to the amended standard, the change in percentage share in the subsidiary is recognized as a capital transaction and will not have influence on the goodwill ; the losses incurred by the subsidiary will be allocated between the shares of the controlling entity and non- controlling shares, even when the losses exceed the value of the non –controlling share. In case of loss of control over a subsidiary, any retained shares will be remeasured to fair value, and the effect of this remeasurement will be included in the profit and loss account as a profit or loss on sale of a controlling share. The revised standard is effective to annual periods beginning on July 1st , 2009. The changes have impact on the consolidated financial statement of the company.
- IAS 39 – „Financial Instruments: Elements qualifying to hedge accounting"

  The revised IAS 39 is effective to annual periods beginning on or after July 1, 2009. The standard was published on 31 July 2008. The standard deals with the issues related to recognition of inflation as a risk or part of a risk being subject to hedge as well as hedge in the form of options. The modification in the standard did not cause any change in the financial report.

- IFRIC 17 – “Distributions of Non-Cash Assets”
  The standard is effective to annual periods beginning on or after July 1st, 2009. The interpretation was published by the IASB on 27 November 2008. The interpretation contains guidance for settlement of transmission of non-cash assets to the owners. The interpretation did not have any impact on the financial statement.
- IFRIC 18 – “Transfers of Assets from Customers”
  The standard is effective to annual periods beginning on or after July 1st, 2009. The interpretation was published by the IASB on 29 January 2009. The standard refers mainly to a public sector. The interpretation did not have any impact on the financial statement.
- IAS 24 – “Related Party Disclosures” will be effective to annual periods beginning on or after January 1st 2011
- IFRIC 19 – “Extinguishing Financial Liabilities with Equity Instruments” is effective to annual periods beginning on or after July 1st 2010
- IFRIC 14 – “ The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” will be effective to annual periods beginning on January 1st 2011

6.4. The published standards and interpretations that did not enter into force and were not accepted by the European Union.

- IFRS 9 – „Financial instruments”. The standard was published by the IASB on 12 November 2009 and the amendment took place on 28 September 2010. The standard will be effective from January 1st, 2013.
- IFRS 1 – „First – time Adoption of International Financing Reporting Standards”. The changes to the standard were published by the IASB on 20 December 2010 ad they are effective for annual periods beginning on July 1st, 2011
- IFRS 7 – „Financial instruments-Disclosures” – the amended standard was published by the IASB on 7 October 2010 and it will be effective for annual periods beginning on or after July 1st, 2011
- IAS 12 – „Income Tax”. The amendments to this standard were published by the IASB on 20 December 2010 and they will be effective for annual periods beginning on or after January 1st 2012.

6.5. Financial Risk Management Policy and Hedging

KOPEX SA, as any other entity engaged in economic activities, consciously takes various risks, and in order to achieve measurable economic effects, it takes only this risk which is necessary to achieve previously determined objectives and to implement the Board - approved strategy.

Adoption of an appropriate financial risk management strategy allows to eliminate or reduce to the absolute minimum the risk of problems related to liquidity and changing of capital markets

The Company manages its capital in a way to ensure a smooth continuation of the activity and, at the same time, the maximum profitability for shareholders.

The capital structure of the Company as at 31.12.2010 includes:

credits (note No 28)

loans (note No 28)

cash and cash equivalents (note No 17)

Equity

Liabilities (notes No 23,24,25,29,30,31)

The Company seeks to maintain a liquidity ratio and a debt ratio at a safe level, and follows the so called "Golden rule of balance sheet" which means the maintenance of financial stability.

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

The Company does not trade with financial instruments. All of the described instruments are used to provide direct support for core operations.

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

The Company is exposed primarily to the following groups of risk:

- Market risk, including price risk, interest rate risk and exchange rate risk (in particular, the latter one is a specific risk since it has direct influence on valuation of the items within assets and liabilities as well as on cash flows)

- liquidity risk

- credit risk

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

The Company applies the procedures aiming to minimize the risk of not being paid for the sale of goods and services. Particular stages related to commencing a cooperation with a given contractor shall involve verification of that contractor’s financial standing, then making the delivery conditional on obtaining an acceptable security for payment (letter of credit, guarantees, bills of exchange, etc.).

The Company prepares the following reports: daily reports on available cash, daily profit & loss reports for sales of energy, monthly controlling reports, monthly detailed reports on indebtedness and commitments in banks, including those on the use of guarantee lines, reports on overdue debts, reports on planned cash flows.

This information allows a current analysis of the financial standing of the Company, which enables to take the appropriate action aiming to minimize the identified groups of risk.

Price risk

In order to minimize the price risk, the Company uses the principle of diversification of supplies, the principle of delivery from qualified suppliers and the principle of price negotiation for longer periods.

Interest rate risk

The Company is exposed to an interest rate risk related mainly to the bank loans which are characterized by a variable interest based on the WIBOR and a constant bank margin of lending banks during the period of crediting.

As at the 31.12.2010, the Company did not have any liabilities in relation of received loans.

Interest rate risk appears in the loans granted by the Company both in PLN and foreign currencies. On the other hand, the lack of interest rate risk on purchased bonds is due to the fact that those are discounted at a determined WIBOR rate decreased by a fixed margin – all fixed on the Day of Issuance Order.

Income from interests earned on loans varied due to changes in interest rates on which the interests were counted. For loans in the Polish currency, a calculated interest rate based on the variable WIBOR 1M + margin, for long-term loans it based on WIBOR 1R + margin, and for loans in a foreign currency on EURIBOR 1M + margin or LIBOR 1M + margin.

As at the 31.12.2010, the Company did not have at its disposal financial instruments hedging the interest rate risk, reducing only the aforementioned risk to use of the variable WIBOR/EURIBOR for the loans granted by the Company and to continuous monitoring of the decisions taken by the Monetary Policy Council in the matter of the interest rate changes.

Foreign exchange risk

The Company is exposed to foreign exchange risk arising mainly from the core business i.e. the sale and purchase of goods and services in foreign currencies (mainly EUR and USD).

The main financial instruments hedging the exchange risk are forward foreign exchange transactions and options.

In order to reduce the foreign exchange risk, the Group implemented a strategy which consists in application the procedure for actual cash flow hedging.

The Company is not engaged in speculative trading.

In 2005, KOPEX company adopted the strategy of hedging the exchange risk and interest rate risk under which foreign exchange risk hedging transactions are made while signing a trade contract and in case of contracts for sale / purchase of coal / energy, the hedging transaction is made while placing an order for shipment of goods / purchase of energy.

The Company applies hedge accounting (for detailed description see the accounting rules), and natural hedging.

On the day of 31.12.2010, the Company had open positions hedging the foreign exchange risk amounting to:

- 8 500 thousand USD

- 4 502 thousand EUR

On the day of 31.12.2010, the fair value of the above mentioned forward transactions was estimated for the total amount of 707 thousand PLN (positive value) which is the valuation of unrealized transactions according to valuation models used by the banks in which the transactions were carried out.

The fair value of 707 thousand PLN includes:

- the amount of 135 thousand PLN (negative value) which was recognized as revaluation of shareholders' equity

- the amount of 842 thousand PLN (positive value) which was recognized in the profit and loss account, of which 522 thousand PLN relates to the transaction for which hedging accounting is used.

Positive valuation of the hedging transactions of the Company was carried out by the banks basing on the USD spot rate 2,9641 or EUR 3,9603.

In the second and fourth quarter of the year 2010, the realization of planned transactions for which cash flow hedging had been previously applied, was no more longer expected. Therefore, the cumulated profits or losses on the hedging instruments, referenced and reported in equity for the period in which hedging was effective, were removed from equity and included in the profit and loss account at the item of financial activities as a loss of 12 546 thousand.

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

Financial instruments

Carrying amount

As at the date of 31 December 2010
Categories of financial instruments-carrying amount

							Remaining financial liabilities			
Classes of financial instruments	**Note**	Financial assets available for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Financial liabilities measured at amortized cost	Financial liabilities arising from factoring and liabilities excluded from the scope of IAS 39	Hedging instruments	**Total**
Shares	4									
receivables from supplies and services (net)	5,7,12,14				95 497					**95 497**
Cash and deposits	17			20 916						**20 916**
Bonds and loans granted	15,8				114 796					**114 796**
Remaining financial assets (net)	6,7,13,14				28 182					**28 182**
Derivative financial instruments – currency	16,32			320					387	**707**
Liabilities for supplies and services	22,25,29,31						-61 396			**-61 396**
Credits and borrowings	28						-155 083			**-155 083**
Remaining financial liabilities	24,25,30,31						-12 034			**-12 034**
		0	**0**	**21 236**	**238 475**	**0**	**-228 513**	**0**	**387**	**31 585**

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

Fair value

As at the date of 31 December 2010

Categories of financial instruments-fair value

Classes of financial instruments	**Note**	Financial assets available for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Remaining financial liabilities: Financial liabilities measured at amortized cost	Remaining financial liabilities: Financial liabilities arising from factoring and liabilities excluded from the scope of IAS 39	Hedging instruments	**Total**
Shares	4									
receivables from supplies and services (net)	5,7,12,14				95 497					**95 497**
Cash and deposits	17			20 916						**20 916**
Bonds and loans granted	15,8				114 796					**114 796**
Remaining financial assets (net)	6,7,13,14				28 182					**28 182**
Derivative financial instruments – currency	16,32			320					387	**707**
Liabilities for supplies and services	23,25,29,31						-61 396			**-61 396**
Credits and borrowings	28						-155 083			**-155 083**
Remaining financial liabilities	24,25,30,31						-12 034			**-12 034**
		0	**0**	**21 236**	**238 475**	**0**	**-228 513**	**0**	**387**	**31 585**

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

Fair value hierarchy

Classes of financial instruments	Note	As at the date of 31 December 2010 Fair value hierarchy	
		level 2	level 3
Shares	4	0	
Bonds and loans granted	15,8	114 796	
Derivative financial instruments – currency , in this	16,32	707	
Assets		1 141	
liabilities		-434	
Credits and borrowings	28	-155 083	

Methods and assumptions adopted by the Company in determining fair values

Bonds and loans granted as well as obtained credits were measured using the method of amortized cost, i.e. the amount at which a financial asset or liability is measured at the moment of its initial recognition decreased by capital repayments and increased or decreased by amortization basing on an effective interest rate, of any differences between the original value and the maturity value as well as decreased by any write- offs (directly or via a provision account) due to impairment or non-recovery.

Liabilities arising from derivative instruments outstanding on the day of ending the reporting period, were measured at fair value basing on forward prices per maturity date of each transaction (fair value measurement was done by the bank in which a forward transaction took place).

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

Fair value hierarchy – Level 2

As at the date of 31 December 2010
Categories of financial instruments – hierarchy of fair value LEVEL 2

Classes of financial instruments	**Note**	Financial assets available for sale	Financial assets held to maturity	Financial assets at fair value through profit and loss account	Financial loans and receivables	Financial liabilities at fair value through profit and loss account	Other financial liabilities: Financial liabilities measured at amortized cost	Other financial liabilities: Financial liabilities arising from factoring and liabilities excluded from the scope of IAS 39	Hedging instruments	**Total**
Shares	4	0								
Bonds and loans granted	15,8				114 796					**114 796**
Derivative financial instruments – currency	16,32			320		0			387	**707**
Credits and borrowings	28						-155 083			**-155 083**
		0	**0**	**320**	**114 796**	**0**	**-155 083**	**0**	**387**	**-39 580**

Analysis of sensitivity

Assuming that the range of fluctuations in exchange rates at the day of 31.12.2010 might have achieved the level of + / - 10%, the Company's gross profit would have been lower or higher by 8 670 thousand PLN.

Assuming that the range of fluctuations in exchange rates at the day of 31.12.2010 might have achieved the level of + / - 1%, the Company's gross profit would have been lower or higher by 195 thousand PLN.

Analysis of sensitivity (in thousand PLN)

		Interest rate risk		Exchange rate risk			
		plus / minus 1%		plus 10% (price weakness PLN)		minus 10% (price rebound PLN)	
	Carrying amount	Profit /loss	Profit / loss	Profit / loss	Changes in equity	Profit or loss	Changes in equity
FINANCIAL ASSETS							
Cash in PLN	10 273	103	-103				
Cash in USD per zloty	2 166	22	-22	217		-217	
Cash in EUR per zloty	8 364	83	-83	836		-836	
Receivables from supplies and services and remaining receivables	78 211						
Loans granted plus interests in PLN	86 739	868	-868				
Receivables form supplies and services and remaining receivables in EUR	25 163			2516		-2516	
Loans granted plus interests in EUR	28 039	280	-280	2804		-2804	
Receivables form supplies and services and remaining receivables in USD	30 213			3021		-3021	
Loans granted plus interests in USD	18	0	0	2		-2	
Derivatives at fair value through profit and loss account	320			32		-32	
Derivatives remaining in hedging instruments	821			**82**		-82	
Influence on financial assets before tax		**1356**	**-1356**	**9510**		**-9510**	
FINANCIAL LIABILITIES							
Credits	155 083	-1551	1551				
Loans							
Loans received plus interests in PLN	0	0	0				
Liabilities for supplies and services and remaining liabilities in PLN	65 283						
Liabilities for supplies and services and remaining liabilities in EUR	6 304			-630		630	
Liabilities for supplies and services and remaining liabilities in USD	1 802			-180		180	
Derivatives at fair value through profit and loss account	0						
Derivatives remaining in hedging instruments	434			-30	-13	30	13
Influence on financial liabilities before tax		**-1551**	**1551**	**-840**	**-13**	**840**	**13**

According to the Board of Management, the aforementioned sensitivity analysis is not representative for foreign exchange risk and interest rate risk due to the fact that exposure at the end of the year to the above mentioned risks does not reflect the risk exposure throughout the year. The volume of receivables, liabilities, valuation of derivative instruments change during the year.

In accordance with an adopted accounting policy The Company applies hedge accounting.

Liquidity risk

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

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

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

The Group uses the method of mutual loans. Surpluses of funds are directed to the bank accounts type overnight bearing individual interest rates negotiated by the Group.

During the year 2010, the registered shares of series 13, 15, 19, 22, 23, 25, 27 of the total nominal value of PLN 186.500.000 emitted by Katowicki Holding Węglowy SA with the registered seat in Katowice were acquired by the Company.

Acquisition of the shares will be done through a non monetary performance in the form of supply of coal in 2010 and 2011. Supplies of coal within the redemption of the bond tranches of series 13 and 15 were executed in 2010.

Aging of receivables due to purchase of bonds

Series 13
- nominal value – 32,5 million PLN, purchased at 30.03.2010
- bonds with 6 month redemption period
- term of repayment – from April 2010 to September 2010

Series 15
- nominal value – 45 million PLN, purchased at
- bonds with 6 month redemption period
- term of repayment – from June 2010 to November 2010

Series 19
- nominal value – 41million PLN, purchased at 28.07.2010
- bonds with 6 month redemption period
- term of repayment planned– from August 2010 to January 2011

Series 22
- nominal value – 20 million PLN, purchased at 30.08.2010
- bonds with 6 month redemption period
- term of repayment planned– from September 2010 to January 2011

Series 23
- nominal value – 21 million PLN, purchased at 28.10.2010
- bonds with 6 month redemption period
- term of repayment planned– from January 2010 to April 2011

Series 25
- nominal value – 17 million PLN, purchased at 30.11.2010
- bonds with 6 month redemption period
- term of repayment planned– from February 2011 to May 2011

Series 27
- nominal value – 10 million PLN, purchased at 29.12.2010
- bonds with 6 month redemption period
- term of repayment planned– from March 2011 to June 2011

The Company has available multi-purpose credit limits on the current account both for the current regulation of payments as well as for guarantees and letters of credit - allowing for flexible allocation of the particular products in order to ensure the smooth running of the activity by the Company. One of the credit lines is secured by a mortgage on the property of the Company, located in Katowice, ul. Grabowa 1.

The Company has available credit limits on guarantees and letters of credit

The credit lines preferred by the Company enable an easy access to funds. Conditions negotiated with the banks allow the Group to rollover repayment of its credit liabilities.

As at 31.12.2010, the Company had at its disposal not used multi – purpose credit and guarantee limits (ING, PKO BP) in the total amount of 102 848 thousand PLN.

The Company cooperates with many banks in order to disperse the risk. The cooperating banks are among the leading banks with a high rating and operating on the Polish market.

The Company carries out a current analysis of liquidity and debt ratios – the principle is to maintain these ratios at a safe level.

There are no overdue liabilities – the Company has a full ability of debt servicing. It seeks to prolong the terms of payments, and shorten the maturities of receivables.

The liabilities for supplies and services as at 31.12.2010 together with their temporary structure are presented in the notes No. 23, 29. The book value of short-term liabilities for deliveries and services corresponds to their fair value due to their short-term nature.

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

Contractual maturities of financial liabilities as at 31 December 2010

Financial liabilities	**Contractual maturities from the end of reporting period**					**Total (without discount)**	**Carrying amount**
	Not exceeding 3 months	**3 -12 months**	**1- 3 years**	**3- 5 years**	**over 5 years**		
Liabilities for supplies and services	54 042	7 354	-	-	-	**61 396**	**61 396**
Credits and loans taken	-	155 083		-	-	**155 083**	**155 083**
Financial derivative instruments - currency	300	134	-			**434**	**434**
Remaining financial liabilities	3 558	7 828	648	-	-	**12 034**	**12 034**
Total financial liabilities in the various segments of maturity	**57 900**	**170 399**	**648**	**0**	**0**	**228 947**	

The occurrence of out of-balance sheet liabilities is closely related to the nature of the activity the Company is engaged in, and collaterals in the form of promissory notes or guarantees are granted mainly for the companies within the Capital Group.

Ongoing monitoring and undertaken actions almost exclude the likelihood of using/ payment from a guarantee, a promissory note or warranty.

The financial standing of the Company enables obtaining and using many forms of financing, including credit on current account, buyer credit, government credit, tied –aid credit, leasing, loans.

Cooperation with many banks, granted extensions of payments and increase of credit limits available on favorable conditions prove that the company is positively assessed by those banks.

Taking into account the accuracy and minuteness of the monitoring regularly conducted by banks, any potential risks would have been the indicator obliging the Company to normalize the situation.

Credit risk

Credit risk should be understood as the incapability of the Company's debtors to fulfill their obligations. The credit risk policy in KOPEX S.A. is of a particular importance, inter alia, due to the 7,78% share of liabilities in the total assets. The above mentioned credit risk may involve various areas of the Company, which in case of a commercial company such KOPEX S.A. is , has a significant impact on the form of a credit risk management.

The credit risk understood as the debtors' inability to meet their obligations towards the Company is related to three main areas:

- credit risk of the customers with whom the transactions of sales of products are concluded.
- Credit risk of financial institutions which are a go-between in hedging transactions or the aforementioned transactions are concluded with.
- credit risk of the entities in which investments are made, or whose shares are purchased

Credit risk policy in KOPEX S.A. regarding the credibility of contractors (to whom we sell our products and services), and in particular, regarding the occurrence of transactions with new partners, is based primarily on:

- verification of a given contractor in the business intelligence

- obtaining updated documents illustrating the contractor's current financial situation

- requirement to submit by the above mentioned contractor, a payment security in favor of KOPEX S.A. in a form acceptable for the Company.

A new contractor means the contractor with whom KOPEX S.A. has never traded before, traded a long time ago or such one with whom the Company signed a contract of a significant value. The contractors to whom we sell goods and services on deferred payment terms are always judged in terms of credit risk.

The most popular collaterals for payment used by the Company include:

- for domestic trade : bank guarantees, insurance, mortgages, assignments, registered pledge, bill of exchange, warranties, mutual compensation.

- for foreign trade : letters of credit, confirmed letters of credit, bank guarantees, settlements under a buyer credit, repayment of debts under a government credit, mutual compensation.

Several years ago, the Company adopted the policy of limiting the credit risk associated with timing of repayments of debts.

Receivables turnover ratio for KOPEX S.A. expressed in days is 36 days.

Receivables from a large number of contractors with whom the Company cooperates are regularly monitored by respective financial departments in accordance with prepared written instructions and procedures for recovery of debts (both judicial and extrajudicial).

The issue of debts and debts recovery is subject of consultations between the people from respective sales and financial departments responsible for the transaction once a month. The aforementioned consultations help in making decisions about how to recover debts.

In relation to the financial crisis in the world and signals of possible difficulties related to customers' payments as well as announced bankruptcies, the Company has intensified, within its policy, the acts on supervising the status of receivables as well as has increased requirements concerning the necessary forms of hedging its receivables from the clients

The status of overdue receivables from deliveries and services is shown in the notes 12B and 12C.

In accordance with the accounting policy applicable by the Company, revaluation write – offs due to impairment of receivables are made on an ongoing basis during the financial year.

In 2010, the level of the aforementioned write-offs in the total amount of overdue debts amounted to 64,17.% of the total overdue debts, while in 2009 it amounted to 72,47% in the total amount of overdue debts and the overdue debts in 2010 decreased significantly (18 476 thousand zlotys) compared with the year 2009 (28 640 thousand zlotys).

The credit risk policy in the Company regarding the credibility of financial institutions the Company cooperates with, is manifested by cooperation only with banks or insurance companies with a good financial standing and high international rating.

The credit risk concerning derivative instruments is limited. The Company enters into agreements for derivative transactions and cooperates in this field only with the leading banks on the international financial market characterized by a significant equity and strong market position.

The Company applies a policy of framework agreements with the above mentioned banks as well as a policy of limited credit concentration, cooperating, for this purpose, with many banks without being limited only to a single entity (a bank).

Credit risk associated with loans is limited in KOPEX company due to the fact that loans are granted to the companies operating within the KOPEX Group. Repayment of debts due to the above loan agreements is monitored on an ongoing basis by the financial and controlling department and , within the corporate governance, by the Supervisory Boards of the Companies, which enables the possession and control of the current information on financial standing and liquidity, and consequently reduces the above mentioned risk to minimum.

The maximum exposure to credit risk is represented by:

- gross value of receivables amounting to 136 513 thousand PLN

- value of received financial guarantees and sureties amounting to 1 487 thousand PLN in total.

The concentration of receivables is as follows:

Trade receivables from deliveries and services for 2010 amounted to 95 497 thousand PLN which represents approximately 77,21% of total receivables.

Receivables from sales on domestic market : 40 402 thousand PLN

Receivables from sales abroad : 55 095 thousand PLN

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSANDS ZLOTYS

The entities whose liabilities to the Company as of the day of 31.12.2010 were at the highest level are as follows:

Entity 1 - 26.38% of the total receivables from supplies and services

Entity 2 – 4,83% of the total receivables from supplies and services

Entity 3 – 2,75% of the total receivables from supplies and services

Entity 4 – 2,34% of the total receivables from supplies and services

The carrying amount of receivables as at 31.12.2010, which would have been overdue if the terms and conditions had not been renegotiated (i.e. extension of repayment) amounts to 8 817 thousand PLN (extension of repayment of a loan granted to a related company).

Concentration of overdue debts on which revaluation write – offs have not been made is as follows:

- Entity X (the company from the Group) – amount : 1 791 thousand PLN – the receivable to be compensated by September 2011.

Overdue receivables from works, supplies and services covered by revaluation write - off due to impairment were as follows:

31.12.2010	31.12.2009
11 856	20 755

6.6. Information on conversion of selected financial data

Selected financial data denominated in EUR were calculated at the NBP exchange rate according to the following rules:

- Assets and liabilities were calculated according to the average exchange rate fixed by the NBP (National Polish Bank) for the currency of EURO, being in force on the balance sheet date.
  - As at 31.12.2010 - 3,9603
  - As at 31.12.2009 - 4,1082

- Items of the profit and loss account and cash flows were calculated according to the arithmetic average of rates for the currency of EURO being in force at the end of each month during the reporting period.
  - in 2010 - 4,0044
  - in 2009 - 4,3406

- Maximum rates in the period
  - in 2010 - 4,1458
  - in 2009 - 4,7013

- Minimum rates in the period
  - in 2010 - 3,8622
  - in 2009 - 4,0998

Estimates

Due to the fact that a lot of information contained in the financial statement can not be precisely measured, elaboration of the financial statement requires from the Management Board to make estimates. The Management Board verifies the adopted estimates taking into account changing factors while making them, new information and experience from the past. That's why the estimates made as at 31 December 2010 may change in the future. The main estimates have been described in the relevant principles of accounting and presented in the following notes:

Note	Estimates	Type of information disclosed
7A, 14A	Revaluation write – offs on loans and receivables	The methodology adopted to determine the recoverable value – significant principles of accounting, point concerning short-term and long term receivables.
10,26	Income tax	Assumptions to identify assets due to deferred tax and reserves – significant principles of accounting, point concerning the assets and reserves on income tax
27,33	Employee benefits	Reserves estimated by an actuary – significant principles of accounting, point regarding reserves for liabilities
16B, 16C	Fair value of derivative instruments	Model and assumptions adopted for fair value – significant principles of accounting, point regarding financial instruments
34	Provisions	Provisions for benefits due to termination of the employment relationship, provisions for contracts : discount rates and other assumptions – significant principles of accounting, point regarding provisions for liabilities
1, 2	Utilization life of tangible and intangible assets	Utilization life and amortization method – significant principles of accounting, point concerning intangible and tangible assets

Subjective assessment

In case when a given transaction is not regulated by any standard or interpretation, the Management Board guided by the subjective assessment, identifies and applies the accounting policy aiming to ensure that the financial statement will contain credible information and a coherent and genuine presentation of the financial position of the Company, the results from operating activity and cash flows. The subjective assessment is carried out in such a way so the statement might reflect an economic character of the transactions, contain complete data and be prepared in accordance with the principle of prudent valuation in all relevant aspects. The subjective assessment as at 31.12.2010 concerns provisions for claims and litigation, contract provisions and contingent liabilities.

7. Explanatory notes to the balance sheet drawn up as of 31st December 2010 in PLN thousand

Note 1A

INTANGIBLE ASSETS	**31.12.2010**	**31.12.2009**
a) costs of completed R&D works		
b) costs of R&D in progress	2 694	
c) Goodwill		
d) obtained concessions, patents, licences and other similar assets	650	899
e) other intangible assets	5	7
f) Construction-in-progress	1 518	1 461
Total intangible assets	**4 867**	**2 367**

Costs of completed R&D works in progress amounting to 2.649 thou PLN are the costs incurred till 31 December 2010 on an innovative project "Automatic longwall control system" financed by the European Regional Development Fund within the Operative Program of Innovative Economy 2007-2013 according to the point 1.4 Support of target projects ,1 Research and development of recent technologies, Support for the implementation of results of R&D priority axis 4 Investments in innovative undertakings.

The project received grants in 2010 amounting to PLN 147 thou recognized in the financial statement as Accruals at "long-term liabilities" Those grants will refer to the profit and loss account after taking them to use during the estimated useful life.

The expenditures on research and development works were no included as an expense in the profit and loss account

Note 1B

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	**31.12.2010**	**31.12.2009**
a) own	3 349	906
- inc. those manufactured using own means		
b) those used under rent, lease or other agreement, incl. Leasing contracts:		
Total intangible assets	**3 349**	**906**

Intangible assets do not constitute liability hedges of the Company

There are no intangible assets to which the legal title of the commercial entity undergoes any limits

In the reporting period and in the comparative periods, the Company did not incur any expenses on research and development treated as period cost in the profit and loss account

Useful life of intangible and legal assets are determined

There are no outstanding contractual obligations made for acquisition of intangible assets

Items within the profit and loss account in which depreciation of intangible and legal assets was included	**31.12.2010**	**31.12.2009**
- costs of goods sold	162	63
- costs of sales	3	3
- costs of management	185	143
Total	**350**	**209**

Note 1C **31.12.2010**

FLOW OF INTANGIBLE ASSETS (according to type groups)

	Costs of completed R&D works	- Incl. Those manufactured using own means	costs of R&D in progress	Goodwill	obtained concessions, patents, licences and similar assets	Other intangible assets	Total intangible assets
a) gross value at the begining of the period					**2 755**	**11**	**2 766**
- adjustment due to							
a') gross value at the begining of the period after adjustment					**2 755**	**11**	**2 766**
b) increases (due to)			**2 694**		**99**		**2 793**
- purchase			2 694		99		2 793
c) decreases (due to)					**14**		**14**
- sale							
- liquidation					14		14
d) gross value at the end of the period			**2 694**		**2 840**	**11**	**5 545**
e) cumulated redemption at the begining of the period					**1 856**	**4**	**1 860**
- adjustment due to							
e') cumulated redemption at the begining of the period after adjustment					**1 856**	**4**	**1 860**
f) redemption for the period (due to)					**334**	**2**	**336**
- depreciation					348	2	350
- sale							
- liquidation					-14		-14
g) cumulated redemption at the end of the period					**2 190**	**6**	**2 196**
h) net value of intangible assets at the begining of the period					**899**	**7**	**906**
i) net value of intangible assets at the end of the period			**2 694**		**650**	**5**	**3 349**

Note 1C. 31.12.2009

FLOW OF INTANGIBLE ASSETS (according to type groups)

	Costs of completed R&D works	- Incl. Those manufactured using own means	costs of R&D in progress	Goodwill	obtained concessions, patents, licences and similar assets	Other intangible assets	Total intangible assets
a) gross value at the begining of the period					**1 910**	**11**	**1 921**
- adjustment due to							
a') gross value at the begining of the period after adjustment					**1 910**	**11**	**1 921**
b) increases (due to)					**857**		**857**
- purchase					857		857
c) decreases (due to)					**12**		**12**
- sale					3		3
- liquidation					9		9
d) gross value at the end of the period					**2 755**	**11**	**2 766**
e) cumulated redemption at the begining of the period					**1 661**	**2**	**1 663**
- adjustment due to							
e') cumulated redemption at the begining of the period after adjustment					**1 661**	**2**	**1 663**
f) redemption for the period (due to)					**195**	**2**	**197**
- depreciation					207	2	209
- sale					-3		-3
- liquidation					-9		-9
g) cumulated redemption at the end of the period					**1 856**	**4**	**1 860**
h) net value of intangible assets at the begining of the period					**249**	**9**	**258**
i) net value of intangible assets at the end of the period					**899**	**7**	**906**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 2A

TANGIBLE ASSETS	31.12.2010	31.12.2009
a) Fixed assets, including:	12 565	17 787
- land (incl. perpetual usufruct right)		
- buildings, premises and civil engineering objects	11 251	11 534
- technical equipment and machines	547	5 344
- means of transport	634	730
- other fixed assets	133	179
b) Construction-in-process	339	109
Total tangible assets	**12 904**	**17 896**

Fixed assets are encumbered by mortgage up to the amount of PLN 313 200 thousand securing the liability due to a bank loan

There are no restrictions on the legal title of an entity to fixed assets

There are no outstanding contractual obligations made in order to acquire fixed assets

The amount of compensation received from third parties for tangible assets that have been lost or impaired amounted to 13 thou PLN and was recognized in the profit and loss account - Note 38 "received penalties, compensations".

In the reporting period and comparative periods, the costs of external financing were no activated.

In the reporting period and in comparative periods there was no case in which means were borrowed without strict specification of the purpose, and then spent on obtaining an assets item subject to adjustment.

Note 2B

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	31.12.2010	31.12.2009
a) own	12 565	17 787
b) used under rental, lease or other agreement, incl. leasing contract:		
- under leasing agreements-tech. equipment and machines		
- under leasing agreements - means of transport		
- under leasing agreements - other fixed assets (furniture)		
Total balance sheet fixed assets	**12 565**	**17 787**

Note 2C

OFF-BALANCE SHEET FIXED ASSETS	31.12.2010	31.12.2009
- used under rental, lease or other agreement, incl. leasing contract:	428	143
- fixed assets in liquidation		
- value of land under perpetual usufruct		
Total off-balance sheet fixed assets	**428**	**143**

Note 2D 31.12.2010

FLOW OF FIXED ASSETS (by types)

	own land, including perpetual usufruct right	buildings and bilding structures	technical equipment and machines	means of transport	other fixed assets	total fixed assets
a) gross value of fixed assets at the begining of the period	**36**	**12 641**	**8 838**	**2 133**	**1 798**	**25 446**
adjustment of the opening balance sheet						
a') gross value of fixed assets at the begining of the period afetr adjustments	**36**	**12 641**	**8 838**	**2 133**	**1 798**	**25 446**
b) increases		**115**	**124**	**197**	**13**	**449**
- purchase			84	197	13	294
- modernization		115	40			155
c) decreases			**5 160**	**99**	**148**	**5 407**
- sale			4 818	99	9	4 926
- long-term use			327		117	444
- for sale			15		22	37
d) gross value of fixed assets at the end of the period	**36**	**12 756**	**3 802**	**2 231**	**1 663**	**20 488**
e) cumulated depreciation (redemption) at the begining of the period	**36**	**1 107**	**3 494**	**1 403**	**1 619**	**7 659**
adjustment of the opening balance sheet						
e') cumulated depreciation (redemption) at the begining of the period after adjustments	**36**	**1 107**	**3 494**	**1 403**	**1 619**	**7 659**
f) depreciation for the period		**398**	**-239**	**194**	**-89**	**264**
- depreciation		398	669	293	55	1 415
- sale			-580	-99	-9	-688
- long-term use			-327		-117	-444
- for sale			-1		-18	-19
g) cumulated depreciation (redemption) at the end of the period	**36**	**1 505**	**3 255**	**1 597**	**1 530**	**7 923**
h) write-offs due to permanent loss of value at the begining of the year						
- increases						
- decreases						
i) write-offs due to permanent loss of value at the end of the year						
j) net value of fixed assets at the begining of the period		**11 534**	**5 344**	**730**	**179**	**17 787**
k) net value of fixed assets at the end of the period		**11 251**	**547**	**634**	**133**	**12 565**

<u>Note 2D.</u> **31.12.2009**

FLOW OF FIXED ASSETS (by types)

	own land, including perpetual usufruct right	buildings and bilding structures	technical equipment and machines	means of transport	other fixed assets	total fixed assets
a) gross value of fixed assets at the begining of the period	**36**	**8 703**	**8 060**	**2 288**	**1 828**	**20 915**
adjustment of the opening balance sheet						
a') gross value of fixed assets at the begining of the period afetr adjustments	**36**	**8 703**	**8 060**	**2 288**	**1 828**	**20 915**
b) increases		**3 971**	**1 550**	**156**	**125**	**5 802**
- purchase		12	1 517	156	125	1 810
- modernization		3 959				3 959
- adjustment of GUS group			33			33
c) decreases		**33**	**772**	**311**	**155**	**1 271**
- sale			563	239	108	910
- long-term use			203		47	250
- for reasons of chance				72		72
- adjustment of GUS group		33				33
- free transfer			6			6
d) gross value of fixed assets at the end of the period	**36**	**12 641**	**8 838**	**2 133**	**1 798**	**25 446**
e) cumulated depreciation (redemption) at the begining of the period	**36**	**867**	**2 855**	**1 306**	**1 645**	**6 709**
adjustment of the opening balance sheet						
e') cumulated depreciation (redemption) at the begining of the period after adjustments	**36**	**867**	**2 855**	**1 306**	**1 645**	**6 709**
f) depreciation for the period		**240**	**639**	**97**	**-26**	**950**
- depreciation		240	1 172	360	128	1 900
- sale			-325	-191	-107	-623
- long-term use			-202		-47	-249
- for reasons of chance				-72		-72
- free transfer			-6			-6
g) cumulated depreciation (redemption) at the end of the period	**36**	**1 107**	**3 494**	**1 403**	**1 619**	**7 659**
h) write-offs due to permanent loss of value at the begining of the year						
- increases						
- decreases						
i) write-offs due to permanent loss of value at the end of the year						
j) net value of fixed assets at the begining of the period		**7 836**	**5 205**	**982**	**183**	**14 206**
k) net value of fixed assets at the end of the period		**11 534**	**5 344**	**730**	**179**	**17 787**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 3A

INVESTMENT PROPERTY	31.12.2010	31.12.2009
a) investment property, including:	1 287	1 287
- land (including perpetual usufruct right)	1 287	1 287
- buildings, premises, civil engineering objects		
Total investment property	**1 287**	**1 287**

Properties are not liability hedge of the Company

There are no limitations related to the benefits of investment property or a transfer of revenue and profit in this respect

There are no contractual obligations to purchase, construct or develop investment property and there are no obligations for repairs, maintenance and improvements (improving the standard) of a property

Note 3B

INCOMES AND COSTS RELATED TO INVESTMENT PROPERTY	31.12.2010	31.12.2009
a) income from rent relating to investment property		
b) direct operating costs under income from rent related to investment property		
c) direct operational costs related to investment property which does not produce income from rent	5	4

Note 3C **31.12.2010**

CHANGE OF INVESTMENT PROPERTY (according to types groups)

	land (including perpetual usufruct right)	buildings, premises and civil engineering objects	Total investment property
a) gross value at the beginning of the period	**1 336**		**1 336**
b) increases (due to)			
- inclusion of the company into consolidation			
c) decreases (due to)			
d) gross value at the end of the period	**1 336**		**1 336**
e) cumulated depreciation (redemption) at the beginning of the period	**49**		**49**
f) depreciation for the period (due to)			
- depreciation write - offs			
- inclusion of the company into consolidation			
g) cumulated depreciation (redemption) at the end of the period	**49**		**49**
j) net value of investement properties at the beginning of the period	**1 287**		**1 287**
l) net value of investment properties at the end of the period	**1 287**		**1 287**

Note 3C. **31.12.2009**

CHANGE OF INVESTMENT PROPERTY (according to types groups)

	land (including perpetual usufruct right)	buildings, premises and civil engineering objects	Total investment property
a) gross value at the beginning of the period	**1 336**		**1 336**
b) increases (due to)			
- inclusion of the company into consolidation			
c) decreases (due to)			
d) gross value at the end of the period	**1 336**		**1 336**
e) cumulated depreciation (redemption) at the beginning of the period	**49**		**49**
f) depreciation for the period (due to)			
- depreciation write - offs			
- inclusion of the company into consolidation			
g) cumulated depreciation (redemption) at the end of the period	**49**		**49**
j) net value of investement properties at the beginning of the period	**1 287**		**1 287**
l) net value of investment properties at the end of the period	**1 287**		**1 287**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

NOTE 4A

LONG TERM FINANCIAL ASSETS AVAILABLE FOR SALE	31.12.2010	31.12.2009
- as of the beginning of the period	1 264	2 528
- purchase		
- sale	-1 264	-1 264
- evaluation related to equity		
- write-offs due to loss of value		
- situation as of the end of the period - balance sheet values		**1 264**
- situation as of the end of the period - fair value		

NOTE 4B

NET PROFIT OR LOSS PRESENTED FOR LONG TERM FINANCIAL ASSETS AVAILABLE FOR SALE	31.12.2010	31.12.2009
- write-offs due to loss of value		
- amounts from sale	503	409
- transfer from revaluation		
- others		
Total	**503**	**409**

NOTE 5

LONG TERM TRADE RECEIVABLES	31.12.2010	31.12.2009
a) from affiliated companies		
b) from other companies		
Net long term trade receivables		
c) revaluation write-offs of receivables		
d) evaluation of long term receivables in accordance with depreciated cost		
Gross long term trade receivables		

NotE 6

OTHER LONG TERM RECEIVABLES	31.12.2010	31.12.2009
a) from affiliated companies		11
b) from other companies , including:	821	813
- bails	821	813
Other net long term receivables	**821**	**824**
c) revaluation write-off of the receivables		
d) evaluation of long term receivables in accordance with depreciated cost		
Other gross long term receivables	**821**	**824**

Note 7A

CHANGE OF REVALUATION WRITE-OFFS CONCERNING LONG TERM TRADE RECEIVABLES AND OTHER RECEIVABLES	31.12.2010	31.12.2009
Situation as of the beginning of the period		
a) Increases presented in a period in a profit and loss account		
b) Decreases presented in a period in a profit and loss account		
Situation of revaluation write-offs concerning long term receivables at the end of the period		

Note 7B

CHANGE OF EVALUATION OF LONG TERM TRADE RECEIVABLES AND OTHER RECEIVABLES ACC. TO DEPRECIATED COST	31.12.2010	31.12.2009
Situation as of the beginning of the period		12
a) Increases presented in a period in a profit and loss account		1
b) Decreases presented in a period in a profit and loss account		13
Evaluation of long term receivables acc. to depreciated cost at the end of the period		

Note 7C

LONG TERM TRADE RECEIVABLES AND GROSS RECEIVABLES (CURRENCY STRUCTURE)	31.12.2010	31.12.2009
a) in Polish currency		11
b) in foreign currencies (acc. to a currency and after translation into PLN	821	813
b1. unit/currency thousand/EUR	8	9
PLN thousand	31	36
b2. other currencies in PLN thousand	790	777
Total long term receivables	**821**	**824**

Note 8A	31.12.2010	31.12.2009
GRANTED LONG TERM LOANS		
a) granted long term loans to related entities		
- situation at the begining of a period	23 056	14 441
- granting of loans	4 356	11 623
- payment of loans		-3 008
- transfer to short-term loans	-23 056	
- situation at the end of a period	**4 356**	**23 056**
b) granted long term loans to other entities		
- situation as the beginning of a period		
- granting of loans		
- payment of loans		
- evaluation of granted loans in accordance with adjusted purchase price		
- situation as of the end of the period		
Total granted long term loans	**4 356**	**23 056**

Note 8B	31.12.2010	31.12.2009
GRANTED LONG TERM LOANS (CURRENCY STRUCTURE)		
a) in Polish currency		1 615
b) in foreign currencies (acc. to a currency and after translation into PLN	4 356	21 441
b1. unit/currency thousand/EUR	1 100	5 220
PLN thousand	4 356	21 441
b.2. unit/currency thousand/USD		
thousand PLN .		
b.3. other currencies in PLN thousand		
Total granted long term loans	**4 356**	**23 056**

Note 9A	31.12.2010	31.12.2009
OTHER LONG TERM FINANCIAL ASSETS		
- shares and stocks in affiliated entities	1 297 215	1 211 601
- shares and stock in other entities		
- other		
Other long term financial assets, total	**1 297 215**	**1 211 601**

Note 9B	31.12.2010	31.12.2009
OTHER LONG TERM FINANCIAL ASSETS		
- values according to purchase price	1 306 317	1 211 601
- revaluation as of beginning of the period		
- revaluation in the period	-9 102	
- balance sheet values	**1 297 215**	**1 211 601**
- fair value		

<u>Note 9C</u> 31.12.2010

SHARES AND STOCKS

	a	b	d	e	f	g	h	i	j	k	l
No.	Name of company, indicating its legal form	Official seat	Type of affiliation (subsidiary, indirect subsidiary, associated company, incl. details of affiliations: direct, indirect)	Consolidation method applied / measurement by equity method or information that entity is not subject to consolidation / measurement by equity method	Date of acquisition of control / semicontrol / gaining significant influence	Value of stocks (shares) by purchase price	Revaluation adjustments (total)	Carrying value of stocks (shares)	% of share capital owned	share in the total number of shares at the General meeting of shareholders	Other than j) or k) basis for control / semicontrol / significant influence
1	KOPEX EQUITY SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	15.05.1997	12 001	-	12 001	100,00%	100,00%	
2	WAMAG S.A.	WAŁBRZYCH	SUBSIDIARY	FULL	12.05.2004	11 982	-	11 982	100,00%	100,00%	
3	KOPEX GMBH	GERMANY	SUBSIDIARY	FULL	14.08.2003	111	-	111	100,00%	100,00%	
4	WS BAILDONIT SP. Z O.O.	KATOWICE	ASSOCIATED	OF PROPERTY RIGHTS	06.11.1996	3 005	-	3 005	29,41%	29,41%	
5	KOPEX - PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	BYTOM	SUBSIDIARY	FULL	14.09.2004	12 207	-	12 207	94,74%	94,74%	
6	EKOPEX	UKRAINE	ASSOCIATED	OF PROPERTY RIGHTS	07.08.2006	6	-	6	20,00%	20,00%	
7	KOPEX CONSTRUCTION SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	14.08.2007	2 000	-	2 000	61,97%	61,97%	
8	ZABRZAŃSKIE ZAKŁADY MECHANICZNE S.A.	ZABRZE	SUBSIDIARY	FULL	03.08.2007	961 098	-	961 098	97,99%	97,99%	
9	KOPEX MIN-MONT	SERBIA	SUBSIDIARY	FULL	01.08.2007	1 629	-	1 629	84,85%	84,85%	
10	KOPEX MIN-FITIP w likwidacji	SERBIA	SUBSIDIARY	FULL	01.08.2007	14 636	-9 102	5 534	86,51%		
11	KOPEX MIN-OPREMA	SERBIA	SUBSIDIARY	FULL	01.08.2007	8 778	-	8 778	87,77%	87,77%	
12	KOPEX MIN-LIV	SERBIA	SUBSIDIARY	FULL	01.11.2007	2 542	-	2 542	89,74%	89,74%	
13	SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD	CHINA	SUBSIDIARY	FULL	01.07.2007	7 568	-	7 568	50,00%	50,00%	
14	HANSEN SICHERHEITSTECHNIK AG	GERMANY	SUBSIDIARY	FULL	23.11.2007	130 591	-	130 591	88,94%	88,94%	
15	TIEFENBACH POLSKA SP. Z O.O.	RADZIONKÓW	ASSOCIATED	OF PROPERTY RIGHTS	08.11.2007	3 132	-	3 132	49,00%	49,00%	
16	KOPEX EKO SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	31.01.2008	1 012	-	1 012	100,00%	100,00%	
17	PT. KOPEX MINING CONTRACTORS	INDONESIA	SUBSIDIARY	FULL	19.05.2008	261	-	261	60,00%	60,00%	
18	EL-GÓR S.A..	CHORZÓW	SUBSIDIARY	FULL	06.02.2009	30 340	-	30 340	100,00%	100,00%	
19	Rybnicka Fabryka Maszyn RYFAMA S.A.	RYBNIK	SUBSIDIARY	FULL	14.06.2010	103 418	-	103 418	78,97%	78,97%	
			total			**1 306 317**	**-9 102**	**1 297 215**			

Note 9C. **31.12.2009**

SHARES AND STOCKS

	a	b	d	e	f	g	h	i	j	k	l
No.	Name of company, indicating its legal form	Official seat	Type of affiliation (subsidiary, indirect subsidiary, associated company, incl. details of affiliations: direct, indirect)	Consolidation method applied / measurement by equity method or information that entity is not subject to consolidation / measurement by equity method	Date of acquisition of control / semicontrol / gaining significant influence	Value of stocks (shares) by purchase price	Revaluation adjustments (total)	Carrying value of stocks (shares)	% of share capital owned	share in the total number of shares at the General meeting of shareholders	Other than j) or k) basis for control / semicontrol / significant influence
1.	KOPEX EQUITY SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	15.05.1997	12 001	-	12 001	100,00%	100,00%	
2.	WAMAG S.A.	WAŁBRZYCH	SUBSIDIARY	FULL	12.05.2004	11 982	-	11 982	100,00%	100,00%	
3.	KOPEX GMBH	GERMANY	SUBSIDIARY	FULL	14.08.2003	111	-	111	100,00%	100,00%	
4.	WS BAILDONIT SP. Z O.O.	KATOWICE	ASSOCIATED	OF PROPERTY RIGHTS	06.11.1996	3 005	-	3 005	29,41%	29,41%	
5.	KOPEX - PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	BYTOM	SUBSIDIARY	FULL	14.09.2004	12 206	-	12 206	94,72%	94,72%	
6.	AUTOKOPEX SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	10.07.2006	7 800	-	7 800	80,41%	80,41%	
7.	EKOPEX	UKRAINE	ASSOCIATED	OF PROPERTY RIGHTS	07.08.2006	6	-	6	20,00%	20,00%	
8.	KOPEX - RUS	RUSSIA	SUBSIDIARY	FULL	14.06.2007	1	-	1	51,00%	51,00%	
9.	KOPEX CONSTRUCTION SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	14.08.2007	2 000	-	2 000	61,97%	61,97%	
10.	ZABRZAŃSKIE ZAKŁADY MECHANICZNE S.A.	ZABRZE	SUBSIDIARY	FULL	03.08.2007	961 098	-	961 098	97,99%	97,99%	
11.	KOPEX MIN-MONT	SERBIA	SUBSIDIARY	FULL	01.08.2007	1 629	-	1 629	84,85%	84,85%	
12.	KOPEX MIN-FITIP	SERBIA	SUBSIDIARY	FULL	01.08.2007	14 636	-	14 636	86,51%	86,51%	
13.	KOPEX MIN-OPREMA	SERBIA	SUBSIDIARY	FULL	01.08.2007	8 778	-	8 778	87,77%	87,77%	
14.	KOPEX MIN-LIV	SERBIA	SUBSIDIARY	FULL	01.11.2007	1 737	-	1 737	85,28%	85,28%	
15.	SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD	CHINA	SUBSIDIARY	FULL	01.07.2007	7 568	-	7 568	50,00%	50,00%	
16.	HANSEN SICHERHEITSTECHNIK AG	GERMANY	SUBSIDIARY	FULL	23.11.2007	130 591	-	130 591	88,94%	88,94%	
17.	TIEFENBACH POLSKA SP. Z O.O.	RADZIONKÓW	ASSOCIATED	OF PROPERTY RIGHTS	08.11.2007	3 132	-	3 132	49,00%	49,00%	
18.	KOPEX EKSEN SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	27.03.2008	507	-	507	50,00%	50,00%	
19.	KOPEX EKO SP. Z O.O.	KATOWICE	SUBSIDIARY	FULL	31.01.2008	1 012	-	1 012	100,00%	100,00%	
20.	PT. KOPEX MINING CONTRACTORS	INDONESIA	SUBSIDIARY	FULL	19.05.2008	261	-	261	60,00%	60,00%	
21.	KOPEX POLSKIE BIOGAZOWNIE S.A.	GLIWICE	SUBSIDIARY	FULL	06.08.2009	1 200	-	1 200	60,00%	60,00%	
22.	EL-GÓR S.A.	CHORZÓW	SUBSIDIARY	FULL	06.02.2009	30 340	-	30 340	100,00%	100,00%	
			Total			**1 211 601**	**0**	**1 211 601**			

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Nota 10	31.12.2010	31.12.2009
CHANGE OF ASSETS DUE TO DEFERRED INCOME TAX		
1. Assets due to deferred income tax as of beginning of the period, including	13 632	14 855
a) related to financial result	9 029	5 187
b) related to equity	4 603	9 668
2. Increases	2 478	12 186
a) referred to financial result of the period in relation to negative transition differences	2 452	7 583
b) referred to financial result of the period in relation to tax loss		
c) referred to equity in relation to negative transition differences	26	4 603
d) referred to equity in relation to tax loss		
3. Decreases	8 178	13 409
a) referred to financial result of the period in relation to negative transition differences	1 211	3 741
b) referred to financial result of the period in relation to tax loss	2 364	
c) referred to equity in relation to negative transition differences	4 603	9 668
d) referred to equity in relation to tax loss		
4. Assets due to deferred income tax total at the end of the period, including	**7 932**	**13 632**
a) related to financial result	7 906	9 029
b) related to equity	26	4 603

Apart from asset calculated for future liabilities due to jubilee awards and retirement bonuses, that shall be realised within the period of 40 years from the balance sheet date, the remaining transition differences shall be realised within the period of 12 months from the balane sheet date

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 11A **INVENTORY**	**31.12.2010**	**31.12.2009**
a) materials	91	74
b) Semi-finished products and products in the making		
c) finished products		
d) goods	2 401	2 795
Total inventory	**2 492**	**2 869**
f) revaluation write-offs on inventories - materials		
g) revaluation write-offs on inventories - Semi-finished products and products in the making		
h) revaluation write-offs on inventories - finished products		
i) revaluation write-off on inventories - goods	409	545
Total gross inventory	**2 901**	**3 414**

Inventories are not a laibility hedge

Nota 11B **CHANGE IN REVALUATION WRITE-OFFS ON INVENTORIES**	**31.12.2010**	**31.12.2009**
Situation as of the beginning of the period	545	409
a) Increases presented in a period in a profit and loss account (due to)		136
- revaluation of materials		
revaluation of semi-finished products and products in the making		
- revaluation of finished products		
- revaluation of goods		136
b) Decreases presented in a period in a profit and loss account (due to)	136	
- end of reasons for write-off- materials		
- end of reasons for write-off- semi-finished products and products in the making		
- end of reasons for write-off- finished goods		
- end of reasons for write-off- goods	136	
situation as of the end of the period	**409**	**545**

Note 12A **SHORT TERM TRADE RECEIVABLES**	**31.12.2010**	**31.12.2009**
a) from affiliated companies	11 021	18 659
- with payment period up to 12 months	4 504	7 313
- with payment period over 12 months	6 517	11 346
b) from other companies	84 476	86 575
- with payment period up to 12 months	84 441	77 322
- with payment period over 12 months	35	9 253
Total net short term receivables	**95 497**	**105 234**
c) revaluation write-offs	11 856	20 755
Total gross short term receivables	**107 353**	**125 989**

Receivables from deliveries and services are covered by an assignment as collateral to the bank credit liability

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 12B	**31.12.2010**	**31.12.2009**
TRADE RECEIVABLES (GROSS) – WITH REMAINING FROM THE BALANCE SHEET DATE REPAYMENT PERIOD:		
a) from 1 month	54 378	65 905
b) over 1 month and up to 3 months	1 526	6 031
c) over 3 months and up to 6 months	14 230	4 686
d) over 6 months to 1 year	12 191	128
e) over a year	6 552	20 599
f) overdue receivables	18 476	28 640
Total trade receivables (gross)	**107 353**	**125 989**
g) revaluation write-offs on trade receivables	11 856	20 755
Total trade receivables (net)	**95 497**	**105 234**

Receivables related to normal course of sale are within the range from 1 month. However, for some partners repayments established on the basis of individual contracts are within the range of 1 to 3 months. KOPEX S.A. Capital Group has also receivables with longer repayment period and concerning guarantee instalments on long term contracts

Infomation on concentration of receivables was included in the point 6.5 of "Additional information" - Policy of financial risk management and hedging.

Note 12C	**31.12.2010**	**31.12.2009**
OVERDUE TRADE RECEIVABLES (GROSS) – SPLIT INTO RECEIVABLES NOT PAID WITHIN THE PERIOD:		
a) from 1 month	721	766
b) over 1 month and up to 3 months	1 016	446
c) over 3 month and up to 6 months	2 215	495
d) over 6 months to 1 year	199	3 993
e) over a year	14 325	22 940
Total overdue trade receivables (gross)	**18 476**	**28 640**
g) revaluation write-offs on the overdue trade receivables	11 856	20 755
Total overdue trade receivables (net)	**6 620**	**7 885**

Note 13	31.12.2010	31.12.2009
OTHER SHORT TERM RECEIVABLES		
a) from affiliated companies	2 574	8 450
- advance payments for supplies	11	4 796
- other	2 563	3 654
b) from other companies	24 787	35 099
- advance payments for supplies	59	3 528
- due to taxes, subsidies, customs, social insurance, health insurance and other benefits	7 081	20 999
- due to purchase/sale of financial assets	13 350	
- claimed in courts	3 206	7 576
- other	1 091	2 996
Other total short term receivables (net)	**27 361**	**43 549**
c) revaluation write-offs	978	1 184
Other total short term receivables (gross)	**28 339**	**44 733**

Note 14A	31.12.2010	31.12.2009
CHANGE OF REVALUATION WRITE-OFFS ON SHORT TERM TRADE RECEIVABLES AND OTHER SHORT TERM RECEIVABLES		
Situation as of the beginning of the period	21 939	24 384
a) Increases , including:	559	33
- revaluation on doubtful receivables	559	33
b) Decreases, including:	9 664	2 478
- use of revaluation write-off on receivables	9 020	468
- payment of receivables	644	2 010
Revaluation write-offs on short term receivables at the end of the period	**12 834**	**21 939**

Note 14B	31.12.2010	31.12.2009
SHORT TERM TRADE RECEIVABLES AND OTHER GROSS SHORT TERM RECEIVABLES (CURRENCY STRUCTURE)		
a) in Polish currency	78 211	103 251
b) in foreign currencies (acc. to a currency and after translation into PLN	57 481	67 471
b1. unit/currency thousand/USD	10 193	7 285
PLN thousand	30 213	20 983
b2. unit/currency thousand/EUR	6 346	11 087
PLN thousand	25 132	45 343
b3. other currencies in PLN thousand	2 136	1 145
Total short term receivables	**135 692**	**170 722**

Note 15A	31.12.2010	31.12.2009
GRANTED SHORT TERM LOANS		
a) granted short term loans to affiliated entities		
- Situation as of the beginning of the period	18 887	9 242
- granting loans	22 759	14 935
- repayment of loans	-18 663	-6 504
- transfer from long term	23 056	
- exchange rate differences	-812	1 214
- situation as of the end of the period	**45 227**	**18 887**
b) GRANTED SHORT TERM LOANS to other entities		
- Situation as of the beginning of the period	54 881	1 014
- purchase of bonds	180 398	65 698
- granting loans	1 808	399
- payment of bonds	-169 793	-12 105
- repayment of loans	-1 841	-361
- exchange rate differences	-240	236
- situation as of the end of the period	**65 213**	**54 881**
Total granted short term loans	**110 440**	**73 768**

Note 15B	31.12.2010	31.12.2009
GRANTED SHORT TERM LOANS (CURRENCY STRUCTURE)		
a) in Polish currency	86 739	68 829
b) in foreign currencies (acc. to a currency and after translation into PLN	23 701	4 939
b1. unit/currency thousand/EUR	6	1 733
PLN thousand	18	4 939
b.2. unit/currency thousand/USD	5 980	
thousand PLN .	23 683	
b.3. other currencies in PLN thousand		
Total granted short term loans	**110 440**	**73 768**

Note 16A	31.12.2010
DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL ASSETS	
a) hedging cash flows for which hedge accounting is applied	821
- forward sales contracts USD - volume 12 211 PLN thousand, average exchange rate 3.2291	816
- forward sales contracts EUR - volume 1 071 PLN thousand, average exchange rate 3.6868	5
b) hedging cash flows for which hedge accounting is not applied	320
- forward sales contracts USD - volume , average exchange rate	
- forward sales contracts EUR - volume 8 217 PLN thousand, average exchange rate 4.1285	320
Total derivative financial instruments	**1 141**

Note 16A.	**31.12.2009**
DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL ASSETS	
a) hedging cash flows for which hedge accounting is applied	8 079
- forward sales contracts USD - volume 46 452 PLN thousand, average exchange rate 3.0069	1 400
- sales options USD - volume 29 580 PLN thousand, average exchange rate 3.6975	6 679
b) hedging cash flows for which hedge accounting is not applied	220
- forward sales contracts USD - volume 310 PLN thousand, average exchange rate 2.3627	40
- forward sales contracts EUR - volume 20 572 PLN thousand, average exchange rate 4.1645	180
Total derivative financial instruments	**8 299**

As at 31.12.2010 the volume of open positions in derivatives (financial assets and liabilities) amounted to 44 068 thou PLN, in this, 35 851 thou PLN referred to financial instruments for which hedge accounting is applied and 8 217 thou PLN referred to other hedging derivatives. The fair value of derivatives varies depending on changes in market conditions. The final result of these transactions may differ significantly from their valuation at the balance sheet day. The Company accepted as the fair value of open foreign exchange transactions, the valuation at the balance sheet day drawn up by financial institutions with which the transactions were concluded.

Hedge accounting is applied in order to secure cash flows. It is expected that the hedged cash flows will occur and will be accounted for in the financial result within up to 12 months from the balance sheet date.

Due to open derivatives for which the Company does not apply hedge accounting, the Company is exposed to the risk of negative measurement of fair value, which has influence on the financial results throughout the duration of the hedging instrument, because the measured value of open derivatives is charged to the profit and loss account. This risk is balanced when cash flows of similar maturity occur, and they are expressed in the same currency which was used in the forward transactions which were made. The Company does not make foreign currency transactions which are speculative

The Company hedges currency risk by making transactions whose profile is adjusted to the type of currency risk hedged. These transactions are made with banks currently cooperating with the Company. Taking into account

the significant diversification of entities with which transactions are made,

the amount of capital of banks cooperating with the Company in terms of hedging currency risk,

the fact that operations performed by these banks are covered by the BFG (Bank Guarantee Fund),

the fact that these banks have a rating which confirms their financial credibility,

it can be said that currency risk borne by the Company in the scope described herein is marginal.

Nota 16B	**31.12.2010**	**31.12.2009**
RESULT ON HEDGE DERIVATIVES HEDGING CASH FLOWS INCLUDED DIRECTLY IN EQUITY		
a) cumulated result on financial instruments hedging cash flows as of the beginning of the business period	-37 703	-54 035
b) amount included in equity in a reporting period due to concluded effective hedge transactions	725	26 613
c) realised hedge transactions retained in equity till the moment of occurrence of planned (hedge) transaction		-19 228
d) amount transferred from equity to profit and loss account in the reporting period	36 843	8 947
- open transactions	1	
- closed transactions	36 842	8 947
e) cumulated result on financial instruments hedging cash flows as of the end of the business year	**-135**	**-37 703**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 16C RESULT ON DERIVATIVES EVALUATED IN FAIR VALUE VIA PROFIT AND LOSS ACCOUNT	31.12.2010	31.12.2009
a) appointed at the initial presentation as evaluated in accordance with fair value		
- realised derivatives	-14 091	209
- evaluation of not realised derivatives	4 322	393
Total	**-9 769**	**602**

The result on non realized derivatives for which no hedge accounting is applied was included in the result of 2010 in the profit and loss account at the item ”Financial costs – exchange rate differences in the amount of PLN 1.545 thou. (Note 41).

The cumulated loss in the amount of PLN 12 546 thou. related to the instruments for which hedge accounting was applied, has been removed from the equity and included in the profit and loss account due to cessation of expectation that a planned transaction will be realized. The loss has been recognized in the balance sheet at the item “Financial costs – Exchange rate differences” (Note 41)

The result on realized derivatives for which no hedge accounting was applied , has been recognized in the profit and loss account of 2009 at the item – Financial costs – Exchange rate differences” in the amount of PLN 209 thou. (Note 41)

Evaluation of non realized derivatives for which no hedge accounting was applied, has been applied in the profit and loss account of 2010 at the item “Financial revenues – revaluation of investment value” in the amount of PLN 4 322 thou.

Evaluation of non realized derivative instruments for which no hedge accounting was applied, has been recognized in the profit and loss account of 2009 at the item Financial revenues – revaluation of investment value” in the amount of PLN 393 thou.

Nota 17A CASH AND OTHER FINANCIAL ASSETS (CURRENCY STRUCTURE)	31.12.2010	31.12.2009
a) in Polish currency	10 273	8 178
b) in foreign currencies (acc. to a currency and after translation into PLN	10 643	16 645
b1. unit/currency USD	731	99
in PLN	2 166	281
b2. unit/currency EUR	2 112	3 599
in PLN	8 364	14 787
b3. other currencies in PLN	113	1 577
Total cash and other financial assets	**20 916**	**24 823**

Nota 17B CASH STRUCTURE		
a) cash at banks	20 771	24 504
b) cash in hands	145	319
c) other cash		
Total cash	**20 916**	**24 823**

Nota 18 SHORT TERM PRE-PAYMENTS AND ACCRUALS	31.12.2010	31.12.2009
a) pre-payments and accruals, including:	369	1 306
- subscription, insurance, write-off for ZFŚS (Company Fund for Social Benefits)	369	1 306
- lease costs settles in time		
- costs of preparing new production		
- other		
b) other pre-payments and accruals		
Total short term pre-payments and accruals	**369**	**1 306**

Nota 19 **SHARE CAPITAL (STRUCTURE)**	**31.12.2010**	**31.12.2009**
- kinds of shares	bearer shares	bearer shares
- kinds of privilege status	non preference	non preference
- date of registration	03.01.1994	03.01.1994
- right to dividend (from the date)	03.01.1994	03.01.1994
- number of shares	1 989 270	1 989 270
- nominal value of one share	10 zł	10 zł
- date of split	01.08.2006	01.08.2006
- number of shares	**19 892 700**	**19 892 700**
- nominal value of one share	**1 zł**	**1 zł**
- issuance of "B" series shares (date of registration)	10.08.2007	10.08.2007
- right to dividend (from the date)	10.08.2007	10.08.2007
- number of shares	**47 739 838**	**47 739 838**
- nominal value of one share	**1 zł**	**1 zł**
- issuance of "C" series shares (date of registration)	01.12.2009	01.12.2009
- right to dividend (from the date)	01.12.2009	01.12.2009
- number of shares	**6 700 000**	**6 700 000**
nominal value of one share	**1 zł**	**1 zł**
Total number of shares	**74 332 538**	**74 332 538**
Nominal value of one share	**1 zł**	**1 zł**
Total share capital	**74 333**	**74 333**

The Management Board of KOPEX S.A., acting pursuant to authorisation granted by a Resolution no. 1 of Extraordinary Meeting of Shareholders of KOPEX S.A. of 11th December 2008 on expressing consent and establishing conditions for purchase of own shares by the Company and Resolution no. 2 of Extraordinary Meeting of Shareholders of KOPEX S.A. of 11th December 2008 on granting an authorisation for the Management Board of the Company to purchase their own shares in the mode of Art. 362 & 1 section 8) of the Commercial Companies Code, started the Purchase Programme (repurchase) concerning own shares of KOPEX S.A. From the day of the Programme's initiation i.e. from 15th December 2008 till 05 February 2009 in total 276,500 own shares of KOPEX S.A. were purchased at an average purchase price of PLN 10.75 per share. Own shares in the amount of PLN 2,979 PLN thousand purchased by the Issuer from the day of the Program start till 22nd December 2008 constitute 0.409% of KOPEX S.A. share capital. The shares do not give the right to vote and therefore in the Financial Statement there is disclosure of profit per 1 share having the right to vote.

Subsidiaries and affiliated entities do not have shares of KOPEX S.A.

Note 20 **SUPPLEMENTARY CAPITAL**	**31.12.2010**	**31.12.2009**
a) from issuance above the nominal value	1 054 941	1 054 941
b) created in accordance with Acts of Association / Agreement	207 047	204 972
c) from payments to Shareholders' equity		
d) other (acc. to types)	68	68
- from capital from value adjustment	68	68
- other		
total supplementary capital	**1 262 056**	**1 259 981**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 21

CAPITAL FROM VALUE ADJUSTMENT	31.12.2010	31.12.2009
a) revaluation of fixed assets	24	24
b) revaluation of long term and short term investments		
c) deferred income tax due to investment revaluation		
d) cash flow hedging	-135	-37 703
e) deferred income tax due to cash flow hedging	26	7 164
Total capital from value adjustment	**-85**	**-30 515**

Note 22

OTHER RESERVE CAPITAL (ACC. TO PURPOSE)	31.12.2010	31.12.2009
- to be used for purchase of own shares	17 021	17 021
Total other reserve capital	**17 021**	**17 021**

NOTE 23

LONG TERM TRADE LIABILITIES	31.12.2010	31.12.2009
a) from affiliated companies		
b) from other companies		
Long term net trade liabilities		
c) evaluation of long term liabilities acc. to depreciated cost		
Gross long term trade liabilities		

Note 24

OTHER LONG TERM LIABILITIES	31.12.2010	31.12.2009
a) in relation to affiliated entities		
b) in relation to other entities , including:	648	848
- due to investment activity	256	456
- pre-payments received for supplies	392	392
Other net long term liabilities	**648**	**848**
c) evaluation of long term liabilities acc. to depreciated cost		
Other gross long term liabilities	**648**	**848**

Note 25A

CHANGE OF LONG TERM TRADE LIABILITIES AND OTHER LIABILITIES ACC. TO DEPRECIATED COST	31.12.2010	31.12.2009
Situation as of the beginning of the period		79
a) Increases presented in a period in a profit and loss account		1
b) Decreases presented in a period in a profit and loss account		80
Evaluation of long term liabilities acc. to depreciated cost at the end of the period		

Note 25B

GROSS LONG TERM TRADE LIABILITIES AND OTHER LIABILITIES (CURRENCY STRUCTURE)

	31.12.2010	31.12.2009
a) in Polish currency	256	456
b) in foreign currencies (acc. to a currency and after translation into PLN	392	392
b1. unit/currency thousand/EUR	100	100
PLN thousand	392	392
b2. other currencies in PLN thousand		
Total long term liabilities	**648**	**848**

Note 25C

LONG TERM TRADE LIABILITIES AND OTHER LIABILITIES, WITH REMAINING FROM THE BALANCE SHEET DATE, REPAYMENT PERIOD

	31.12.2010	31.12.2009
a) over a year up to 3 years	648	848
b) over 3 years and up to 5 years		
c) over 5 years		
Total long term liabilities	**648**	**848**

Note 26

CHANGE OF PROVISION DUE TO DEFERRED INCOME TAX

	31.12.2010	31.12.2009
1. Provision due to deferred income tax as of beginning of the period, including	6 287	6 037
a) relation to financial result	4 752	6 037
b) relation to equity	1 535	
2. Increases	2 278	3 537
a) referred to financial result of a period due to positive transfer differences	2 278	2 002
b) referred to equity due to positive transfer differences		1 535
c) consolidation - referred to financial result		
3. Decreases	4 605	3 287
a) referred to financial result due to positive transfer differences	3 070	3 287
b) referred to equity due to positive transfer differences	1 535	
4. Total provision due to deferred income tax at the end of the period, including	**3 960**	**6 287**
a) relation to financial result	3 960	4 752
b) relation to equity		1 535

Note 27	31.12.2010	31.12.2009
CHANGE OF LONG TERM PROVISION FOR PENSION BENEFITS AND SIMILAR BENEFITS		
Situation as of the beginning of the period	319	258
- cahange in the period	54	61
situation as of the end of the period	**373**	**319**

The description of the program of determined benefits is included in Note 33. The description of determined contributions is included in Note 38.

Note 28A	31.12.2010	31.12.2009
SHORT TERM CREDITS AND LOANS		
a) short term credits and loans from affiliated companies		
- Situation as of the beginning of the period		9 048
- granting a credit., loan		210
- payment of a credit, loan		-9 258
- evaluation of granted credits and loans in accordance with adjusted purchase price		
- situation as of the end of the period		
b) Short term credits and loans from other companies		
- Situation as of the beginning of the period	63 213	129 004
- granting a credit., loan	263 243	80 887
- payment of a credit, loan	-171 373	-146 678
- evaluation of granted credits and loans in accordance with adjusted purchase price		
- situation as of the end of the period	**155 083**	**63 213**
Total short term credits and loans	**155 083**	**63 213**

Note 28B	31.12.2010	31.12.2009
SHORT TERM CREDITS AND LOANS (CURRENCY STRUCTURE)		
a) in Polish currency	155 083	63 213
b) in foreign currencies (acc. to a currency and after translation into PLN		
b1. unit/currency thousand/EUR		
PLN thousand		
b.2. unit/currency thousand/USD		
thousand PLN .		
b.3. other currencies in PLN thousand		
Total short term credits and loans	**155 083**	**63 213**

Note 28C **31.12.2010**

SHORT TERM CREDIT AND LOANS

Name (company) of lender/creditor indicating its legal form	official seat	extent of credit / loan specified in the agreement		outstanding amount of credit / loan		terms and conditions regarding interest rate	repayment date	credit security
		PLN	currency	PLN	currency			
PKO BP S.A.	KATOWICE	179,000 limit in the current account	PLN	155 083	PLN	WIBOR 1M + MARGIN	01.07.2011	Cap mortgage for the amount of PLN 313.200 on real estate located on Grabowa in Katowice + assignment of insurance policy + assignment of receivables due to trade contracts + power of attorney to access accounts in BRE Bank, CITI Bank and BPH Bank, endorsement of ZZM S.A. for the amount of PLN 261 000, registered pledge on shares of ZZM S.A. to the amount of PLN 302.029, payment instruction from BGK
TOTAL		**179 000**		**155 083**				

<u>Note 28C.</u> **31.12.2009**

SHORT TERM CREDIT AND LOANS

Name (company) of lender/creditor indicating its legal form	official seat	extent of credit / loan specified in the agreement		outstanding amount of credit / loan		terms and conditions regarding interest rate	repayment date	credit security
		PLN	currency	PLN	currency			
PKO BP S.A.	KATOWICE	179,000 limit in the current account		53 260		WIBOR 1M + MARGIN	01.07.2011	Cap mortgage for the amount of PLN 313.200 on real estate located on Grabowa in Katowice + assignment of insurance policy + assignment of receivables due to trade contracts + power of attorney to access accounts in BRE Bank, CITI Bank and BPH Bank, endorsement of ZZM S.A. for the amount of PLN 261 000, registered pledge on shares of ZZM S.A. to the amount of PLN 302.029, payment instruction from BGK
ING S.A.	KATOWICE	27,260 limit in the current account		9 953		WIBOR 1M + MARGIN	31.03.2010	cap motgage on the real estate of ZZM SA, registered pledge on machinery and metallurgical stocks of ZZM SA together with assignment of insurance policy, transfer of ownership of machinery and equipment belonging to ZZM SA along with assignment of insurance policy, power of attorney for the bank to have access to borrowers' accounts in the banks PKO BP and ING Bank Śląski as well as blank promissory notes issued by each of the borrowers, cap mortgage on the real estate of PBSz SA allong with assignment of insurance policy, assignment of receivables due to trade contract ENERGETYKA PL
TOTAL		**249 000**		**63 213**				

<u>NOTE 29</u>	**31.12.2010**	**31.12.2009**
SHORT TERM TRADE LIABILITIES		
a) from affiliated companies	26 727	8 653
- with payment period up to 12 months	26 727	8 653
- with payment period over 12 months		
b) from other companies	34 669	61 333
- with payment period up to 12 months	34 669	61 333
- with payment period over 12 months		
Total short term trade liabilities	**61 396**	**69 986**

<u>Note 30</u>

OTHER SHORT TERM LIABILITIES	**31.12.2010**	**31.12.2009**
a) in relation to affiliated entities		
b) in relation to other entities, including:	11 386	31 342
due to leasing		
due to investment activity	299	169
pre-payments received for supplies	6 566	26 220
due to taxes, customs, insurance and other benefits	1 440	926
due to remuneration	623	809
due to settlement of construction sites and branch offices abroad	1 290	1 911
due to commission of agents		73
Company Fund of Social Benefits	1 157	1 171
other liabilities	11	63
Total other short term liabilities	**11 386**	**31 342**

<u>Note 31</u>	**31.12.2010**	**31.12.2009**
SHORT TERM TRADE LIABILITIES AND OTHER LIABILITIES (CURRENCY STRUCTURE)		
a) in Polish currency	65 027	66 170
b) in foreign currencies (acc. to a currency and after translation into PLN	7 755	35 158
b1. unit/currency thousand/USDo	608	6 665
PLN thousand	1 802	18 521
b2. unit/currency thousand/EUR	1 492	4 045
PLN thousand	5 912	16 605
b3. other currencies in PLN thousand	41	32
Total short term liabilities	**72 782**	**101 328**

Note 32A **DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL LIABILITIES**	**31.12.2010**
a) hedging cash flows for which hedge accounting is applied	434
- forward sales contracts USD - volume 13 726 PLN thousand, average exchange rate 2.9089	300
- forward sales contracts EUR - volume 8 844 PLN thousand, average exchange rate3.9431	134
b) hedging cash flows for which hedge accounting is not applied	
- forward sales contracts EUR	
- sales options USD	
Total derivative financial instruments l	**434**

Detailed description concerning derivative financial instruments is presented under Note 16A

Note 32A. **DERIVATIVE FINANCIAL INSTRUMENTS- FINANCIAL LIABILITIES**	**31.12.2009**
a) hedging cash flows for which hedge accounting is applied	25 273
- forward sales contracts USD - volume 135 677 PLN thousand, average exchange rate 2.4315	25 263
- sales options USD - volume 29 580 PLN thousand, average exchange rate 3.6975	10
b) hedging cash flows for which hedge accounting is not applied	4 225
- forward sales contracts EUR - volume 29 297 PLN thousand, average exchange rate 4.1560	168
- sales options USD - volume 13 830 PLN thousand, average exchange rate 2.2342	4 057
Total derivative instruments	**29 498**

Detailed description concerning derivative financial instruments is presented under Note 16A

The result on derivatives hedging cash flows included directly in equity and profits (losses) concerning assets and financial liabilities evaluated at fair value via financial result are presented in the following notes 16B and 16C

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 33	31.12.2010	31.12.2009
CHANGE OF SHORT TERM PROVISION FOE PENSION BENEFITS AND SIMILAR BENEFITS		
Situation as of the beginning of the period	220	309
- change in the period	16	-89
Situation as of the end of the period	**236**	**220**

Note 34	31.12.2010	31.12.2009
CURRENT VALUE OF LIABILITIES DUE TO DEFINED BENEFIT		
current value of liability as of the beginning of the period	**358**	**312**
- service costs	71	53
- capital costs (interests)	20	16
- actuary benefit for the period	-91	-23
- benefits paid in the current period	-16	
current value of liability as of the end of the period	**342**	**358**
Not recognized actuary benefits	81	-10
provision as of the balance sheet day, including	**423**	**348**
long-term	373	319
short-term	50	29

The employees of KOPEX have right to certain benefits for retirement, disability and death resulting from the Labour Code.

Provisions for employee benefits are estimated by the actuary. For actuarial valuation the rate of wage growth at 5% and the discount rate at 6,40% was assumed. The company chose the method of immediate recognition of actuarial gains and losses.

The description of defined contribution program is provided in Note No 38.

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 35

CHANGE OF OTHER SHORT TERM PROVISIONS (ACC. TO TITLES)

	31.12.2010	31.12.2009
a) Situation as of the beginning of the period	**10 146**	**13 122**
- provision for predicted costs and claims	828	1 412
- provision for predicted financial costs (exchange rate differences)	53	39
- provision for predicted liabilities	54	74
- accruals –costs of contracts	9 034	11 144
- accruals –general costs, trade	177	453
b) increases (due to)	**8 316**	**2 994**
- provision for predicted claims, court cases		108
- provision for predicted financial costs (exchange rate differences)		175
- provision for predicted liabilities		
- accruals –costs of contracts	8 259	2 615
- accruals –general costs, trade	57	96
c) use (due to)	**-720**	
- provision for predicted claims, court cases	-720	
- provision for predicted financial costs (exchange rate differences)		
- provision for predicted liabilities		
- accruals –costs of contracts		
- accruals –general costs, trade		
d) release (due to)	**-7 772**	**-5 970**
- provision for predicted claims, court cases		-692
- provision for predicted financial costs (exchange rate differences)	-15	-161
- provision for predicted liabilities		-20
- accruals –costs of contracts	-7 702	-4 725
- accruals –general costs, trade	-55	-372
e) stan na koniec okresu	**9 970**	**10 146**
- provision for predicted claims, court cases	108	828
- provision for predicted financial costs (exchange rate differences)	38	53
- provision for predicted liabilities	54	54
- accruals –costs of contracts	9 591	9 034
- accruals –general costs, trade	179	177

Accruals are liabilities to be paid for services that were received/performed, but were not paid, invoiced or formally agreed with suppliers. Accruals are revealed as provisions for liabilities due to trade. Calculated provisions for costs of contracts result from the obligation to maintain matching obligation of income and costs related to a reporting period.

8. Explanatory notes to profit and loss account of KOPEX S.A. prepared as of 31st December 2010 in PLN thousands

Note 36A

NET INCOME FROM SALE OF PRODUCTS (MATERIAL STRUCTURE - KINDS OF ACTIVITY)	31.12.2010	31.12.2009
- mining services	9 649	9 162
- including the income from related entities		
- machines and equipment	1 369	8 138
- including the income from related entities		
- other services	17 451	9 608
- including the income from related entities	13 054	*8 392*
Total net income from sale of products	**28 469**	**26 908**
- including the income from related entities	*13 054*	*8 392*

Note 36B

NET INCOME FROM SALE OF PRODUCTS (TERRITORIAL STRUCTURE)	31.12.2010	31.12.2009
a) country	**17 357**	**7 435**
- mining services		
- including the income from related entities		
- machines and equipment		
- including the income from related entities		
- other services	17 357	7 435
- including the income from related entities	*13 054*	*7 312*
b) export	**11 112**	**19 473**
- mining services	9 649	9 162
- including the income from related entities		
- machines and equipment	1 369	8 138
- including the income from related entities		
- other services	94	2 173
- including the income from related entities		*1 080*
Total net income from sale of products	**28 469**	**26 908**
- including the income from related entities	*13 054*	*8 392*

Note 36C

INFORMATION CONCERNING CONSTRUCTION SERVICE AGREEMENT		31.12.2010	31.12.2009
Amounts of income due to an agreement revealed as income for a given period		7 521	6 171
A method to establish income due to agreement revealed for a given period	A method was assumed according to which income due to an agreement is related to costs of an agreement incurred till the specific moment of agreement performance advancement.		
A method applied to establish the advancement of agreements' performance	According to proportion of agreement costs incurred due to works performed till a given moment in relation to estimated total costs of the agreement.		
Total amount of incurred costs and revealed profits (decreased by revealed losses) as of a balance sheet day	Revealed amounts concerning incurred costs and revealed profits (decreased by revealed loss) from the beginning of agreements performance till the balance sheet day.	20 913	14 117
Amount of retained advance payments	Advance payments are amounts received by a contractor, prior to performance of works they concern.	1 962	2 287
Total of retained amounts	Retained amounts are receivables that are conditioned by performance of agreements, and which are not paid till the moment of meeting specified agreement conditions or till the moment of defect removal (guarantee instalments).		
Gross amount due from the ordering party due to works performed under an agreement, as assets	Gross amount due from the ordering parties due to works resulting from an agreement is an amount made up by the following decreases: a) total of incurred costs and revealed profits, b) total of revealed losses and receivables conditioned by an agreement performance (partial invoices) for all agreement being performed as of a given day, in case of which incurred costs jointly with profits (decreased by revealed losses) exceed receivables condit.		
Gross amount due to the ordering party due to works performed under an agreement, as liability	Gross amount due to the ordering party due to works resulting from an agreement is a net amount made up by decrease by the following: a) totals of incurred costs and included profits, b) total of included loss and receivables conditioned by an agreement performance (partial invoices) for all being performed as of a given date of the agreement, in case of which receivables conditioned by the agreement performance (partial invoices) exceed incurred	6 499	6 437

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 37A

NET INCOME FROM SALE OF GOODS AND MATERIALS (MATERIAL STRUCTURE – KINDS OF ACTIVITIES)	31.12.2010	31.12.2009
- machines and equipment	207 099	66 081
- including from related entities		*41*
- electricity	590 434	733 327
- including from related entities	3 259	*799*
- coal	204 012	40 849
- including from related entities		
- other goods		-130
- including from related entities		
Total net income from sale of goods and materials	**1 001 545**	**840 127**
- including: from related entities	*3 259*	*840*

Note 37B

NET INCOME FROM SALE OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	31.12.2010	31.12.2009
a) country	**586 816**	**409 619**
- machines and equipment		41
- including from related entities		*41*
- electricity	414 404	409 708
- including from related entities	*3 259*	*799*
- coal	172 412	
- including from related entities		
- other goods		-130
- including from related entities		
b) eksport	**414 729**	**430 508**
- machines and equipment	207 099	66 040
- including from related entities		
- electricity	176 030	323 619
- including from related entities		
- coal	31 600	40 849
- including from related entities		
- other goods		
- including from related entities		
Total net income from sale of goods and materials	**1 001 545**	**840 127**
- including: from related entities	*3 259*	*840*

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 38

PRIME COSTS	31.12.2010	31.12.2009
a) depreciation	1 767	2 109
b) consumption of materials and energy	5 174	4 168
c) outsourcing	24 854	16 376
d) taxes and fees	950	1 084
e) remuneration	20 909	22 376
f) social insurance and other benefits	3 679	3 610
g) other prime costs (due to)	3 692	4 929
Total prime costs	**61 025**	**54 652**
Change of product stock and pre-payments and accruals	-1 795	-1 942
Own work capitalised (negative value)		
Costs of sale (negative values)	21 020	13 528
overhead costs (negative value)	20 459	20 176
Manufacture costs of sold goods	**17 751**	**19 006**

KOPEX S.A. employees are covered by a state retirement program implemented by the authorities. The only obligation of KOPEX SA is the payment of contributions to the Social Insurance when they become payable. Those contributions constitute a determined percentage of wage costs

In 2010, payable contributions amounting to 2,616 thousand PLN (PLN 2.872 thou in 2009) were included in the separate profit and loss account in item f) - social insurance and and other benefits - notes 38.

As at the balance sheet day of 31.12.2010, the Company did not pay the amount of PLN 238 thou. to the Social Insurance Company (PLN 289 thou as at 31.12.2009) referring to the reporting period of 2010 (2009) . These amounts were payed after the balance sheet day. The liability due to this title was recognized in the note 30. - other short-term liabilities from related entities - due to taxes, customs duties, social insurance and other benefits.

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 39

OTHER INCOME	31.12.2010	31.12.2009
a) sold items of fixed assets	**4 595**	**449**
b) subsidies		**37**
c) release of write-offs due to revaluation of non-financial assets, including:	**9 800**	**1 972**
- revaluation write-off on inventories	136	
- revaluation write-off on receivables	9 664	1 972
d) release of provision (due to)	**720**	**711**
- end of reason for the liabilities provision		20
- end of reason for the court claims	720	691
e) other, including:	**751**	**471**
- received penalties, compensations	95	145
- written-off liabilities	15	230
- refund of operating costs, court	39	
- evaluation of receivables and long term liabilities		14
- other	602	82
other total income	**15 866**	**3 640**

Nota 40

OTHER COSTS	31.12.2010	31.12.2009
a) value of sold fixed assets' items	**4 242**	**288**
b) write-offs due to revaluation of non-financial assets, including:	**136**	**153**
- revaluation write-off on inventories	12	136
- revaluation write-off on receivables	124	17
c) created provisions (due to)		**108**
- future liabilities		108
- court claims		
d) other, including:	**32 882**	**8 756**
- compensations, post-accident claims	576	927
- donations	57	40
- penalties, court costs	25	79
- non-obligatory contributions	56	57
- evaluation of long term receivables and liabilities		81
- written - off receivables	9 026	1 790
- liquidation of fixed assets	136	2
- evaluation of currency transactions-hedge accounting-included in the profit and loss account	-1 568	
- result on cash flow hedging instruments in effective part	24 514	5 705
- other	60	75
other total costs	**37 260**	**9 305**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 41

FINANCIAL INCOME	31.12.2010	31.12.2009
Dividends and shares in profits	**11 760**	**83**
Financial income due to interest, including:	**7 249**	**2 456**
a) due to granted loans	2 208	1 387
- from related entities	2 148	1 387
- from other entities	60	
b) other interests	5 041	1 069
- from related entities	590	301
- from other entities	4 451	768
Income from sale of investments	**13 949**	**1 673**
Investment revaluation, including:	**4 416**	**720**
- valuation of unrealized derivatives for which no hedge accounting is conducted	4 322	393
- revaluation of financial assets	94	327
Other financial income, including:	**426**	**2 592**
a) released provisions (due to)	49	160
- end of the reason for provision concerning financial liabilities	49	160
- on interest		
b) others, including:	377	2 432
- release of revaluation write-offs on financial receivables	288	35
- Reimbursement of payments to capital		2 340
- others	89	57
total financial income	**37 800**	**7 524**

Note 42

FINANCIAL COSTS	31.12.2010	31.12.2009
financial costs due to interest, including:	**6 883**	**7 948**
a) on credits and loans	6 372	7 628
- for related entities		210
- for other entities	6 372	7 418
b) other interest	511	320
- for related entities		
- for other entities	511	320
sold investments	**10 318**	**1 264**
revaluation of investments - revaluation write - off on shares	**9 102**	
Exchange rate differences, including	**17 967**	**5 523**
a) realized	15 989	224
- result on realized derivatives for which no hedge accounting was conducted	1 545	-209
- cumulated profit and loss related to derivatives - stopping to expect realization of a planned transaction	12 546	
- other cash transactions	1 898	433
b) unrealized	1 978	5 299
Other financial costs, including:	**1 202**	**1 468**
a) created provisions (due to)	35	176
- provision for financial liabilities	35	176
- interest		
b) other, including:	1 167	1 292
- revaluation write-off on financial receivables	958	85
- bank commissions	184	595
- loss on sale of receivables		
- others	25	612
total financial costs	**45 472**	**16 203**

KOPEX S.A. Additional information to the separate financial statement in thousand zloty

Note 43A

CURRENT INCOME TAX	31.12.2010	31.12.2009
1. Gross profit (loss)	-7 893	3 247
2. Consolidation adjustments		
3. Differences between gross profit (loss) and taxation base for income tax (according to titles)	7 893	-26 655
- income excluded from taxation	-58 798	-112 803
- tax income that is not an accounting income		
- accounting fixe income not included in the taxation base	-16 681	-6 734
- accounting transition income that does not constitute tax income	-11 355	-6 913
- accounting income from previous years that was subject to tax realization in a business period	5 598	8 694
- statistical income included to the taxation base		
- non accounting fixed income and profits included in the taxation base (statistically)		
- costs concerning income excluded from taxation	53 017	106 695
- accounting fixe costs not included in the tax deductible expenses	36 651	-10 240
- - statistical fixed costs constituting tax deductible expenses	-217	-2 986
- accounting costs, transition non tax deductible expenses	11 415	16 604
- accounting costs from previous years that were realised in terms of tax in a business period	-9 344	-18 972
- tax deductible expenses that are not accounting expenses		
- deduction of loss from previous years from income	-2 363	
- income adjustment of subsidiaries subject to taxation abroad		
- loss to be deducted in subsequent years		
- other income deductions (-)	-30	
4. Base for taxation with income tax		**-23 408**
5. Income tax in accordance with 19 % rate		
6. Increases, omissions, reductions and tax decreases		7
7. Tax paid abroad	310	1 106
8. Tax adjustment from previous years	1	1 722
9. Current income tax included (revealed) in tax return for the period, including:	**311**	**2 835**
- revealed in profit and loss account	311	2 835

Note 43B

DEFERRED INCOME TAX PRESENTED IN THE PROFIT AND LOSS ACCOUNT	31.12.2010	31.12.2009
- decrease (increase) due to creation or reverse of transition differences	-4 317	-1 663
- decrease (increase) due to change of taxation rates		
- decrease (increase) due to previously not included tax loss, tax relief or transition difference of a previous period		
- decrease (increase) due to write off of assets due to deferred income tax or lack of possibility to use provisions for deferred income tax		
- other items of deferred tax (according to titles)		
Total deferred income tax	**-4 317**	**-1 663**

Deferred income tax recognized directly in equity has been shown in the report of changes in equity - p.9 and the note No 21

Information on distribution of profit for the presented financial years.

According to the resolution of the Annual General Meeting of Shareholders dated 24 June 2010, net profit for the financial year ending on 31 December 2009 that amounted to PLN 2075 thou was allocated to equity.

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

9. Explanatory note to the cash flow

Cash flows from operating activity

Change in receivables according to the balance sheet	33.086
Change in financial receivables – hedge accounting	-8.078
Change in investment receivables	3.919
Change in financial receivables	-2
Change in foreign tax receivables	513
Change in receivables in the cash flow account	**29.438**

Change in liabilities according to the balance sheet (loans excluded)	-57.810
Change in financial liabilities – hedge accounting	24.093
Change in foreign tax debts	-311
Change in investment liabilities	-367
Change in financial liabilities	184
Change in liabilities in the cash flow account	**-34.211**

Other adjustments, including:	**36.148**
Recognition in the result, of the figures related to hedge accounting	21.554
Revaluation write – off of the shares in a subsidiary	9.102
Compensation of short-term loan	5.464
Cost of liquidation of a subsidiary	16
Valuation of fixed assets	12

Cash flows from investment activity

Other investment income, including:	**183.535**
Income due to liquidation of a subsidiary	490
Repayment of granted short-term loans	13.252
Repayment of acquired bonds	169.793

Other investment expenditures, including:	**-206.391**
Purchase of bonds	-180.288
Granted short-term loans	-26.103

Cash flows from financial activity

Other financial income – commissions from sureties	2
Other financial expenditures	-184

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

10. Receivables and contingent liabilities

	31.12.2010	31.12.2009
1. Contingent liabilities	**883 063**	**874 971**
1.1. From the related entities (due to)	886 102	871 195
- received guarantees and sureties	329 381	427 230
- received promissory notes	536 721	443 965
- mortgages and pledges		
1.2. From the other entities (due to)	16 961	3 776
- received guarantees and sureties	12 716	792
- received promissory notes	4 245	2 098
- mortgages and pledges		886
2. contingent liabilities	**799 042**	**868 807**
2.1. For the related entities (due to)	727 592	774 696
- granted guarantees and sureties	94 119	41 905
- issued promissory notes	335 473	472 350
- granted guarantees and sureties for credit approvals	298 000	260 441
2.2. For the other entities	71 450	94 111
- granted guarantees and sureties	65 065	94 111
- issued promissory notes	6 385	
- other		

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

a) lawsuit for payment filed by Fazos S.A. against the companies Kopex S.A. and Tagor S.A. (entity indirectly related). The value of the claim in the lawsuit amounts to 51 876 thousand PLN.

b) lawsuit for payment filed by Fazos S.A. against the companies Kopex S.A. and Tagor S.A. (entity indirectly related). The value of the claim in the lawsuit amounts to 22 207 thousand PLN.

c) lawsuit filed by Famur S.A. against Kopex S.A , subject of the lawsuit is the demand for payment of the sum of 40 262 thousand PLN.

According to the opinion of the lawyer’s office representing KOPEX S.A. and TAGOR S.A., the aforementioned claims are totally unjustified and devoid of any factual and legal basis. KOPEX S.A. and TAGOR S.A., basing on the legal opinion and on the available evidence, has concluded that a present obligation arising from the past events does not exist (IAS 37 §15), therefore, in accordance with the IAS 37 §14, no reserve debited to the profit and loss account in 2009 or 2010 was created.

Financial liabilities of the Company as at 31.12.2010.

Liabilities due to a bank credit are secured by a mortgage in the amount of 313 200 thousand PLN established on the real estate of the Company and by a registered pledge on long-term financial assets – shares of ZZM S.A. to the amount of 301 029 thousand PLN.

11. Reporting by business and geographical segments

1. The primary reporting formula used with reference to segments in KOPEX S.A. is the business segment, and supplementary information has been shown in a geographical section.

a) The activity of KOPEX S.A. has been divided into the following business segments:

- Mining services,
- Production and sales of machines and equipment for underground mining,
- Production and sales of electronic and electric machines and equipment,
- Sales of energy,
- Sales of coal,
- Other activity

The segment labeled 'Other activity' comprises construction services, maintenance services, agency services, rental services, sales of goods of strategic importance, leasing services , consulting services, sale of carbon dioxide emission rights and other.

b) Supplementary information concerning the activity of KOPEX S.A. presented in a geographical section has been divided into the particular countries.

2. Assumptions concerning the use of the business segment as the primary reporting formula for segments

The Company is engaged in different types of activities which consist in sale of raw materials, goods of strategic importance, machines and equipment, providing a range of services, e.g. construction and mining services, including completed industrial facilities, consulting services, and intermediation in the already-mentioned aspects in both domestic and foreign trade.

The above-mentioned scope of activity to a large extent is not mass activity, but specific activity, conditional upon individual needs of the Company's clients. In consideration of this as well as individual terms and conditions of majority of transactions made, despite the fact that the Company has classified its data by business segments (as the primary reporting formula used for segments), it needs to be emphasized that within each business segment there may be different risks and returns on investments of the Company.

When deciding on the contents of the business segment, the main consideration influencing the contents of the business segment was reliability and comparability of information provided with reference to different groups of goods and services rendered by the Company throughout the time; another factor was the organizational structure of the Company. Irrespective of the aforesaid, we would hereby like to inform that using the business segment as the primary reporting formula, regardless of absence of similarities concerning one or several factors characterizing the business segment in compliance with the IAS 14 is the most proper course of action because of the character of the activity the Company is engaged in.

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

3. Assumptions concerning the use of the geographical segment as a supplementary reporting formula for segments.

The main consideration influencing the decision to presenting the segments of export sales and domestic sales separately was the foreign exchange risk.

If the criterion of location of production facilities or location of assets and location of markets and clients of the Company was applied for the geographical segment, this would be incomparable since the Entity is engaged in operations in a dozen or so different countries - in different comparable periods, and the transactions it makes are individual transactions, characterized by incomparable risk and returns on investment.

4. Data presentation

a) Although not all of the identified business segments meet the requirement imposed by the IAS 14, i.e. the 10% quantity threshold of the volume of sales, the Management Board decided to present them in respect of their importance from the Group's point of view.

b) The segment result represents the gross result on sales and the operational result

INFORMATION ON OPERATIONAL SEGMENTS BY BUSINESS ACTIVITIES

	Mining services		Production and sales of machines and equipment for underground mining		Production and sales of electrical and electronic equipment		Sales of energy		Sales of coal		Other activity		Total	
	2010	2009	2010	2009	2010	200 9	2010	2009	2010	2009	2010	2009	2010	2009
Income from segment	9649	9162	2084 68	7365 4	0	565	5904 34	733 327	204 012	40 849	17 451	9478	1 030 014	86703 5
Result on segment – gross result on sales	3 279	878	41 458	1306 6	0	164	1022 6	29683	1 769	2880	5920	4 624	62652	51295
Operational result from segment	1 501	-3 528	2 377	-4 290	0	-33	2 057	20676	1305	944	-7461	- 1843	-221	11926
Result from financial activity													-7 672	-8679
Gross profit (loss)													-7 893	3 247
Income tax													-4 006	1 172
Net profit (loss)													-3887	2075

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

INFORMATION ON REVENUES IN GEOGRAPHICAL LAYOUT

	Mining services		Production and sales of machines and equipment for underground mining		Production and sales of electrical and electronic equipment		Sales of energy		Sales of coal		Other activity		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
ARGENTINA			11 0	8 208									110	8 208
AUSTRIA							18118	43794	2 435	2 824			20 553	46618
BANGLADESH		36											0	36
BULGARIA						550						304	0	854
CHINA			194 496	6356 3									19449 6	63563
CZECH REPUBLIC							52885	95 366					52 885	95 366
DENMARK									4664	: 3109			4 664	3109

	Mining services		Production and sales of machines and equipment for underground mining		Production and sales of electrical and electronic equipment		Sales of energy		Sales of coal		Other activity		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
FRANCE	8 345	6 273											8 345	6 273
SPAIN									6664	4 443			6 664	4 443
HOLAND										255			0	255
INDONESIA		1080										410	0	1490
IRAN			1510	70									1 510	70
KOSOWO											40		40	0
LITHUANIA				90									0	90
GERMANY		73	12				101097	154 775	158		54	1459	101 321	156 307
NORWAY									7 375	4 230			7 375	4 230
POLAND				41			414 404	409 708	172412		17357	7 305	604173	417 054
PORTUGAL										744			0	744
RUSSIA			11 924										11 924	0
ROMANIA				29		15							0	44
SLOVAKIA							3930	29684	5438	.18090			9368	47 774
SWEDEN									4 866				4 866	
G. BRITAIN										7 154			0	7 154
HUNGARY			416	1 653									416	1 653
ITALY	1304	1700											1304	1 700
Total sales	9649	9162	208468	73 654	0	565	590 434	733 327	204 012	40849	17451	9478	1 030 014	867 035

The biggest Issuer's customers in 2010 were the companies operating in the segment of energy sales in Poland, Germany, The Czech Republic, Austria and Slovakia. The biggest customers in the segment of sales of mining equipment and machinery were situated in China and Russia, in turn, the main buyers of coal were the companies from Austria, Denmark, Spain, Norway, Slovakia, Sweden and Poland.

In the year 2010, the quantity criterion determining the main customer was achieved for two customers. The revenues realized with the first customer within the segment of equipment and machinery for underground mining amount to PLN 181 848 thousand. There is no any formal linkage between the customer and KOPEX S.A.
The revenues realized with the second customer amount to PLN 172 412 thousand and come from the coal sales segment. There is no any formal linkage between this customer and KOPEX S.A.

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

The main Company's suppliers in 2010:

KOPEX S.A. is principally a central coordinator for supply of materials to the companies within the Capital Group . The Group has got a developed network of supplies mainly based on the domestic market.

The major Issuer's suppliers in 2010 in the segment of sales of mining equipment and machinery as well as in the segments of energy sales and coal sales were the companies operating on the domestic market.

Two of the suppliers have exceeded the threshold of 10% of share in revenues from sales of KOPEX SA in 2010. In the first case, it was the company operating in the segment of production and sales of equipment and machinery for underground mining whose share in sales achieved 13,7%. The aforementioned supplier is a company indirectly related with KOPEX S.A.

In the second case, it was the company operating in the segment of coal sales whose share in sales achieved 18,9%. The is no any formal linkage between this supplier and KOPEX S.A.

12. Transactions made with the subsidiaries

Revenues from sale to the subsidiaries

From 01.01.2010 to 31.12.2010

	Revenues from sale of Products and materials	**sale of assets**	**Financial income**
To subsidiaries	16 313	4 904	14 336
To associated copmapnies			
Total	**16 313**	**4 904**	**14 336**

From 01.01.2009 to 31.12.2009

	Revenues from sale of Products and materials	**sale of assets**	**Financial income**
To subsidiaries	9 232	393	1 707
To associated companies			
total	**9 232**	**393**	**1** 707

Purchase from the subsidiaries

From 01.01.2010 to 31.12.2010

	Purchase of Products and Materials	**purchase of services**	**purchase of tangible and intangible Assets**	**other purchase**
From subsidiaries	161610	2 788	2918	519
From associated companies				
Total	**161610**	**2 788**	**2918**	**519**

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

From 01.01.2009 to 31.12.2009

	Purchase of Products and Materials	purchase of services	purchase of tangible and intangible Assets	other purchase
From subsidiaries	54 866	2 642	139	248
From associated companies				
Total	**54 866**	**2 642**	**139**	**248**

Receivables from subsidiaries

	31.12.2010	31.12.2009
From subsidiaries	13 595	27 120

Liabilities from subsidiaries

	31.12.2010	31.12.2009
From subsidiaries	26 727	8 653

Revaluation write – offs on receivables from subsidiaries

	31.12.2010	31.12.2009
From subsidiaries		
State at the begining of the period	61	89
Creation of write – off		
Release of write – off		-28
State at the end of the period	**61**	**61**

	31.12.2010	31.12.2009
From associated companies		
State at the begining of the period	46	46
Creation of write – off		
Release of write – off		
State at the end of the period	**46**	**46**

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENT IN THOUSAND ZLOTY

13. Information on revenues, costs and results of operations discontinued during a given period or expected to be discontinued in the next period.

During the reporting period, there was no any discontinuation of the operation (production) , nor discontinuation of a significant activity is expected in the nearest future.

14. Information related to average employment as per occupational categories

Average employment in 2010 was 188, and this figure included:

- Average domestic employment 166
- employment abroad 22

In terms of occupational categories, average employment looked as follows:

Total staff, including:	**188**
- White-collar workers (doing non-manual jobs)	168
- Blue-collar workers	20

15. Information about significant events which took place in the previous years and were included in the financial statement

No such events took place.

16. Information about significant events which took place after the balance sheet date and were not included in the financial statement

No such events took place.

17. Declaration by the Management Board of KOPEX S.A.

The annual financial statement and comparative data have been prepared in compliance with the rules of the International Accounting Standards. They present a coherent and genuine picture of the financial standing of KOPEX S.A.

The annual report of the Management Board presents a genuine picture of the development and achievements of KOPEX S.A. including the description of the principal risks and threats.

The entity authorized to audit the financial reports, which audited the aforementioned annual financial statement has been selected in accordance with the applicable provisions of the law.

Both the entity and the auditor who examined the statement, met all the criteria for issuing an unprejudiced and independent report on results of the audit, in accordance with the applicable legislation of domestic law.

Signatures of Board Members and the persons responsible for keeping the accounting books

Date	*Name and Surname*	*Position/Function*	*signature*
21.04.2011	**Marian Kostempski**	Chairman of the Board	
21.04.2011	**Joanna Parzych**	Vice Chairman of the Board	
21.04.2011	**Józef Wolski**	Vice Chairman of the Board	
21.04.2011	**Joanna Węgrzyn**	The person responsible for keeping the books	

PKF

OPINION OF THE CHARTERED ACCOUNTAN on audit of the financial statement of KOPEX S.A.

in Katowice

for the period 01 January 2010 to 31 December 2010

Katowice, April 2010

(Translation from the Polish language)

OPINION OF THE CHARTERED ACCOUNTANT

I. For the General Meeting, the Supervisory Board and the Management Board of KOPEX S.A. on audit of the financial statement for fiscal year 01 January 2010 to 31 December 2010.

II. I have conducted audit of the enclosed financial statement of KOPEX S.A. based in Katowice, including:

- Introduction to the consolidated financial statement
- Profit and loss account drawn up for the period 01 January 2010 to 31 December 2010 that presents the total income in the amount of **3,887 thousand PLN,**
- Total income statement drawn up for the period 01 January 2010 to 31 December 2010 that presents the net profit in the amount of **26,543 thousand PLN,**
- Statement of financial position drawn up as for 31 December 2010 that presents the total amount of assets and liabilities in the amount of **1,590,092 thousand PLN,**
- Statement of changes in consolidated equity the period 01 January 2010 to 31 December 2010 that presents the total income in the amount of **26,543 thousand PLN,**
- Statement of cash flow drawn up for the period 01 January 2010 to 31 December 2010 that presents the decrease in cash flow in the amount of **4,022 thousand PLN,**
- Supplementary information to the financial statement.

Manager of the controlling entity is responsible for drawing up financial statement and statement on the company's activities, pursuant to legal regulations in force.

Manager of the controlling entity and members of the supervisory board or of the other supervising body of the controlling entity are obliged to cause that financial statement and statement on activities of the company meet the requirements provided in the Act dated 29 September 1994 on Accounting *(Dz.U. z 2009r, Nr 152, poz.1223 z późn. zm)* referred to as the "Accounting Act".

My task has been to audit and render my opinion with regard to conformity of this consolidated financial statement with the accounting rules (policy) of the capital group and whether the consolidated financial statement presents in all the relevant aspects thoroughly and clearly, asset and financial positions and the financial result of the company.

III. Audit of the financial statement has been conducted in compliance with the following legal regulations:

1. Chapter 7 of the Accounting Act
2. National Standards of Financial Audit published by the National Council of Certified Auditors in Poland

The audit has been planned and carried out in a way to reach a sufficient certainty, necessary to express my opinion on the financial statement in subject.

In particular, my audit involved checking the correctness of the applied accounting rules (policy) by the controlling entity and subsidiaries and checking- largely on a random basis- sources of the amounts and information shown in the financial statement as well as an overall appraisal of the financial statement.

I believe that my audit constituted a sufficient basis for rendering an authoritative opinion.

IV. In my opinion, the audited financial statement in all the important aspects is as follows:

- it presents thoroughly and clearly information important for appraisal of the asset and financial position of the company as for 31 December 2010 and its financial result for fiscal year 01 January to 31 December 2010

- it has been prepared in compliance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and in compliance with the related interpretations included in the regulations announced by the European Union as well as with regard to the scope not covered by the aforesaid legal provisions- in compliance with the Accounting Act and its execution regulations,

- it complies with the legal regulations and stipulations of the Statutes of Association of KOPEX S.A. influencing the contents of the financial statement.

Statement on the company's activities is complete, pursuant to provisions of Art.49 Cl.2 of the Accounting Act and to Minister of Finance Regulations dated 19 February 2009 on current and periodic information conveyed by issuers of securities and recognising as equivalent the information required by legal regulations of a country which is not a member country *(Dz.U. z 2009, Nr.33, poz.259 ze zm.)*.Besides, details included in the statement on the activities and taken from the audited financial statement are in compliance with it.

Barbara Malik
Chartered Accountant
No.10458

Key chartered accountant auditing
on behalf of PKF Audyt Sp. z o.o. No.548,
the entity authorised to audit financial statements
Elbląska 15/17, 01-747 Warsaw

Katowice,28 April 2011

(Translation from the Polish language)

REPORT SUPPLEMENTARY TO THE OPINION FROM AUDITING THE FINANCIAL STATEMENT OF KOPEX S.A. IN KATOWICE

FOR THE PERIOD 01 JANUARY 2010 TO 31 DECEMBER 2010

KATOWICE, APRIL 2011

TABLE OF CONTENTS

A. <u>GENERAL INFORMATION</u>

I. DATA INDETIFYING THE AUDITED ENTITY

The audit concerns a Capital Group, whose controlling entity is KOPEX S.A. based in Katowice. The company was established basing on the notarial act dated 19 November 1993 *(Rep. A 3997/93)*. It was transformer from *Przedsiębiorstwo Eksportu i Importu KOPEX* , a state-owned enterprise, into a single-person company of the State Treasury, basing on the Law on transforming some state –owned enterprises of special importance for the national economy dated 05 February 1993 *(Dz.U. nr 16 poz.69),* Regulation No.267/ORG/93 of the Ministry of Industry and Commerce dated 25 October 1993 and Law on privatisation of the state-owned enterprises (*Dz.U. nr 51, poz.298 z późn.zm.).* The Company was established for an unlimited period of time. The latest amendment to the notarial act was made in 17 February 2010 *(Rep. A 2152/2010).*

On 12 July 2001 the company was entered into the National Court Register under the number 0000026782.

The seat if the controlling Company is located in Katowice at Grabowa 1.

Shares of the controlling Company are publicly traded, the last listed sale price dated 28 April 2011 amounted to PLN 20.20.

At the end of the audited period the Company held:

- share capital PLN 74,333 thou
- other equity PLN 2,233,088 thou

Structure of the Company's share capital as for 28 April 2011

Shareholders	Number of shares	Number of votes	Nominal value [PLN]	Share in the share capital [%]
Krzysztof Jędrzejewski	44,906,459	44,906,459	1.00	60.41
Aviva OFE Aviva BZ WBK	3,789,840	3,789,840	1.00	5.10
Other shareholders	25,636.239	25,636.239	1.00	34.49
TOTAL	**74,332,538**	**74,056,038**		**100.00**

Pursuant to Art.364 Par.2 of the Commercial Companies Code, the controlling Company does not exercise shareholding rights from its own shares held (276,500 shares), excluding its rights for share sale or the rights to exercise the activities aimed at preserving those rights and therefore they are not classified as qualified votes at the general meeting.

- The audited Company at the end of the audited period:

- is not a subsidiary
- is a controlling Company for the following entities:

.	Name	Date of taking over control / joint control	Share in equity	Share in a total number of votes
1	KOPEX EQUITY SP. Z O.O.	15 May1997	100.00%	100.00%
2	KOPEX GMBH	14 August 2003	100.00%	100.00%
3	WAMAG S.A.	12 May 2004	100,00%	100.00%
4	KOPEX- PRZEDSIĘBIORSTWO BUDOWY SZYBÓW SA.	14 September 2004	94.74%	94.74%
5	KOPEX CONSTRUCTION SP.ZO.O.	14 August 2007	100.00% (direct and indirect shareholding through Kopex Equity)	100.00%
6	ZABRZAŃSKIE ZAKŁADY MECHANICZNE S.A.	03 August 2007	97.99%	97.99%
7	KOPEX MIN-MONT A.D. Serbia	01 August 2007	84.85%	84.85%
8	KOPEX MIN-FITIP A.D. in liquidation Serbia	01 August 2007	86.51%	86.51%
9	KOPEX MIN-OPREMA A.D Serbia	01 August 2007	87.77%	87.77%
10	KOPEX MIN-LIV A.D. Serbia	01 November 2007	89.74%	89.74%
11	SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. LTD China	01July 2007	50.00%	50.00%
12	HANSEN SICHERHEITSTECHNIK AG Germany	23 November 2007	88.94%	88.94%
13	KOPEX EKO SP. Z O.O.	31 January 2008	100.00%	100.00%
14	PT. KOPEX MINING CONTRACTORS Indonesia	19 May 2008	60.00%	60.00%
15	EL-GÓR S.A.	06 February 2009	100.00%	100.00%
16	Rybnicka Fabryka Maszyn RYFAMA S.A.	14 June 2010	78.97%	78.97%

- is a Company is associated with the following entities:

	Name of the company	Significant revenue dat	Share in equity	Share in total number of votes
1	WS BAILDONIT Sp. z o.o.	06 November 1998	29.41%	29.41%
2	EKOPEX Sp. z o.o. Ukraine	07 August 2006	20.00%	20.00%
3	TIEFENBACH POLSKA Sp. z o.o.	08 November 2007	49.00%	49.00%

■ Sale of machines operated in mining, construction and civil engineering (PKD 4663Z) sectors is the core activity of the audited Company, including a complete industrial plants, machinery and equipment as well as intermediation in domestic and foreign trade and rendering consulting, promotional and other intangible services.

■ Controlling entity:
- has a license to trade in electricity issued by the Chairman of the Energy Regulatory Office No. **-OFE/538/9238/W/2/2009/PJ**
- has REGON Statistical Number: **-271981166**
- predominant type of its business has the **EKD** symbol **-4663Z**
- is registered in PFRON under the number **-27P0097H1**
- is a taxpayer on goods and services (VAT) and the Tax Office in Katowice has assigned it Tax Identification number **NIP** **- 634-012-68-49**

At the date of rendering the opinion, the managing body of the entity is the Management Board, composed of:

Name and surname	Position	Changes
Marian Kostempski	Chairman of the Board	-
Józef Wolski	Vice Chairman of the Board	-
Joanna Parzych	Vice Chairman of the Board	-
Tadeusz Soroka	Vice Chairman of the Board	to 17 February 2010

■ Mrs. Joanna Węgrzyn is Chief Accountant of the audited entity.

■ Annual average employment amounts to 188 people.

II. IDENTIFICATION DATA OF THE AUDITED FINANCIAL STATEMENT

■ Annual Financial Statement of KOPEX S.A. for the year 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS), basing on the decision of the Ordinary General Meeting (Resolution No. 27 dated 21 April 2005) regarding the move to IFRS, dated 01 January 2005.

■ The Financial statement described in the opinion was subject of the audit.

■ The financial re statement was accompanied by a report on the entity's activities in fiscal year 01 January 2010 to 31 December 2010.

III. INFORMATION ON THE FINANCIAL STATEMENTS OF THE UNIT FOR THE PREVIOUS FISCAL YEAR

■ The financial statement for the previous fiscal year, i.e. for the period 01 January 2009 to 31 December 2009 has been examined by the Europejskie Centrum Audytu Serdyński i Partnerzy Sp. z o.o. company and received an unqualified opinion.

■ On 24 June 2010 the financial statement for 2009 was approved by the General Meeting of Shareholders which allocated net income for the previous fiscal year of PLN 2 074 774.28 entirely on raise supplementary capital.

■ The approved the financial statement for 2009 was:
- deposited in the National Court Register on 02 July 2010.
- published in *Monitor Polski B* (Polish Monitor B) No.35, dated 18 January 2011.

■ On the basis of the approved financial statement as for 31 December 2009, accounting books of the audited period were properly opened. Pursuant to Art. 5 Par. 1 of the Accounting Act, assets and liabilities shown in the accounting books on the closing date, entered in the same height the accounting books, opened for the next fiscal year.

■ 31 December 2010 the Company, as the controlling entity of the Capital Group, also drew up consolidated financial statement, in accordance with IFRS adopted by the European Union. In order to understand the financial position and results of the Company's activities as the controlling entity, separate financial statement should be read in conjunction with consolidated financial statement.

IV. IDENTIFICATION DATA OF THE ENTITY AUDITING THE FINANCIAL STATEMENT

■ PKF Audyt Sp. z o.o. was selected to examine the financial statement for 2010, basing on the Resolution No. 58A/1/2009 of the Supervisory Board of KOPEX S.A. dated 27 November 2009. An audit agreement was signed on 23 March 2010.

■ PKF Audyt Sp. z o.o., the entity authorised to audit financial statements, is located in Warsaw, Elbląska 15/17, is registered on the list under the number 548, and Barbara Malik, a key chartered accountant, registered in the register of the practicing chartered accountants under the number 10458.

■ Both the authorised entity and the key chartered accountant, auditing on behalf of this entity, as well as other persons involved in auditing who are not chartered accountants, declare that they remain independent from the audited entity, within the meaning of Art. 56 of the chartered accountants act, entities authorised to audit financial statements and public supervision *(Dz.U. z 2009r nr. 77, poz.649*).

■The study was conducted intermittently, during the period 10 January 2011 until 12 January 2011 (preliminary audit) and 04 April 2011 to 28 April 2011.

V. STATEMENTS OF THE AUDITED UNIT AND AVAILABILITY OF DATA

■ On 28 April 2011 the Management Board made a statement about the completeness, accuracy and correctness of financial statement submitted for auditing as well as about disclosure in the supplementary information any conditional liabilities existing as for 31 December 2010 and about non-occurrence of events affecting significantly amounts of the data included in the financial statement for the year audited.

■During conducting audit of the financial statement, the Company has provided documents and information necessary render an opinion and draw up a report.

VI. OTHER INFORMATION

■ Detecting and clarifying events liable to legal prosecution as well as irregularities that occurred outside the accounting system was not a subject of the audit.

B. EVALUATION OF ASSET AND FINANCIAL POSITION

■ The analysis presented below covers three last reporting periods:
- 01 January 2008 to 31 December 2008
- 01 January 2009 to 31 December 2009
- 01 January 2008 to 31 December 2008

■ There were no significant changes of importance for interpreting the information included in the financial statements in the period under audit.

■ All the data presented in tables are expressed in thousands of PLN and the symbols used in them have the following meanings:

- BZ - closing balance
- BO - opening balance
- OU - previous period
- OB - current period

■ Values presented in the table in the column "Change" refer to the values expressed in PLN.

■ Structure of the specific items presented further in the tables has been calculated as follows:

- with regard to the items from the statement of financial position - in relation to the sum of the statement of financial position
- with regard to the revenue items of the income statement - in relation to the value of total revenues
- with regard to the cost items of the income statement - in relation to the value of total costs
- with regard to the result items at specific levels and to burden result -in relation to net income
- with regard to items of other total revenues- in relation to the sum of total revenues.

I. CHANGE AND STRUCTURE OF THE KEY ITEMS OF THE STATEMENT OF FINANCIAL POSITION

ASSETS		Drawn up for the day			Structure			Change
		31 Dec. 2008	31 Dec. 2009 (BO)	31 Dec. 2010 (BZ)	2008	2009	2010	(BZ-BO) / BO
A.	FIXED ASSETS	1229680	1271927	1329382	84.2%	83.0%	83.6%	4.5%
I	Tangible assets	18 558	17 896	12 904	1.3%	1,2%	0.8%	-27.9 %
II	Intangible and legal assets	1,544	2367	4 867	0.1%	0.2%	0.3%	105.7%
III	Investment real estates	1287	1287	1287	0.1%	0.1%	0.1%	0.0%
IV	Financial assets available for sale	2528	1264	0	0.2%	0.1%	0.0%	-100.0%
V	Other financial assets	1 189877	1234 657	1 301 571	81.5%	80.6%	81.9%	5.4%
VI	Deferred income assets	14855	13632	7932	1.0%	0.9%	0.5%	41.8%
VII	Other fixed assets	1012	824	821	0.1%	0.1%	0.1%	-0.4%
B.	CURRENT ASSETS	230 447	259 848	260 705	15.8%	17.0%	16.4%	0.3%
I	Inventories	7489	2869	2 492	0.5%	0.2%	0.2%	-13.2%
II	Trade receivables	113605	105234	95497	7.8%	6.9%	6.0%	-4.3%
III	Current income tax receivables	2 894	0	2489	0.2%	0.0%	0.2%	0
IV	Other receivables	55915	43 549	27361	3.8%	2.8%	1.7%	-37.2%
V	Financial assets available for sale	0	0	0	0.0%	0.0%	0.0%	0.0%
VI	Loans granted	10256	73 768	110440	0.7%	4.8%	6.9%	4.7%
VII	Other financial assets	155	8 299	1141	0.0%	0.5%	0.1%	-86.3%
VIII	Accruals	1790	1306	369	0.1%	0.1%	0.0%	-71.6%
IX	Moey assets and their equivalents	38344	24 823	20916	2.6%	1.6%	1.3%	-15.7%
X	FIXED ASSETS AVAILABLE FO R SALE	0	0	5	0.0%	0.0%	0.0%	0
	TOTAL ASSETS	1 460 107	1 531 775	1590 092	100.0%	100.0%	100.0%	3.8%

LIABILITIES		Drawn up for the day			Structure			Change
		31 Dec. 2008	31 Dec. 2009 (BO)	31 Dec. 2010 (BZ)	2008	2009	2010	(BZ-BO) / BO
A.	EQUITY	1152727	1319916	1346459	78,9%	86,2%	84.7%	2.0%
I	Share capital	67 633	74 333	74333	4,6%	4.9%	4.7%	0.0%
II	Supplementary capital from sale of shares above par value	1101697	1259981	1262 056	75.5%	82.3%	79.4%	0.2%
III	Own shares	400	-2979	-2979	0.0%	-0.2%	-0.2%	0.0%
IV	Other capitals	-24141	-13494	18936	-1.7%	4.9%	1.1%	225.5%
V	Indivisible financial result	0	0	0	0.0%	0.0%	0.0%	0
VI	Financial result of the current period	7 939	2075	-3887	0.5%	0.1%	-0.2%	-287.3%
B.	LONG-TERM LIABILITIES	8134	7454	5128	0.6%	0.5%	0.3%	-31.2%
I	Other long-term liabilities	1838	848	648	0.1%	0.1%	0.0%	-23.5%
II	Rezerwy z tytułu odroczonego podatku dochod.	6037	6 287	3960	0.4%	0.4%	0.2%	-37.0%
III	Revenue accruals	0	0	147	0.0%	0.0%	0.0%	0
IV	Reserves for pensions and similar benefits	258	319	373	0.0%	0.0%	0.0%	17,0%
C.	SHORT TERM LIABILITIES	299246	204405	238 505	20.5%	13.,3%	15.0%	16.7%
I	Credits and loans	138 052	63213	155 083	9.5%	4.1%	9.8%	145,3%
II	Other financial liabilities	57 727	29498	434	4.0%	1.9%	0,0%	-98.5%
III	Trade liabilities	65961	69986	61 396	4.5%	4.6%	3.9%	-12.3%
IV	Current income tax receivables	0	0	0	0.0%	0.0%	0.0%	0
V	Other liabilities	24076	31 342	11386	1.6%	2.0%	0.7%	-63.7%
VI	Revenue accruals	0	0	0	0.0%	0.0%	0.0%	0
VII	Reserves for pensions and similar benefits	309	220	236	0.0%	0.0%	0.0%	7.1%
VIII	Other reserves	13122	10146	9970	0.9%	0.7%	0.6%	-1.7%
	TOTAL LIABILITIES	1460107	1531775	1590092	100.0%	100.0%	100.0%	3.8%

II. CHANGE AND STRUCTURE OF THE KEY ITEMS OF THE STATEMENT OF TOTAL REVENUE

poz.	Wyszczególnienie	Drawn up for the day			Structure			Change
		31 Dec. 2008	31 Dec. 2009 (BO)	31 Dec. 2008	31 Dec. 2009 (BO)	31 Dec. 2008	31 Dec. 2009 (BO)	(OB-OU) OU
A.	Sales income	747230	867 035	1030014	94.3%	98.7%	95.0%	18.8%
I.	Income from sales of products	78 MO	26908	28469	9.9%	3.1%	2.6%	5,8%
II.	Income from sales of services	0	0	0	0.0%	0.0%	0.0%	0
III.	Income from sales of goods and materials	669090	840127	1 001545	84.4%	95.7%	92.4%	19.2%
B.	Costs of products, goods and materials sold	715716	815740	967 362	91.4%	93.2%	88.6%	18.6%
I.	Manufacture cost of products and services sold	66773	19006	17 751	8.5%	2.2%	1.6%	-6.6%
II.	Value of goods and materials sold	648 943	796734	949611	82.9%	91.1%	87.0%	19.2%
C.	*Gross profit (loss) on sales*	31514	51295	62652	397.0%	2472,3%	-1611.9%	22.1%
I.	Other operating revenues	28328	3 640	15866	3.6%	0.4%	1.5%	335.9%
II.	Selling costs	11376	13 526	21020	1.5%	1.5%	1.9%	55.4%
III.	Overheads	18 573	20176	20459	2.4%	2.3%	1.9%	1.4%
IV.	Other operating costs	21253	9 305	37260	2,.7%	1.1%	3.4%	300.4%
D.	*Profit (loss) from operating activity*	8640	11926	-221	108.8%	574.8%	5.7%	-101.8%
	Financial revenues	17226	7524	37 800	2.2%	0,9%	3.5%	402.4%
	Financial costs	16 306	16 203	45472	2.1%	1.9%	4.2%	180.6%
E.	*Profit (loss) before taxation*	9562	3247	-7893	120.5%	156.5%	203.1%	-343.1%
	Income tax	1624	1172	4006	20.5%	56.5%	103.1%	-441.7%
F.	*Profit (loss) from continued activity*	7 939	2075	-3 887	100.0%	100.0%	100.0%	•287.3%
G.	*Profit (loss) from abandoned activity*	0	0	0	0.0%	0.0%	0.0%	0
H.	*Net profit (loss)*	7939	2075	-3887	100.0%	100.0%	100.0%	•287.3%
I.	Other total revenues	-49417	13229	30430	119.1%	86,4%	114.6%	130.0%
J.	Sum of total revenues	-41479	15304	26543	100.0%	100.0%	100.0%	73.4%

III. BASIC INDICATORS FEATURING THE COMPANY'S ACTIVITIES

Item		metric unit	2008	2009	2010
Basic terms and structure ratios					
Balance sum		**PLN thou**	**1460107**	**1 531 775**	**1 590 092**
Net result (+/-)		**PLN thou**	**7839**	**2 075**	**•3 887**
Income from sale	net income from sale	**PLN thou**	**747230**	**867035**	**1 030 014**
Constant capital	equity + long-term liabilities	**PLN thou**	**1160 861**	**1 327 370**	**1 351 587**
Assets structure ratio	(fixed assets current assets) *100	**%**	**533.6**	**489.5**	**509.9**
Liabilities structure ratio (sources of financing)	(equity / outsider capital) *100	**%**	**375.0**	**623.0**	**552.7**
Financial leverage ratio	(equity / fixed assets) *100	**%**	**93.7**	**103.8**	**101.3**
Fixed capital to fixed assets ratio	(fixed capital / fixed assets) *100	**%**	**94.4**	**104.4**	**101.7**
Liquidity ratios					
1st grade liquidity ratio	(current assets / current assets)		**0.8**	**1.3**	**1.1**
2nd rade liquidity ratio	(current assets - inventories)/ current liabilities		**0.8**	**1.3**	**1.1**
3rd grade liquidity ratio	(cash assets and their equivalents / current liabilities)		**0.1**	**0.1**	**0.1**
ROA, ROE and ROS ratios					
Return on assets (ROA)	(net result/ average assets) *100	**%**	**0.5**	**0.1**	**-0.2**
Return on equity(ROE)	(net result / average equity) *100	**%**	**0.7**	**0.2**	**-0.3**
Return on sale of products, goods and materials	(result from sale / income from sale)*100	**%**	**4.2**	**5.9**	**6.1**
Debt ratios					
Overall debt ratio	(total liabilities /total assets) *100 (without Company Social Benefits Fund ZFŚS)	**%**	**19.7**	**12.7**	**14.4**
Efficiency ratios					
Fixed assets turnover ratio	income from sale / average fixed assets		**40.3**	**47.6**	**66.9**
Current assets turnover ratio	income from sale / average current assets		**3.2**	**3.5**	**4.0**
Reserves turnover ratio	(average inventories*t) / operating costs	**days**	**1.9**	**1.2**	**0.5**
Trade receivables turnover ratio	(average trade liabilties *t)/ income from sale	**days**	**27.7**	**35.0**	**27.1**
Trade and other receivables turnover ratio	(average trade and other liabilities *t) / costs of products, foods and materials sold	**days**	**23.0**	**31.5**	**26.0**

IV. OVERALL EVALUATION OF ACTIVITIES

1. STATEMENT OF FINANCIAL POSITION

DYNAMICS AND STRUCTURE
values in PLN thou

	Fixed assets	Current assets	Equity	Long and short-term liabilities
2008	**1 229 660**	**280 447**	**1 152 727**	**307 380**
2009	**1 271 927**	**259 848**	**1 319916**	**211 859**
2010	**1 329 382**	**259 710**	**1 346 459**	**243 633**

During the audited period the balance sum grew by 3.8%, compared to the end of the previous year. Both assets and sources of their funding showed upward trend in the analysed periods.
Change of the assets structure ratio indicates, that last year the ratio of fixed assets to current assets changed in favour of fixed assets. Whereas the rate of funding sources, showing the ratio of equity to foreign capital, points to a faster growth of the Company's liabilities than to its own resources.

Structure of assets has not changed significantly - fixed assets still dominate, and represent 83.6% of total assets. The Company's fixed assets consist mainly of financial assets, and above all, of its shareholding in the subsidiaries of the Capital Group. At the end of the audited period the value of fixed assets increased by 4.5%. The most important change relates to intangible assets, which increased by 105.7%. Current assets showed an increase of 0.3% compared to the previous period. The most important change concerned loans granted, which increased by PLN 36 672 thou, i.e. by 49.7%; other items showed a decrease in asset values. Financing structure of the Company's assets indicates that the fixed assets is fully funded by equity.

During the audited period the Company's equity increased by 2%. Change in the value resulted from the valuation of financial instruments made, and the positive effects were related to the capital from valuation update and to the elimination of the instrument valuation, which was related to the outcome of the audited period. Long-term liabilities decreased by 31.2% and short-term liabilities increased by 16.7%, compared to 2009. During the audited period there was a faster decrease in short-term liabilities from supplies (12.3%), compared to reduction of receivables from supplies (9.3%).

Debt ratio increased in comparison to the previous year and amounted to 14.4% (12.7% in the previous period). This increasing ratio indicates that the "involvement of foreign capital in the current activities is slightly higher than in the previous period, however, much lower than in the first of the audited periods, i.e. in 2008.

LIQUIDITY RATIOS

	31 December 2008	31 December 2009	31 December 2010
1st grade liquidity	**0.8**	**1.3**	**1.1**
2nd grade liquidity	**0.8**	**1.3**	**1.1**
3rd grade liquidity	**0.1**	**0.1**	**0.1**

Liquidity demonstrates the company's ability to fulfill its short-term liabilities, i.e. those one which are payable within one year.

The desired ratio values:
- 1st grade liquidity -1.5 to 2.0
- 2nd grade liquidity -1.0
- 3rd grade liquidity -0.1 to 0.2

The degree of solvency in a form of current liquidity ratio indicates a slight deterioration in the ability of the Company to repay all of its liabilities through liquidation of available current assets. Quick solvency ratio also decreased, due to a minor share of inventories in the current assets. Immediate liquidity ratio remained at the same level in the analysed periods.

TURNOVER RATIOS
in days

	2008	2009	2010
Reserve turnover ratio	**2**	**1**	**1**
Trade receivables turnover ratio	**28**	**35**	**27**
Trade and other receivables turnover ratio	**23**	**31**	**26**

Inventories turnover ratios were at similar levels in the analysed periods. The Company maintains a minimum inventories level for current operations.

Trade receivables turnover ratio decreased by 8 days in comparison to 2009. Debts were recovered within approximately 27 days. The decline of this ratio resulted from higher sales and it was not associated with a simultaneous increase in the level of receivables for supplies and services.
In 2010 the period of payment of liabilities was shortened from 31 days to 26 days, resulting in a greater ability to service debt. At the end of the audited period trailing term of receivables and settlement period of liabilities was much shorter than in the previous period, reflecting the recovery of the payment situation of the Company. Comparison of the assets and liabilities turnover ratios points to improve the financing structure and limitation of granting cheap merchant credit to its contractors.

2. INCOME STATEMENT

ROS, ROE and RONA Ratios

	2008	2009	2010
Return on sales (ROS)	**4.20%**	**5.90%**	**6.10%**
Return on equity (ROE)	**0.70%**	**0.20%**	**-0.30%**
Return on net assets (RONA)	**4.20%**	**0.10%**	**-0.20%**

As a result of losses in the audited period, the ROS- ratio is the only plus value ratio.

This ROS –ratio indicates the profitability of sales to achieve a beneficial effect on the sale of financial products in the core business. In the audited period, value of this ratio increased to 6.1%, as a result the Company's higher revenues, compared to 2009.

Decrease of the return on equity (ROE) ratio demonstrates lack of efficiency of the funds invested in the business. Return on assets (ROA) ratio indicates the reduction of the Company's financial performance in overall activity, indicating a steadily diminishing effectiveness of the use of resources involved.

RESULTS AT THE SPECIFIC ACTIVITY LEVELS

values in PLN thou

	2008	2009	2010
Gross profit/loss on sales	**31 514**	**51 295**	**62 652**
Operating profit/loss	**8 640**	**11 926**	**-221**
Financial result	**922**	**-8 679**	**-7 672**
Gross profit/loss	**9 562**	**3 247**	**-7 893**
Net profit/loss	**7 939**	**2 075**	**-3 887**

Analysis of the data on the Company's revenue from sales of products shows an increase of 18.8%, compared to the previous year. Cost of products sold increased in proportion to the revenue and grew by 18.6%. Despite this, the Company achieved a substantial gross profit on sales, higher by 22.1% in comparison to 2009.

In the audited year the Company generated operating loss of PLN 221 thou and suffered loss on financing activities of PLN 7 672 thou.

As a result of identifying excess of deductible temporary differences of the positive ones, gross loss decreased. Finally, after adjusting the financial result by charges for current and deferred assets taxes, the Company achieved a net loss of PLN 3 887 thou.

3.CASH FLOW STATEMENT

values in PLN thou	2008	2009	2010
Net cash flow from operating activity	**50 888**	**27 831**	**13 750**
Net cash flow from investing activity	**-9 146**	**-108 259**	**-103 084**
Net cash flow from financing activity	**-34 608**	**68 212**	**85 312**
Net cash flow from operating activity	**7 134**	**-12 216**	**-4 022**

The negative cash flow from all activities contributed to the decrease in cash deposited in bank accounts and in hand.

General evaluation of the value of the cash flows of different activities shows that:

1 Positive cash flow from operating activity indicates that the Company had more revenues than expenses related to the core business.
2.The value of cash flow from investing activity was affected by the investments made in financial assets and other expenses related to the acquisition of bonds and granting loans.
3. Incurrence of liabilities arising from bank loans contributed to positive cash flow value of financial activity.

Formed values of cash flows indicate that the positive cash flows from operations are insufficient to cover expenditures in investing activities for which financing is in foreign capitals.

4. THREAT OF CONTINUITY PRINCIPLES OF ACTIVITY CONTINUITY

In Item 1 the Supplementary Information to the Company's financial statements for the year ended on 31 December 2010, the Board announced that financial statements had been prepared assuming the Company's continuing operations and the lack of indications of threat activity.

During the study, there were not noted any significant factors that could have caused our belief that the Company was unable to continue operations for at least 12 months from the balance sheet date, i.e. 31 December 2010, resulted from intended or involuntary omissions or significant limitations of its activities.

C. DETAILED PART OF THE REPORT

I. CORRECTNESS AND THOROUGHNESS OF THE ACCOUNTING BOOKS

1. CORRECTNESS OF THE ACCOUNTING SYSTEM USED

Accounting of the Company is conducted using IFS Applications, a financial and accounting system, which since 2008 has been under implementation as an integrated system, and it means that in some areas of its operation (e.g. warehouse management, manufacture accounting, records of fixed assets) are still in progress, to check the accuracy of automatic procedures implemented in the system.

The Company has a valid documentation referred to in Art. 10 of the Act, including the Company's chart of accounts, approved by the Board.

During our audit we have found no material misstatements of the accounts, which could have a material effect on the audited financial statement, which have not been removed, including those relating to:

■ legitimacy and consistency of the applied accounting rules (policies),

■ documenting business transactions,

■ thoroughness, accuracy, and verifiability of accounting books and linkages of records within the accounting books,

■ correctness of opening the accounting books on the basis of audited balance sheet balances for the preceding period,

■ linkages of records with accounting documents and financial statements,

■legitimacy of the used methods of securing access to data and processing system for computer,

■ fulfillment of the requirements for safeguarding accounting records, accounting records and financial statements.

2. STOCKTAKING OF ASSETS AND LIABILITIES

The Company made a stocktaking of assets and liabilities within the scope and with regard to time and recurrence required by the Accounting Act. Any stocktaking differences were included and settled in the books of the audited period.

II. ELEMENTS OF FINANCIAL STATEMENTS

II.1. INFORMATION ON SELECTED, ESSENTIAL ITEMS OF THE STATEMENT OF FINANCIAL POSITION

Detailed figures and descriptive information for specific items of assets and liabilities were presented in the supplementary information and the in the explanatory notes, forming its integral part. There were no significant anomalies in the valuation and presentation of balance sheet items

1. Tangible fixed assets

The Company values tangible fixed assets at purchase cost or manufacture costs, deducted by amortisation and impairment.
Amortisation shall be made on the straight line basis over useful lives of fixed assets, which was established in accordance with the planned period of the estimated useful lives.
Fixed assets are loaded to third parties, in the form of mortgage in the amount of PLN 313 200 thou, due to a bank loan incurred in the current account.
Specific items of the fixed assets are in all material respects, properly valued and presented in the financial statement.

2. Financial assets

Long-term financial assets include financial assets held shares (in PLN thou):

-in subsidiaries	1 291 072
- in other entities	6 143

Shares not listed on the stock exchange are valued at purchase cost deducted by impairment charges made.
In the audited period there was made impairment in the amount of PLN 9 102 thou, updating the value of the shares held by a subsidiary under liquidation.
There are loads to the amount of PLN 302 029 thou imposed on shares held by ZZM S.A., for its bank loan incurred in the current account.
On 31 December 2010 the status of the loans granted to related parties amounted to PLN 49 583 thou. The value of short-term loans to other entities (including the value of bonds purchased) amounted to PLN 65 213 thou at the balance sheet date.

Cash assets in the form of cash in hand, cash in bank accounts and investments were included in other short-term financial assets. During the audited period there were included financial revenues as a percentage of cash at bank and on deposit in the amount of PLN 186 thou.
Inventory showed no difference between the actual status and the state accountant.
Cash in foreign currency were valued on the balance sheet date in accordance with adopted accounting policy, i.e. according to the average NBP exchange rate prevailing on the balance sheet date. Financial assets, in all material respects, were properly valuated and properly recognised in the financial statement.

3. Short-term liabilities

Receivables are valued at the amount required to pay, deducted by the impairments made.
In 2010 the Company made impairments together with accrued interest amounting to PLN 559 thou and solved the impairments at the amount of PLN 9 664 thou. Impairments were updated in accordance with the Company's accounting policy and included in the financial result of the audited period.
On the balance sheet day impairments amounted to PLN 12 834 thou.
On the balance sheet day receivables in foreign currency were valued in accordance with adopted accounting policy, i.e. with NBP average exchange rate prevailing on this balance sheet date. Exchange differences arising from the valuation were included in the financial result.

The Company has contingent receivables for the obtained guarantees and surietes in the amount of PLN 329 381 thou, and promissory notes received in the amount of PLN 540 966 thou.

Receivables are correctly valued and presented in the financial statement in all material aspects.

4. Equity

Share capital is shown in the amount specified in the statutes of association and entered in the National Court Register. Valuation of the share capital in the balance sheet liabilities is the nominal value.
In the capital from valuation update there were included the effects of revaluation of the financial instruments entered on the balance sheet day, i.e. of the derivative instruments safeguarding cash flow from future transactions and effects of the elimination of the safeguarding instrument by a transaction, whose implementation was assessed as unlikely.

Due to the above, the capital was increased by PLN 37 569 thou and reduced by the amount of PLN 7 138 thou, resulting from the adoption of the deferred tax arising from the instrument valuation made.

Equity is, in all material respects, properly valued and presented in the financial statement.

5. Reserves for liabilities

Reserves for liabilities were based on the data relating to the Company's future obligations and benefits accruing to be paid in the subsequent years.
In the audited period, reserves for the employee benefits were increased by PLN 70 thou and their value amounted to PLN 609.6 thou. Reserves for retirement, disability and survivors were estimated by an independent actuary, basing on the data on the level and structure of employment, seniorities of individual employees, salaries and benefit payments included in the Company Collective Labour Agreement.

Risk manager adopted statistical data published by Central Statistical Office (GUS) with regard to life expectancy for men and women and a discount rate of 6.39% determined on the basis of profitability of the Polish long-term treasury securities (10-year and 20-year bonds). The results of rise in employee benefits were entered in the financial result of the audited period.

In 2010, the Company updated provisional cost reserves for future periods, that had been made in previous periods. The most important items (in PLN thou) are:

-reserve for anticipated costs, related to the execution of contracts-	3 240
- industrial tax-memorial	740
- reserve for most of the costs of the planned with regard to commission payments to agents (agency at signing contracts) and other costs associated with the planned execution of contracts	3 989
- reserve for replacement charges resulting from separate legal provisions on the necessity to maintain the percentage share of specific energy in total energy sales, calculated in accordance with the applicable rates	1 621

In the audited period there were resolved and used reserves of PLN 8 492 thou made in the previous periods and there were updated reserve estimates for new probable commitments of PLN 8 316 thou, made in the previous periods.
Assets and deferred tax liabilities were determined basing on correctly recognised temporary tax differences. The items were entered accurately and completely in all material respects in relation to complete financial statement.

6. Liabilities

Trade payables and other (except financial ones) are valued at the amount due.
Generic Structure of commitments was properly presented in the Supplementary information, describing this position of the balance sheet.

The Company has short-term liabilities incurred in the current account bank loan of the amount of PLN 155 083 thou. This commitment is secured, inter alia, by the Company's tangible assets (as described in Item 1 and 2). On the balance sheet date the loan was valued at the amount due.

On the balance sheet date the Company demonstrated an open derivative positions (financial assets and liabilities) in the amount of PLN 44 068 thou which included:

- PLN 35 851 thou financial instruments for which the Company keeps hedge accounting,
- PLN 8 217 thou other derivatives hedging instruments.

The fair value of open foreign currency transactions was based on valuations at the balance sheet, drawn up by financial institutions with whom the transaction was concluded. In the audited company recognized cancer as a result of the financial costs of the closure of the hedge and the implementation of the derivatives at PLN 14 091 thou and revenues resulting from the valuation of unrealised derivative instruments, amounting to PLN 4 322 thou Valuation of instruments for which hedge accounting was performed was included in the revaluation reserve.
Liabilities in foreign currencies are valued on the balance sheet date in accordance with adopted accounting policy. Exchange differences arising from the valuation are included in the financial result. Public service commitments are consistent with complex statements.

Company recognised liabilities in respect of promissory notes, issued guarantees and sureties in the amount of PLN 799 042 thou, including:

- for affiliates - PLN 727 592 thou
- for the remaining units - PLN 71 450 thou

Commitments, in all material respects, been properly evaluated and properly recognized in the financial statements.

II.2. INFORMATION ON SELECTED ITEMS FORMING THE RESULT OF ECONOMIC ACTIVITY

Items forming the financial result has been entered by the Company completely and correctly in all material respects in relation to the whole of the financial statements. Structures of revenues and expenses have been properly presented in the explanatory note to the financial statement.

1. **Profit on sales**

Revenues in all material respects, have been entered in the correct amount and at the right time. They are properly documented by VAT invoices and presented in the Income statement. Costs, in all material respects, have been entered correctly, in terms of valuation, periodisation, documentation and presentation in the Income statement.

The result of gross sales has been properly determined and demonstrated.

2. **Results at other levels of activity**

Items forming the results at other levels of the Company's activities, are in all material aspects properly priced and presented in the income statement. The most significant items affecting the results and on other financial activities are described in Item II.2 of this report.
Profit before taxation has been established and shown properly. All the revenues and costs associated with these revenues and chargeable to the Company for the audited period have been included in this result.

II.3. STATEMENT ON CHANGES IN EQUITY

Statement of changes in equity has been prepared in accordance with International Accounting Standards (IASs) No.1, the law in force, elements of financial statement and data coming directly from the accounting records and analysis of account balances.

II.4. STATEMENT ON CASH FLOW

Statement of cash flow has been drawn up correctly and in accordance with the scope of information specified by the International Accounting Standards (IASs) No.7 - on the basis of the statement of financial position, income statement, total revenue statement and supplementary information is consistent with the data contained in these statements and with the data deriving directly from the accounting records and analysis of account balances.

II.5. SUPPLEMENTARY INFORMATION

Supplementary information is an integral part of the financial statement. Data contained in the supplementary information have been presented by the Company, in material respects, in accordance with the guidelines of the International Accounting Standards (IASs) No.1 and the requirements regarding disclosures contained in specific Standards.

II.6. STATEMENT OF THE COMPANY'S ACTIVITIES IN THE FISCAL YEAR

The Management Board has drawn up a written report on the company's activities, whose financial information is consistent with the data of the audited financial statement. This report contains information resulting from Art. 49 of the Accounting Law and from Minister of Finance the Regulation dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the recognition of information required by the law of non-member states.

D. INFORMATION ON SIGNIFICANT BREACH OF LAW

As a result of the audit procedures used, we have found no breach of law, and statutes of association of the Company.

E. EVENTS AFTER THE BALANCE SHEET DATE

There did not occur any important business transactions, recorded after the end of the fiscal year, and regarding the audited period.

F.RECAPITULATION OF THE AUDIT

1. In 2010 the company PKF Audit Sp. z o.o. drew up a report on audit of the financial statement of Kopex S.A. for the period 01 January to 30 June 2010. Agreement on the audit does not include any additional issues that would require preparation of a separate report.

2.During the audit we did not use the results of any independent specialists.

3.Evaluation of the financial statements includes an opinion, being a separate document.

4.The audit included examining - in large part on a random basis- evidence and accounting records from which result in the amounts and information included in the financial statement and also items forming the settlement amount from budgets. Therefore, there may be differences between the results of any tax audits, usually carried out with the full method, and the conclusions contained in the report.

5. This report contains 20 pages sequentially numbered, initialed by the auditor.

Barbara Malik
Chartered Accountant
No.10458

Key chartered accountant auditing
on behalf of PKF Audyt Sp. z o.o. No.548,
the entity authorised to audit financial statements
Elbląska 15/17, 01-747 Warsaw

Katowice,28 April 2011