KOPEX S.A.

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POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Annual Report 2008

(prepared in compliance with § 82 section 2 of the Regulation of the Minister of Finance dated 19 February 2009 – Journal of Laws, Issue 33, item 259)

For issuers of securities engaged in economic activities in the field of manufacturing, construction or services

For the business year 2008 including the period between 2008-01-01 and 2008-12-32

Including a consolidated financial statement drawn-up in compliance with the IAS

Presented in Polish Zloty

Submitted on: 2009-04-30

KOPEX Spółka Akcyjna (Plc)

(full name of the issuer)

KOPEX S.A.

(abbreviated name of the issuer)

Electromechanical (ele)

(sector according to classification of the Warsaw Stock Exchange)

40-172 **Katowice**

(postal code) (town)

Ul. Grabowa **1**

(street) (number)

(032 604 70 00 **(032) 604 71 00**

(telephone) (fax)

kopex@kopex.com.pl **www.kopex.com.pl**

(email) (www)

634-012-68-49 **271981166**

(NIP, Taxpayer Identification Number) (REGON; Statistics Number)

Europejskie Centrum Audytu Sp. z o.o. (Ltd) with its official seat in Krakow

(entity entitled to audit the statement)

SELECTED FINANCIAL DATA	In thou. PLN		In thous. EUR	
	2008	2007	2008	2007
I. Net income from sales of products, goods and materials	1 982 644	1 290 230	561 322	341 620
II. Operating profit (loss)	174 929	105 735	49 525	27 996
III. Profit (loss) before tax	134 858	634 528	38 181	168 007
IV. Profit (loss) after tax	90 254	500 713	25 553	132 576

V. Net Cash flow from operating activities	52 756	-266 042	14 936	-70 441
VI. Net Cash flow from investment activities	-260 981	395 703	-73 888	104 772
VII. Net Cash flow from financial activities	219 072	-15 172	62 023	-4 017
VIII. Total net cash flow	10 847	114 489	3 071	30 314
IX. Total assets	3 232 871	2 601 942	774 823	726 394
X. Liabilities and provisions for liabilities	1 135 668	551 561	272 186	153 981
XI. Long-term liabilities	141 622	14 916	33 943	4 164
XII. Short-term liabilities	855 434	451 594	205 022	126 073
XIII. Equity	2 097 203	2 050 381	502 637	572 412
XIV. Share capital	67 633	67 633	16 210	18 881
XV. Number of shares	67 632 538	57 277 434	67 632 538	57 277 434
XVI. Net profit (loss) per ordinary share (in PLN/EUR)	1,33	8,74	0,38	2,31
Diluted net profit (loss) per ordinary share (in PLN/EUR)				
XVII. Book value per ordinary share (in PLN/EUR)	31,01	35,80	7,43	9,99
Diluted book value per ordinary share (in PLN/EUR)				
Declared or paid dividend per ordinary share (in PLN/EUR)				

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Consolidated financial statement.pdf	Consolidated financial statement of Capital Group Kopex S.A. for business year 2008
Report of the Board on operations of the capital group of the issuer.pdf	Report of the Board on operations of the Capital Group KOPEX S.A. for business year 2008
Chartered auditor's opinion and report.pdf	Chartered auditor's opinion and report on the consolidated financial statement of Capital Group KOPEX S.A. for business year 2008

BOARD MEMBERS SIGNATURES

Date	First name and surname	Position / Function	Signature
2009.04.30	Marian Kostempski	President of the Board	
2009.04.30	Krzysztof Jędrzejewski	Vice-President of the Board	
2009.04.30	Joanna Parzych	Vice-President of the Board	
2009.04.30	Tadeusz Soroka	Vice-President of the Board	

NAME OF PERSON RESPONSIBLE FOR KEEPING OF ACCOUNTS

Date	First name and surname	Position / Function	Signature
2009.04.30	Joanna Węgrzyn	Commercial proxy / Chief accountant	

Telephone

(032) 604 70 00, (032) 258 60 31

Fax (032) 604 71 00

NIP (Taxpayer Identification Number)

634-012-68-49

REGON (Statistics Number) P-271981166

Management Board:

President of the Board

Mr. Marian Kostempski

Vice-President

Ms. Joanna Parzych

Vice-President

Mr. Krzysztof Jędrzejewski

Vice-President

Mr. Tadeusz Soroka

KRS Number (National Court Register): 0000026782, granted by **District Court Katowice-Wschód in Katowice, 8th Economic Division of the National Court Register**

Bank accounts:

ING Bank Śląski S.A. O/Katowice No. 66 1050 1214 1000 0022 2166 4416 PLN

PKO BP S.A. O/Katowice No. 94 1020 2313 0000 3202 0117 9582 PLN

Share capital:

67. 632.538 PLN, paid-up

The Company has the following licences:

- **To sell electric energy and liquid fuels**

KOPEX SPÓŁKA AKCYJNA (Plc.)

Founded in 1962

Address: ul. Grabowa 1, 40-172 Katowice

Email: kopex@kopex.com.pl
www.kopex.com.pl

Letter from President of the Board

Dear Shareholders!

The summary of activities of Kopex Group in 2008 looks very good. Entering the Australian market and winning a contract for the provision of a mining longwall system for a new coal mine Carborough Downs for the amount of 267 million PLN, which is a record sum in the history of Polish mining.

In 2008 the extension of capacity of mining shearer-loaders in ZZM was completed. In Tagor the capacity to produce mining roof supports increased by 20%. The production of new innovative products such as the heavy-duty mining shearer-loader ZZM was implemented, which provided new perspectives for Kopex Group on the most promising mining markets in the world. Another success was the restructuring process of companies Famago and Tagor, both of which recorded two-digit profitability at the end of last year.

2008 was a special year. All companies quoted on the stock exchange, even those which up until then had had very good results, saw a decline in quotations. This tendency affected Kopex, too.

In 2008, and the fourth quarter in particular, Kopex proved that despite the global economic crisis it is possible to improve one's economic situation. As expected, in 2008 we saw a significant increase in revenues, backed up by a rise in profits.

Consolidated cash revenue on sales which Kopex Group recorded in 2008 totalled 1 billion 982 million PLN, while in the previous year the corresponding amount stood at 1 billion 290 million PLN. Profit after tax reached 90 million PLN and was higher by approximately 8 percent than in the year 2007 – exclusive of the one-off after-tax profit on sales of Kopex shares by ZZM as part of the so-called reverse acquisition. EBIT stood at 174.9 million PLN (an increase of 65%), whereas EBITDA amounted to 236 million PLN (an increase of 63%).

Core activity, which is the production and sale of machinery and services for the mining industry, brought Kopex Group operating margin EBIT of 14.5% and EBITDA of 16.8%, both of which are levels which are very close to higher than results achieved by world's leading companies in this field. We are also very satisfied with high profitability of companies within Kopex Group operating in the segment of machinery and electronics. The Group's leaders in terms of profits made are ZZM, Tagor, Hansen and Famago.

This is a result of the development strategy of the Company which has been consistently implemented over the past few years – during periods of economic boom and market prosperity. We focused on new products, new markets and improving our offer for the mining industry.

One of the strongest points of Kopex is an advanced, innovative and complex offer for mines all over the world. New mining machines and appliances, making use of the latest technologies, have been adjusted to the needs of our customers in different parts of the world. At the same time, experiences gained in different markets and different geological and technical conditions contribute to increasing competence and expertise within Kopex Group.

We have focused on development of new technologies and products which make us more competitive. In 2008 we launched a new mining shearer-loader (model KSW-2000E) which is the only machine of this type designed and produced by a Polish company. It is geared to achieving top-efficiency: up to 30 thousand tons of coal per day. In combination with our excellent mining roof supports, this is a perfect offer for demanding markets in China and Australia, where we have been successfully offering our solutions. China, which is currently the largest producer of coal in the world, is a regular buyer of our products, manufactured both in Poland and in our plant in China, which is our joint venture with a Chinese partner. In Australia, following the winning of a tender in which leading producers from all over the world had put in their bids, we signed a contract for the provision of a mining longwall system worth 267 million PLN. This is the biggest contract ever signed by a Polish company on the Australian market.

These achievements have significantly aroused the interest of the entire mining sector in our offer and resulted in a major success of our exposition at the Sosnowiec MINING EXPO 2008, which accompanied the session of the 21st World Mining Congress in Krakow. There our products won numerous awards, e.g. Forbes Diamonds – a ranking in which Kopex came first among large companies increasing their goodwill the fastest.

We have implemented changes which facilitate using innovative management methods. We are successfully implementing IFS e-management system. In company Kopex we have centralized the supply of resources and products for the entire Group as well as the process of purchasing external services. All companies within the Kopex Group also share a marketing development and promotion strategy which applies to both domestic and foreign markets. This enables a successful world-wide competition which results in an increase in exportation.

In 2009 we are planning the launch of new products, e.g. a new heading machine (model KTW-200) and a shearer-loader (model KSW-1500E) to be used for mining of low coal beds. We are currently carrying our geological research and design works for new mining investments in Indonesia. We also see very interesting prospects for sale on the domestic market. In the foreseeable future Polish companies are planning major investments in machinery and equipment, as well as rendering available new deposits of minerals. We have already signed many interesting contracts for the year 2009 and are expecting to sign even more. Our current orders on hand total contracts the overall value of which is over 1 billion PLN, which is a half of our turnover last year.

I believe that the enterprises described above will enable us to successfully deal with the global crisis.

I hereby give my heartfelt thanks to our Shareholders for their trust and support, to the Supervisory Board members for their effective cooperation, to the Management Board for good results and enterprises implemented, to our executives and all staff of the Company for their everyday work. I am convinced that together we will achieve more and more significant successes.

Marian Kostempski

President of the Board

General Director

CONSOLIDATED FINANCIAL STATEMENT OF CAPITAL GROUP KOPEX S.A.

Prepared for the period between January 1, 2008 and December 31, 2008

Katowice, April 2009

Aggregate Balance Sheet of Capital Group KOPEX S.A.

Prepared on December 31, 2008 and presented in thousands/PLN

		Item	31.12.2008	31.12.2007
Assets				
I.	**Fixed assets**		**<u>1.853.994</u>**	**<u>1.620.240</u>**
1.	**Intangible assets**	1	**37.009**	**19.084**
2.	**Goodwill on subordinated enterprises**	2	**1.176.883**	**1.127.695**
3.	**Property, plant and equipment**	3	**562.912**	**415.912**
4.	**Long-term receivables**	4	**1.493**	**3.687**
4.1.	From affiliated enterprises			
4.2.	From other enterprises		1.493	3.687
5.	**Long-term investments**	5	**30.709**	**29.801**
5.1.	Real estate		5.042	8.887
5.2.	Long-term financial assets		21.511	16.673
	a) In affiliated enterprises		11.459	11.168
	b) In other enterprises		10.052	5.505
5.3.	Long-term financial assets available for sale		4.156	4.241
6.	**Long-term prepayments and accruals**	6	**44.988**	**24.061**
6.1.	Deferred tax assets		43.011	20.719
6.2.	Other prepayments and accruals		1.977	3.342
II.	**Current assets**		**<u>1.368.842</u>**	**<u>981.702</u>**
1.	**Inventories**	7	**514.298**	**332.189**
2.	**Short-term receivables**	8	**499.146**	**441.770**
2.1.	From affiliated enterprises		1.781	1.013
2.2.	From other enterprises		497.365	440.757
3.	**Short-term investments**	9	**171.546**	**178.099**
3.1.	Short-term financial assets		171.546	178.099
	a) In affiliated enterprises			
	b) In other enterprises		7.413	28.688
	c) Cash and other monetary assets		164.133	149.411
3.2.	Short-term financial assets available for sale			
3.3.	Other financial investments			

4.	**Short-term prepayments and accruals**	10	**183.852**	**29.644**
III.	**Fixed assets held for trading**	11	**10.035**	______
Total assets			**3.232.871**	**2.601.942**
Liabilities				
I.	**Equity**		**2.097.203**	**2.050.381**
1.	Share capital	12	67.633	67.633
2.	Treasury shares	13	-400	
3.	Reserve capital	14	1.848.742	1.363.381
4.	Revaluation capital reserve	15	-5.864	45.346
5.	Other reserve capitals	16	23.523	3.903
6.	Currency translation differences		20.749	-683
7.	Profit (loss) from previous years		-10.589	-3.426
8.	Net profit (loss)		90.254	500.713
9.	Minority interest	17	63.155	73.750
II.	**Liabilities and provisions for liabilities**		**1.135.668**	**551.561**
1.	**Provisions for liabilities**	18	**89.343**	**79.374**
1.1.	Deferred tax provision		36.301	23.851
1.2.	Provision for retirement pension and similar benefits		19.003	16.618
	a) Long-term		15.041	13.247
	b) Short-term		3.962	3.371
1.3.	Other provisions		34.039	38.655
	a) Long-term		1.942	250
	b) Short-term		32.097	38.655
2.	**Long-term liabilities**	19	**141.622**	**14.916**
2.1.	To affiliated enterprises		107	482
2.2.	To other enterprises		141.515	14.434
3.	**Short-term liabilities**	20	**855.434**	**451.483**
3.1.	To affiliated enterprises		867	111
3.2.	To other enterprises		854.567	451.483
4.	**Prepayments and accruals**	21	**49.269**	**5.677**
	a) Long-term		5.629	5.113
	b) Short-term		43.640	564

Total liabilities		**3.232.871**	**2.601.942**
Book value		**2.097.203**	**2.050.381**
Number of shares		**67.632.538**	**57.277.434**
Book value per share (in PLN)	22	**31.01**	**35.80**

Consolidated profit and loss account of Capital Group KOPEX S.A.

Prepared for the period between January 1, 2008 and December 31, 2008,

presented in thousands/PLN

		Item	from 11.01.2008 Until 31.12.2008	from 01.01.2007 until 31.12.2007
I.	**Net income from sales of products, goods and materials, including:**		**1.982.644**	**1.290.230**
	- **Income from affiliated enterprises**		2.597	242
1.	Net income from sales of products	23	1.264.966	890.449
2.	Net income from sales of goods and materials	24	717.678	399.781
II.	**Costs of products, goods and materials sold, including:**		**1.634.896**	**1.076.949**
	- **Those sold to affiliated enterprises**			
1.	Costs of manufacture of products sold	25	939.645	678.032
2.	Value of goods and materials sold		695.251	398.917
III.	**Profit (loss) on sales (I-II)**		**347.748**	**213.281**
IV.	**Other income**	26	43.224	47.011
V.	**Costs of sales**	25	30.499	44.053
VI.	**General administrative costs**	25	152.923	94.796
VII.	**Other costs**	27	32.621	15.708
VIII.	**Profit (loss) on operations (III+IV-V-VI-VII)**		**174.929**	**105.735**
IX.	**Financial income**	28	27.642	75.840
1.	Dividends and share in profits, including		2	4.002
	- those from affiliated enterprises			
2.	Interest, including		10.666	12.459
	- Interest from affiliated enterprises			17
3.	Cash revenue on sales of investments			52.626

4.	Revaluation of investments		1.380	2.534
5.	Other		15.594	4.219
X.	**Financial costs**	29	**67.939**	**87.181**
1.	Interest, including		24.388	12.848
	- Interest for affiliated enterprises		2	11
2.	Value of sales of investments			44.389
3.	Revaluation of investments		39.614	1.344
4.	Other		3.937	28.600
XI.	**Profit (loss) on sales of all or some of shares in subordinated enterprises**			**534.739**
XII.	**Amortization of goodwill on subordinated enterprises**			
XIII.	**Excess of fair value of acquired net assets over cost of business combination**		**226**	**5.395**
XIV.	**Profit (loss) before tax (VIII+IX-X+XI-XII+XIII)**		**<u>134.858</u>**	**<u>634.528</u>**
XV.	**Income tax**	30	**30.442**	**118.475**
	a) Current		28.097	129.711
	b) Deferred		2.345	-11.236
XVI.	**Share in net profits (losses) of subordinated enterprises valuated by the ownership rights method**		**89**	**728**
XVII.	**Minority losses (profits)**		**-14.251**	**-16.068**
XVIII.	**Net profit (loss) (XIV-XV+XVI+XVII)**		**<u>90.254</u>**	**<u>500.713</u>**
Net profit (loss)			**90.254**	**500.713**
Weighted average number of ordinary shares			**67.632.538**	**57.277.434**
Net profit (loss) per ordinary share (in PLN)		31	1.33	8.74

Consolidated statement of equity of Capital Group KOPEX S.A.

Prepared on December 31, 2008 and presented in thousands/PLN

		from 11.01.2008 until 31.12.2008	from 01.01.2007 until 31.12.2007
a)	**Opening balance of equity**	**2.050.381**	**356.86**
a)	Adjustments to comparable period		
b)	Adjustments of fundamental errors	-1.362	3
I.a.	**Opening balance of equity after reconciliation to comparable data**	**2.049.019**	**356.859**
1.1.	**Opening balance of share capital**	**67.633**	**3.267**
a)	Increases (due to)		64.366
-	Reverse acquisition		64.366
b)	Decreases (due to)		
1.2.	**Closing balance of share capital**	**67.633**	**67.633**
2.1.	**Opening balance (negative value) of treasury shares**		
a)	Increases (due to)	-400	
-	Treasury share buyback	-400	
b)	Decreases (due to)		
2.2.	**Closing balance (negative value) of treasury shares**	**-400**	
3.1.	**Opening balance of reserve capital**	**1.363.145**	**205.458**
a)	Adjustments to comparable period		
3.2.	**Opening balance of reserve capital, after reconciliation to comparable data**	**1.363.145**	**205.458**
a)	Increases (due to)	505.676	1.173.749
-	Reverse acquisition		1.106.654
-	Profit distribution	504.030	67.062
-	Revaluation capital reserve	306	
-	Buyback of treasury shares	400	
-	Consolidation adjustment	866	-86
-	Debt write-offs under reorganization proceedings	74	
-	Revaluation of fixed assets		119
b)	Decreases (due to)	20.079	16.092

- Coverage of losses	77	4.761
- Reserve capitals	20.000	
- Revaluation capital reserve	2	
- Consolidation adjustment		158
- Settlement of profit/loss on sale of subsidiary		11.143
3.3. Closing balance of reserve capital	**1.848.742**	**1.363.145**
4.1. Opening balance of revaluation capital reserve	**45.346**	**45.833**
a) Adjustments to comparable period	-28	
4.2. Opening balance of revaluation capital reserve, after reconciliation to comparable data	**45.318**	**45.833**
a) Increases (due to)	2.008	6.438
- Sale of fixed assets	53	
- Revaluation of long-term investments	2	367
- Cash flow hedge	822	6.860
- Deferred tax for cash flow hedges	-88	-1.214
- Deferred tax for liquidation of fixed assets	431	
- Difference between value of purchased shares and contribution in-kind		-320
- Including a subsidiary in consolidation		320
- Consolidation adjustment	788	425
b) Decreases (due to)	53.190	6.925
- Sale of fixed assets	2.686	3.788
- Revaluation of long-term investments	79	39
- Currency translation differences		-22
- Cash flow hedge	62.150	472
- Deferred tax for cash flow hedges	-11.740	2.648
- Consolidation adjustment	15	
4.3. Closing balance of revaluation capital reserve	**-5.864**	**45.346**
5.1. Opening balance of other reserve capitals	**3.903**	**4.050**
a) Adjustments to comparable period		
5.2. Opening balance of other reserve capitals, after reconciliation to comparable data	**3.903**	**4.050**
a) Increases (due to)	20.020	943

-	Distribution of profits	20	800
-	Other		143
-	Reserve capital	20.000	
b)	Decreases (due to)	400	1.090
-	Payments to employee benefit fund		50
-	Payment of bonus to the crew		800
-	Reverse acquisition		240
-	Buyback of treasury shares	400	
5.3.	**Closing balance of other reserve capitals**	**23.523**	**3.903**
6.1.	**Opening balance of currency translation differences**	**-683**	**-4**
-	Changes related to the current period	21.432	-679
6.2.	**Closing balance of currency translation differences**	**20.749**	**-683**
7.1.	**Opening balance of profit (loss) from previous years**	**497.287**	**50.933**
a)	Adjustments to comparable period		
b)	Adjustments of fundamental errors	-1.402	3
7.2.	**Opening balance of profit (loss) from previous years after reconciliation to comparable data**	**495.885**	**50.933**
a)	Increases (due to)	3.333	32.438
-	Currency translation differences	148	
-	Reverse acquisition		17.528
-	Profit from previous years	573	
-	Reserve capital	77	4.761
-	Settlement of profit/loss on sale of subsidiary		7.667
-	Adjustments of fundamental errors	271	
-	Consolidation adjustment		
-	Liquidation of fixed assets	2.264	2.482
b)	Decreases (due to)	509.807	86.800
-	Including a subsidiary in consolidation	6	
-	Reverse acquisition		17.520
-	Adjustments of fundamental errors	4.525	82
-	Deferred tax for liquidation of fixed assets	403	472
-	Supplementary capital	504.030	67.062
-	Reserve capital	20	

-	Payment of bonus to the crew		800
-	Dividend	51	
-	Consolidation adjustment	772	864
7.4. Closing balance of profit (loss) from previous years		**-10.589**	**-3.426**
8. Net result		**90.254**	**500.713**
a)	Net profit	90.254	500.713
b)	Net loss		
9.1. Opening balance of minority interest		**73.750**	**47.319**
c)	Increases (due to)	19.952	75.652
d)	Decreases (due to)	30.547	49.221
9.2. Closing balance of minority interest		**63.155**	**73.750**
II.	**Closing balance of equity**	**2.097.203**	**2.050.381**

Consolidated cash flow account of Capital Group KOPEX S.A.

prepared for the period between January 1, 2008 and December 31, 2008, presented in thousands/PLN

		from 11.01.2008 until 31.12.2008	from 01.01.2007 until 31.12.2007
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
I.	**Net profit (loss)**	**90.254**	**500.713**
II.	**Total adjustments**	-37.498	-766.755
1.	Profit (loss) of minority shareholders	14.251	16.068
2.	Profit (loss) on stock (shares) in associated companies and in commercial companies being indirect subsidiaries	-89	-728
3.	Depreciation	61.093	42.285
4.	Goodwill write-offs or excess of fair value of acquired net assets over cost of business combination	-226	-5.395
5.	(Profits) losses due to currency translation differences	20.484	-2.285
6.	Interest and share in profits (dividend)	8.626	6.386
7.	(Profit) loss from investment activities	-1.221	-553.593

8.	Movements in reserves	8.349	8.749
9.	Movements in inventories	-183.136	-214.608
10.	Movements in receivables	-54.732	-206.094
11.	Movements in short-term liabilities		
	(excluding loans and credits)	192.383	-14.552
12.	Movements in prepayments and accruals	-120.237	8.835
13.	Other adjustments	16.957	148.177
III.	**Net cash flow from operating activities (I+/-II)**	**52.756**	**-266.042**
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES**		
I.	**Revenues**	**46.402**	**726.936**
1.	Disposal of tangible and intangible fixed assets	2.137	4.677
2.	Disposal of investments in properties and		
	Intangible fixed assets	9.500	
3.	From financial assets, including:	3.190	664.035
	a) In affiliated enterprises		612.194
	- Disposal of financial assets		612.194
	- Dividends and shares in profits		
	- Repayment of long-term loans granted		
	- Interest received		
	- Other revenues from financial assets		
	b) In other enterprises	3.190	51.841
	- Disposal of financial assets	1.500	47.024
	- Dividends and shares in profits	2	4.002
	- Repayment of long-term loans granted		
	- Interest received	103	33
	- Other revenues from financial assets	1.585	782
4.	Other investment revenues	31.575	58.224

II.	**Expenditures**	**307.383**	**331.233**
1.	Purchase of tangible and intangible fixed assets	174.136	147.459
2.	Investments in properties and intangible assets	5.520	
3.	For financial assets, including:	106.415	155.042
	a) In affiliated enterprises	104.182	128.731
	- Purchase of financial assets	104.182	128.377
	- Long-term loans granted		
	- Other expenditure on financial assets		354
	b) In other enterprises	2.233	26.311
	- Purchase of financial assets	1.527	25.556
	- Long-term loans granted		
	- Other expenditure on financial assets	706	755
4.	Dividends and other payments to minority shareholders	79	
5.	Other investment expenditures	21.233	28.732
III.	**Net cash flow from investment activities (I+/-II)**	**-260.981**	**395.703**
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
I.	**Revenues**	**459.050**	**460.793**
1.	Revenue from issue of shares and other equity instruments as well as contributions to capital	560	7.291
2.	Credits and loans	457.073	460.074
3.	Issue of debt securities		
4.	Other financial revenues	1.417	3.428
II.	**Expenditures**	**239.978**	**485.965**
1.	Purchase of treasury shares	400	
2.	Dividends and other payments to shareholders		6.650
3.	Appropriation of net profit other than payments to shareholders	6.443	7.386
4.	Repayment of loans and credits	201.778	446.304

5.	Redemption of debt securities		
6.	Other financial liabilities	6.626	6.712
7.	Financial leasing payments	2.550	3.483
8.	Interest paid	21.131	13.450
9.	Other financial expenditure	1.050	1.980
III.	**Net cash flow from financial activities (I-II)**	**219.072**	**-15.172**
D.	**TOTAL NET CASH FLOW (A.III+/-B.III+/-C.III)**	**10.847**	**114.489**
E.	**CHANGE IN NET CASH AND CASH EQUIVALENTS, INCLUDING:**	**14.722**	**113.941**
	- Change in net cash and cash equivalents due to currency translation differences	3.875	-548
F.	**CASH AT THE BEGINNING OF THE REPORTING PERIOD**	**149.411**	**35.470**
G.	**CASH AT THE END OF THE REPORTING PERIOD (F+/-E), INCLUDING:**	**164.133**	**149.411**
	- Cash with limited disposability	14.633	878

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ADDITIONAL INFORMATION

FOR THE CONSOLIDATED FINANCIAL STATEMENT OF CAPITAL GROUP KOPEX A.S.

1. General information

KOPEX S.A. is a joint stock company which was registered on January 1, 1994 in the District Court in Katowice, 8th Economic Division under RHB number of 10375. By decision of the District Court in Katowice, Economic Division of the National Court Register, on July 11, 2001 the company KOPEX S.A. was entered in the Register of Businesses under the KRS number of 0000026782.

The duration of the Company is unlimited.

The Company's seat is located in Katowice, address: ul. Grabowa 1.

The Company's core activity (code PKD 4521E) is exportation, importation of raw materials, goods and services, including complete industrial structures, machines and equipment, industrial and consumer goods, related to these agency services in domestic and international trade, as well as provision of consulting, promotion and other non-material services. The Company is listed on the official market of the Warsaw Stock Exchange S.A. in the continuous quotation system and was classified into the electromechanical industry sector.

The financial statement presented herein is a consolidated statement and includes data from the period between January 1,2008 and December 31, 2008, as well as financial date from the period between January 1, 2007 and December 31, 2007, the latter used for comparison and reference purposes.

Capital Group KOPEX S.A. does not include internal organizational units which draw up their financial statements on their own.

The consolidated financial statement of Capital Group Kopex S.A. for the year 2008 has been prepared on the assumption that economic activity of the Group shall continue. There are no circumstances which would indicate that continuation of the Group's activity is threatened.

Kopex S.A. is the controlling company and as such prepares the consolidated financial statement.

On February 2, 2006 the company Zabrzańskie Zakłady Mechaniczne S.A. acquired control of Kopex S.A. Since then the company KOPEX S.A. has been a middle-ranking controlling company. In 2007 47.739.838 series B shares of Kopex S.A. were issued for all shareholders of ZZM S.A. in exchange for shares of ZZM S.A. As a result of this issue of shares, on July 9, 2007 the company Kopex S.A. took possession of 1.285.406 shares of ZZM S.A., which accounts for 97.57% of all shares of ZZM S.A., thus becoming from the legal point of view parent company for ZZM S.A. For accounting purposes, however, ZZM S.A. which was taken over was the receiving company. From the accounting point of view the operation in question was a reverse acquisition, as specified in par. 21 of ISFR 3.

Explanations for the consolidated financial statement form an integral part of this statement.

The currency of the statement is Polish Zloty.

This financial statement was signed by the Management on April 28, 2009.

2. Members of the Management Board and Supervisory Board

Management Board

Management Board members as of December 31, 2008:

Mr. Marian Kostempski	President of the Board
Ms. Joanna Parzych	Vice-President of the Board
Mr. Tadeusz Soroka	Vice-President of the Board
Mr. Krzysztof Jędrzejewski	Vice-President of the Board

Supervisory Board

Supervisory Board members as of December 31, 2008:

Ms. Marzena Misiuna	President of the Supervisory Board
Mr. Adam Kalkusiński	Vice-President of the Supervisory Board
Ms. Iwona Bajda	Secretary of the Supervisory Board
Mr. Stanisław Bargieł	Member of the Supervisory Board
Mr. Damian Jędrzejewski	Member of the Supervisory Board

3. Entity auditing the financial statement

The financial statement was audited by Europejskie Centrum Audytu Sp. z o.o. with its seat in Krakow, address: ul. Praska 6/5, 30-328 Krakow, following an Agreement dated April 15,

2008. This Agreement was concluded as a result of a Resolution of the Supervisory Board of Kopex S.A. no. 12/VI/2008 dated February 28, 2008.

4. Basis for preparing the financial statement

The consolidated financial statement for the year 2008 has been drawn up in compliance with the International Financial Reporting Standards (IFRS), validated by the European Union. Starting from January 1, 2005 and in compliance with Resolution No. 27 of the Regular General Meeting dated April 21, 2005 (made on the basis of art. 45 section 1c of the Accounting Law – version effective as of January 1, 2005) Kopex S.A. has been drawing up separate financial statements and consolidated financial statements in compliance with the International Financial Reporting Standards.

5. List of companies within the Capital Group Kopex S.A. as of June 30, 2008

5.1. Companies included in the consolidated financial statement

Name of Company	*Consolidation method*
KOPEX S.A.	Full
ZZM S.A.	Full
TAGOR S.A.	Full
DOZUT-TAGOR Sp. z o.o.	Full
BREMASZ Sp. z o.o.	Full
GRUPA ZARZĄDZAJĄCA HBS Sp. z o.o.	Full
KOPEX EQUITY Sp. z o.o.	Full
AUTOKOPEX Sp. z o.o.	Full
KOPEX GmbH (Germany)	Full
KOPEX ENGINEERING Sp. z o.o.	Full
KOPEX-FAMAGO Sp. z o.o.	Full
KOPEX CONSTRUCTION Sp. z o.o.	Full
HSW ODLEWNIA Sp z o.o.	Full
WAMAG S.A.	Full
KOPEX – PRZEDSIĘBIORSTWO BUDOWY SZYBÓW S.A.	Full

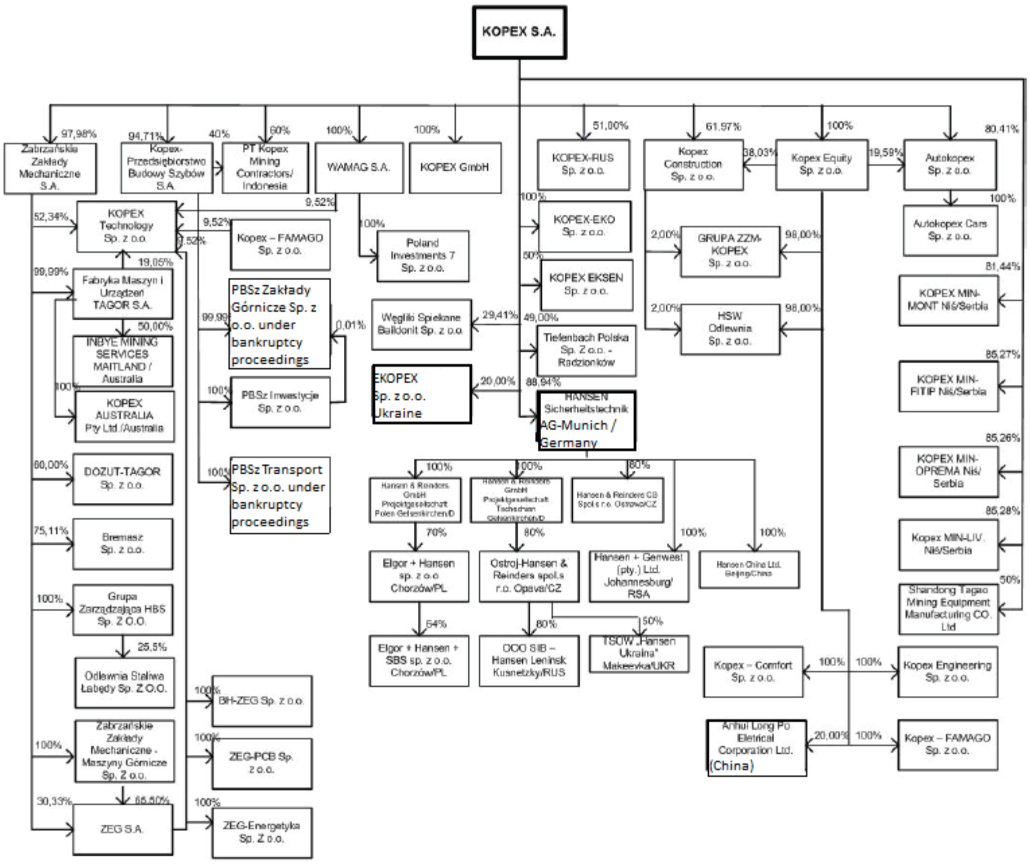
PBSz INWESTYCJE Sp z o.o.	Full
HANSEN Group (Germany)	Full
SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO. Ltd (China)	Full
KOPEX MIN-MONT (Serbia)	Full
KOPEX MIN-FITIP (Serbia)	Full
KOPEX MIN-OPREMA (Serbia)	Full
KOPEX MIN-LIV (Serbia)	Full
KOPEX-COMFORT Sp. z o.o.	Full
ZZM-MASZYNY GÓRNICZE Sp. z o.o.	Full
Grupa ZEG S.A.	Full
KOPEX-EKO Sp. z o.o.	Full
POLAND INVESTMENTS 7 Sp. z o.o.	Full
KOPEX TECHNOLOGY Sp. z o.o.	Full
KOPEX AUSTRALIA Pty Ltd (Australia)	Full
PT KOPEX MINING CONTRACTORS (Indonesia)	Full
INBYE MINING SERVICES (Australia)	Proportional consolidation
WS BAILDONIT Sp. z o.o.	Equity consolidation
TIEFENBACH SP. z o.o.	Equity consolidation
ODLEWNIA STALIWA ŁABĘDY Sp. z o.o.	Equity consolidation
ANHUI LONG PO ELECTRICAL CORPORATION Ltd (China)	Equity consolidation

5.2. Companies excluded from the consolidation

Name of company	*Type of affiliation (from the point of view of law)*	*Reason why the company was excluded from consolidation*
Grupa ZZM-Kopex Sp. z o.o.	Indirect subsidiary	Did not commence its business activities

PBSz Zakład Górniczy Sp z.o.o. under bankruptcy proceedings	Indirect subsidiary	Loss of actual control (IAS 27.21)
Kopex-Rus Sp. z o.o.	Subsidiary company	Did not commence its business activities
EKOPEX Sp. z o.o.	Associated company	Did not commence its business activities
KOPEX EKSEN Sp. z o.o.	Subsidiary company	Did not commence its business activities

6. Organisation structure of Capital Group Kopex S.A. as of June 30, 2008



7. Significant accounting principles

7.1. Declaration of compliance

The consolidated financial statement of Capital Group KOPEX S.A. has been drawn up in compliance with International Accounting Standards (IAS) as well as International Financial Reporting Standards (IFRS), validated by the European Union as at December 31, 2008.

7.2. Accounting principles used

Capital Group KOPEX S.A. uses the following rules for valuation of assets and liabilities as well as the following regulations concerning the calculation of the accounting profit.

- <u>Consolidation methods</u>

According to the IAS principles, KOPEX S.A. is the controlling company and thus consolidates financial statements of KOPEX S.A. with those of its subsidiaries by summing up corresponding items from all statements, making allowances for all necessary exclusions and adjustments.

This consolidated financial statement is a financial statement of Capital Group KOPEX S.A. which has been prepared in such a way that it is a statement of a single economic entity.

In order to prepare the consolidated financial statement KOPEX S.A. undertakes actions which consist in:

- Excluding the book value of the Company's investments in each of the subsidiaries and this part of equity of the subsidiaries which corresponds to the share that KOPEX S.A. has in them,
- Specifying minority interest in the net profit or loss of consolidated subsidiaries in the said reporting period, and
- Specifying and presenting separate from the equity the minority interest in net assets of the consolidated subsidiaries.

The minority share in net assets includes:

- Value of minority interest as on the day of the primary consolidation, and
- Changes in equity which correspond to minority interest starting from the day of consolidation.

Minority interest is presented in the consolidated group accounts as part of equity, separate from the equity of KOPEX S.A. Share in profit or loss of the capital group is also presented separately.

Clearing balances of companies within Capital Group KOPEX S.A, transactions, income and costs are excluded entirely.

Subsidiaries apply the same accounting principles (policy) as KOPEX S.A.

Selected items within the consolidated financial statement of KOPEX S.A. are devoted to presentation of the Company's interest in associated companies (i.e. those on which KOPEX S.A. has significant influence and in which is a major investor).

This interest is measured using the equity method.

The equity method is an accounting technique in which an investment is initially reported according to the purchase price, and then, after the purchase, its value is adjusted proportionally to the change of the share of KOPEX S.A. in the company's net assets. The share of KOPEX S.A. in profits or losses of the company in which the investment was made is reported in profits or losses made by KOPEX. Payments received by way of profits generated by the company in which the investment was made decrease the balance value of the investment. Adjustment of the balance value may also be necessary due to changes in proportions of the share of KOPEX S.A. in a given company which stem from changes in that company's equity that were not reported in the profit and loss account. These changes may also stem from revaluation of plant and equipment and from currency translation differences. The share of KOPEX S.A. in these changes is shown directly in the Company's equity.

In the event that KOPEX S.A. stops exerting influence on a given associated company, it starts to declare this investment in compliance with the IAS 39 starting from this date, provided that the associated company does not become a subsidiary or a joint-venture. Balance value of the investment on the day when it stops being an associated company is treated as the price of purchasing it when it's initially measured as an element of financial assets.

- 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 deduced. Writing down the value of the intangible asset ought to be spread evenly throughout the period of its usage, estimated as correctly as possible. Depreciation ought to start when the intangible asset is ready to use. The method used reflects the way of consuming the economic advantages of the intangible asset.

Intangible assets, with the exception of the goodwill of the company, are depreciated using the straight-line method, following the rules presented below:

- Computer software licences: 30%
- Computer software: 20%
- Other intangible assets: according to the term of contract or the estimated service life.

Intangible assets having a low purchase price per unit (original value lower than 3.5 thou. PLN) are subject to a single write-off. Other intangible assets are depreciated using the straight-line method throughout the period of their usage, estimated as precisely as possible. The depreciation period and depreciation method used for intangible assets having a high original value are reviewed at least at the end of each business year.

Depreciation of intangible assets is included in the following items on the profit and loss account: costs of goods sold, costs of sales, and general administrative costs.

Information concerning the value of intangible assets is shown as per homogeneous groups of intangible assets, with the intangible assets manufactured by the company on its own highlighted.

The following are not recognized as an intangible asset:

- Goodwill of the company generated by an economic entity on its own,
- Trademarks, magazine titles, publication titles, lists of recipients and other similar items generated by an economic entity on its own,
- Costs incurred in connection with commencing business operations, as well as those related to trainings, advertising, promotions and restructuring all or part of the entity.

- 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 as on the day of the takeover. Goodwill is subject to impairment review. In the balance sheet goodwill of the company is reported as per cost from which cumulative impairment write-offs, shown in the profit and loss account, are deduced.

Goodwill of the company arising as a result of purchasing a business entity operating abroad is expressed in the currency of the country where that business entity operates, and translated as per the average exchange rate used by the National Bank of Poland on the balance sheet date. Currency translation differences thus arising are recognized in the Company’s equity under ‘Currency translation differences’.

Where the controlling company’s share in the fair value of the identifiable net assets, liabilities and contingent liabilities of the acquired company exceeds the cost of business combination, the controlling company immediately re-identifies and calculates the value of the identifiable assets, liabilities and contingent liabilities of the acquired company, re-estimates the cost of business combination, and reports in its profit or loss the potential surplus which arose as a result of the revaluation.

Godwill of the associated company is presented in the carrying value of the investment. The impairment review is to be carried out with reference to the total carrying value of the investment, and not to the goodwill. Where the investor’s share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associated company exceeds the cost of investment, then the excess is excluded from the carrying value of the investment and is treated as income while calculating the investor’s share in the profit or loss made by the associated company during the period in which that company was acquired.

- <u>Costs of research and development</u>

Research-and-development expenditure is recorded in the profit and loss account when incurred.

Costs incurred with reference to development projects are recorded when the activation criteria are fulfilled. After the initial recording, costs of research and development are reduced by accumulated amortization write-offs and impairment write-offs.

Amortisation write-offs are performed using the straight-line method during the forecasted period of earning cash revenue on sales connected with a given project, yet no longer than 5 years.

- <u>Fixed assets</u>

Original cost of tangible fixed assets is expressed as the acquisition price, and in case of fixed assets created using own means – as the total production cost. Borrowing costs which arose as a result of and during investment implementation increase the acquisition price or production cost. The Original cost of fixed assets is increased by expenditure incurred for making improvements to them if they are expected to be used for a period longer period of time than just one season, and if it is likely that economic benefits connected with a given asset will be gained. If the final value of the tangible fixed asset increases and reaches an amount which is higher than or equal to its book value, then depreciation of this asset ceases until its final value drops and is lower than its balance value. The value of fixed assets if depreciated taking into account the planned usage period and recovery rate in case of liquidation.

For the purpose of balance and taxation, for fixed assets whose initial cost is lower than 3.500 PLN depreciation is performed once only at the moment of their receipt for utilization

Fixed assets are subject to accumulated depreciation using the straight-line method, starting from the month following the month of receipt for utilization, the depreciation being performed during the estimated period of their utility. The final value and the usage period are subject to annual reviews and updated according to the depreciation rate used in the subsequent periods.

For taxation purposes depreciation rates are used which result from the act on the Legal Persons Income Act dated 15 February 1992 which specifies the level of depreciation which constitutes tax deductible costs.

The following depreciation rates are used for fixed assets:

- Buildings and structures: - 2.5% - 4.5%,
- Technical equipment and machines: - 10% - 38.72%,
- Means of transport: - 20% - 33.06%,

- Others: - 14% - 40%,
- Perpetual usufructary right, purchased:

  Purchase price up to 500 thousand PLN: - 20%,

  Purchase price over 500 thousand PLN: - period of agreement.

Perpetual usufructary right, received free of charge from the Treasury is recorded off balance sheet.

Owned land is not subject to accumulated depreciation.

- <u>Fixed assets held for sale</u>

Fixed assets which are highly likely to be sold, for which there is an active program of finding a purchaser, and for which the sales plan is expected to be completed within one year are classified as fixed assets held for sale; in their case depreciation is ceased.

- <u>Investment property</u>

Investment properties which are held in order to earn profits from lease and /or from an increase in the value thereof are valuated as of the balance sheet date as per the purchase price reduced by amortization write-offs to date. The period and method of depreciation of investment property which has a significant original cost are reviewed at least at the end of each business year in terms of the predicted utility.

The following depreciation rates are used for investment properties:

- Buildings and structures: - 2.5% - 4.5%,
- Perpetual usufructary right, purchased:

  Purchase price up to 500 thousand PLN: - 20%,

  Purchase price over 500 thousand PLN: - period of agreement.

Owned land is not subject to accumulated depreciation.

- <u>Construction-in-process</u>

As of the balance sheet date, construction-in-process is valuated as the total costs incurred which are directly connected with purchase of or manufacture of these assets, reduced by impairment write-offs.

- <u>Long-term receivables</u>

Long-term receivables are receivables other than trade receivables, whose repayment is effected during a period of time longer than a year from the balance sheet date, as well as trade receivables which go beyond the regular operating cycle. The operating cycle is construed as a period between the purchase of assets held for processing and the execution thereof as money or equivalent in money. Loans and long-term receivables are valuated at amortized cost using the effective interest method. As of the balance sheet date long-term receivables in foreign currency are valuated at the average exchange rate used by the National Bank of Poland on this date, and the currency translation differences thus arising are reported in income or financial costs.

- <u>Leasing</u>

Leasing agreements are classified as financial leasing if the total risk and benefits resulting from possessing the object of lease were transferred to the lessee.

The object of lease is reported in the books on the commencement date of leasing, using the lower of the two amounts: fair value or present value of minimum leasing fees.

The object of lease is depreciated throughout the exploitation thereof or throughout the leasing period, depending on which of the two periods is shorter.

Leasing agreements are classified as operating leasing if the total risk and benefits resulting from possessing the object of lease are not transferred.

- <u>Financial instruments</u>

Financial instruments include in particular the following:

- Financial assets or financial commitments measured at fair value with changes in the profit and loss account – these include assets and financial commitments purchased mainly in order to generate profit from the change of price or margin, assets and financial commitments classified as belonging to this group and derivatives (not used as hedging instruments),
- Loans and claims – these are financial assets that are not derivatives, with specified or specifiable payments, not quoted on active market,
- Investments held to maturity date – these are non-derivative financial assets with specified or specifiable payments and a specified maturity date, which the Company intends to hold and is capable of holding until their maturity date,
- Assets available for sale.

Valuation of financial instruments:

- Assets measured at fair value through financial result,
- Loans and receivables are valuated at amortized cost, and the valuation results are recognized as the accounting profit,

- Investments held to maturity date are valuated at amortized cost, and the valuation results are recognized as the accounting profit,
- Financial assets available for sale are measured at fair value, and the valuation results are recognized as equity.

- Hedge accounting

For selected derivatives which can be classified as hedging instruments hedge accounting is used in order to present the effects of compensating changes in fair value of the hedging instrument and hedged item.

Fair value hedge is reported as follows:

- Profits or losses incurred as a result of revaluation of fair value of a hedging instrument is reports in the profit and loss account,
- Profits or losses connected with the hedged item and resulting from hedged risk adjust the book value of the hedged item and are reported in the profit and loss account.

Cash flow hedging is reported as follows:

- The part of profits or losses related to the hedging instrument which is an effective hedge is reported directly in equity by statement of changes in equity. Profits or losses on the hedging instrument and recognized under equity are reported in the profit and loss account in the same period in which the hedged transaction influences the profit and loss account.
- The ineffective part of profits or losses related to the hedging instrument is reported in the profit and loss account as financial income/costs.

On December 31, 2007 the Company changed the way of presenting profits and losses made on the instrument hedging cash flow. Gains / losses on the effective portions of cash flow hedge are presented in the profit and loss account under other income / costs.

Hedge of net investments in a foreign operation is reported similarly to cash flow hedges. In the business year 2008 and 2007 the Capital Group applied cash flow hedge accounting.

- Inventories

Inventories are valuated at purchase price or cost of manufacture or attainable net value, depending on which of the three is the lowest. On the balance sheet date write-offs updating the value of inventories are effected if there are circumstances justifying such write-offs. The write-offs are recognized as other operating costs.

On the balance sheet date inventories are recognized as purchase price less revaluation write-offs.

The Company manages inventories using the following methods:

- Materials under the FIFO method – the disbursement of an asset is valuated per price of the assets which the Company purchased the earliest.
- Materials purchased for the purposes of a specific order and goods by way of a detailed identification of the real price of those assets, regardless of the date of purchase or manufacture.
- Electric energy at average prices, i.e. prices in a given period calculated using the weighted average.

- <u>Short-term receivables</u>

Short-term receivables include all trade receivables, regardless of the contractual due date, as well as all other receivables maturing up to 12 months from the balance sheet date, as well as those trade receivables maturing above 12 months which do not go beyond the regular operating cycle. The operating cycle refers to the period between the purchase of assets held for processing and the realization of those assets in cash or cash equivalent. Short-term receivables also include the current part of long-term receivables as well as prepayments and advance payments made. Receivables are reported as net amounts, i.e. reduced by the revaluation write-offs which are credited to other financial costs (with the exception of allowances for interest receivables which are credited to financial costs).

Revaluation write-offs are created for:

- Receivables from debtors in liquidation (except when liquidation ensues from regulations on privatization of government-owned establishments), under bankruptcy proceedings or reorganization proceedings – up to the amount of receivables which is not covered by guarantee or another securitization of dues, reported to the liquidator or commissioner in bankruptcy or reorganization proceedings, or up to the amount of proposed amortization,
- Receivables from debtors in case of dismissal of a petition to declare bankruptcy, if the debtor's assets are not sufficient enough to cover the costs of bankruptcy proceedings,
- Receivables called into question by the debtors (disputable receivables) up to the amount which is not covered by guarantee or another collateral,
- For all receivables whose due date did not expire before the closing of balance (monthly, annual) or has already expired, and the economic and financial situation of the debtor is unfavourable, up to the amount due.

- For the total amount of unpaid interest for delay in payment.

Receivables expressed in foreign currencies are valuated on the balance sheet date at the average exchange rate adjusted for a given currency for that day by the National Bank of Poland. Currency translation differences from receivables expressed in foreign currencies and arising on the valuation date and the payment date are recognized as follows: negative differences are credited to financial costs and positive differences for financial income respectively. In justified cases they are charged to the cost of manufacture of fixed assets or to intangible assets (in order to increase or decrease those assets respectively).

- Cash

Cash is recorded at face value. Cash expresses in foreign currencies is valuated on the balance sheet date at the average exchange rate adjusted for a given currency for that day by the National Bank of Poland. Currency translation differences are credited to financial income or financial costs.

- Prepayments and accruals

Prepayments and accrued incomes are used when the costs incurred apply to future reporting periods.

Examples of payments which are spread in time include the following:

- Rents for the lease of premises, machines and equipment,
- Energy paid several months in advance,
- Insurance of property,
- Annual fees for land under perpetual usufruct,
- Annual appropriation to employee benefit fund,
- Paid up subscription to magazines for next year,
- Other costs related to a number of reporting periods, if the entitlement to activate them ensues from evidence which substantiates these costs,
- Excess of revenues valuated on the accrual basis over accrued net advance payments is recorded under prepayments and accrued incomes and presented in the assets.

Those prepayments and accrued incomes which do not refer to the regular operating cycle of the Company, and which are settled sooner than 12 months from the balance sheet date are recognized under long-term prepayments and accruals.

Period-end accruals are used up to the amount of probable liabilities in the current reporting period.

Period-end accruals include the following:

- Reserves for warranty service or sold goods of long duration,
- Estimated costs of financial statement auditing,
- Reserves for bonuses for employees, proxies and board members which have not been paid,
- The value of services provided for the Company and have not been invoiced, and under the agreement the contractor was not obliged to invoice them,
- Costs of pollution fees, costs of the current period and substantiated by an invoice in the next period,
- Reserves for future financial costs,
- Excess of accrued net advance payments over revenues valuated on the accrual basis is recorded under other short-term period-end accruals and presented in liabilities under liabilities for prepayment of deliveries.

- <u>Equity</u>

Equity includes initial capital (share capital), supplementary capital and reserve capital, as well as profit (loss) incurred in a given period and undistributed profit from previous years.

The initial capital (share capital) is recorded as the amount specified in the company's memorandum of association and entered in the trade register. Declared but not actually made contributions of capital are recorded under called up share capital. Shareholders can increase or decrease equity in compliance with the Commercial Code. If the increase ensues from increasing the share capital, it is only recorded in the books with a date on which court registered the change. The initial (share) capital can be decreased by redemption of stocks only in case when the company's memorandum of association provides so.

The initial capital (share capital) is valuated in liabilities at nominal value.

Treasury shares are recorded in the balance sheet at purchase price under decrease in equity. In case of sale, issue or redemption of treasury shares, no profits or losses are recognized in the profit and loss account.

- <u>Provisions for liabilities</u>

Provisions are liabilities whose amount or payment date are not specified. Reserves are created when a company is saddled with an obligation which results from past events, it is likely that fulfilling the obligation will result in an outflow of cash which represents economic benefits, and it is possible to accurately estimate the weight of this obligation.

If these conditions are not met, no provisions are made.

The amount of provisions ought to reflect the most accurately estimated expenditure required in order to fulfill the existing obligation on the balance sheet date, i.e.:

- It ought to be the amount which the Company would rationally pay for fulfillment of the obligation on the balance sheet date or
- The amount which the Company would pay to a third party for taking over the obligation in question within the same time deadlines.

Provisions are made for the following:

- Losses from economic transactions in progress,
- Guarantees and warranties granted,
- Results of ongoing court and appeal proceedings,
- Future employee benefits – jubilee awards,
- Value of unused employee leaves,
- Retirement and disability retirement severance pay,
- Provisions for future financial costs,
- Provisions for contract costs so as to retain commensurateness of income with costs,
- Future costs related to restructuring.

Provisions for employee benefits are estimated by an actuary.

The Company decided to immediately record actuarial profits and losses, both those within the scope described in the IAS par. 92 and those which go beyond it.

- <u>Assets and provisions for the income tax</u>

Due to temporary differences between the value of assets and liabilities which is recorded in the books, and the tax value thereof and the tax loss which can be deduced in the future, the company makes a provision and creates deferred tax assets.

The gross income which is calculated on the basis of accounting records is transformed into tax yield via the following:

- Adding to gross profit expenditures which do not classify as costs of revenues, in compliance with the Corporate Income Tax law,
- Reducing gross profit by expenditures which do not classify as tax income, in compliance with the said Law,
- Adding to gross profit the so-called statistical revenues.

The gross profit adjustments specified above are:

- Permanent – these are such additions and deductions which are never taken into account when calculating revenues, e.g. representation expenses, depreciation of cars and insurance thereof for amounts which exceed the limits,

- Temporary – these are such additions and deductions which may be treated as costs of revenues or as revenues under the Income Tax Act but in a different period than the one which the said Law stipulates.

The deferred tax provision is made to the amount of income tax which will have to be paid in the future, due to temporary positive differences, i.e. differences which cause an increase in the future income tax base. It is valuated using the forecasted tax rates which will be used when the provision is released, with tax base having the form of tax rates (and tax regulations) which were effective on the balance sheet date.

The current and deferred tax is recognized under revenues or costs which influence the net profit or loss in a given period, excluding taxes which are connected with:

- Transactions or events which are recognized directly in the capital. In the same or different period, or
- Business combination.

Provision for the deferred tax as well as the activated deferred tax must be analyzed and settled on a monthly basis, following the tax titles which led to the creation thereof. The deferred tax ought to be recognized in the profit and loss account under 'Income tax'.

The deferred tax and activated deferred tax provision is made only in relation to temporary adjustments. Assets and deferred tax provision which refer to equity transactions are also credited to equity.

- Liabilities

Long-term liabilities include liabilities in case of which the maturity date is no sooner than a year after the balance sheet date. This item also includes long-term bank loans and credits, as well as those trade liabilities maturing above 12 months which go beyond the regular operating cycle. Long-term liabilities which go beyond the regular operating cycle are valuated on the balance sheet date at amortized costs, using effective interest rate.

Bank loans are recognized at the purchase price which corresponds to fair value of received cash less costs of credit

Short-term liabilities refer to all trade liabilities in the normal production cycle as well as other liabilities maturing up to 12 months from the balance sheet date. Such liabilities are valuated as the amount payable.

Liabilities expressed in foreign currencies are valuated on the balance sheet date using the average exchange rate calculated for a given currency for this day by the National Bank of Poland. Currency translation differences from liabilities expressed in foreign currencies and arising on the valuation date and payment date are credited as follows: negative differences are credited to financial costs and positive differences for financial income respectively.

- <u>Revenues</u>

Revenues are gross earnings in a given period, arising as a result of regular operations of a given company, and leading to an increase in equity which is not an increase caused by contributions made by shareholders. Incomes and costs of the same transaction are recorded at the same time.

Revenues are recorded when it is likely that the company will benefit from a given transaction and when the amount of income can be accurately specified. Incomes are recognized after goods-and-services tax deductions and possible discounts and reductions.

Cash revenue on sales of assets is recorded during delivery thereof and when serious risk and benefits which ensue from asset ownership have been transferred to the purchaser.

Revenue from provision of services (excluding contracts for the provision of construction services) is recognized when providing services to a third party.

Dividend revenue is recorded when the Company is granted the right to pay dividend.

- <u>Contracts for the provision of construction services</u>

Income from contracts for the provision of construction services is valuated on the balance sheet date using the stage of completion of contracts in progress method, which is estimated as the relation between costs already incurred to costs planned, regularly upgraded 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 losses and liabilities which were valuated on the accrual basis and conditioned by execution of the contract (partial invoices) is recorded under 'short-term prepayments and accruals' and presented under assets. Excess of recorded losses and liabilities conditioned by execution of the contract (partial invoices) over revenues valuated on the accrual basis is recorded under other short-term period-end accruals and presented under liabilities as 'liabilities for prepayment of deliveries'.

If the estimated total and final incomes and costs related to the contract for the provision of construction services which is being executed indicate a loss, then provision is made for the total loss, and is credited to costs.

- <u>Accounting income</u>

The Company's accounting profit (loss) is calculated using the accrual basis assumption and the commensurateness of incomes to costs.

7.3. Published Standards and Interpretations which did not become effective

- IFRS 8 – 'Operating Segments'

IFRS 8 was issued on November 30, 2006 by the IASB. It applies to annual reporting periods beginning on or after January 1, 2009.

It will replace IFRS 14 'Segment Reporting', expanding the scope of information to be disclosed by information about major customers, factors used to identify the reportable segments; for each segment it will expand the disclosable information by interest income and expenses, tax expenses and tax proceeds, and segment liabilities. The Interpretation will have influence on the scope of information disclosed in a financial statement of the Company.

- IAS 23 – 'Borrowing Costs'

Revised IAS 23 was issued by the IASB on March 29, 2007. It refers to reporting of borrowing costs. The new version imposes an obligation to capitalize such costs. So far borrowing costs have been recognized directly in the profit and loss account, and the change in question will have a small influence on the Company's financial statement. The new Standard shall be effective since January 1, 2009 or later. It is allowed, however, to implement the changes earlier.

- IAS 1 – 'Presentation of Financial Statements'

Revised IAS 1 was issued by the IASB on September 6, 2007. It refers to presentation of financial statements. The alterations consist in presenting changes in equity attributable to owners separated from those changes in equity which are not attributable to owners. The latter ought to be recognized in 'total income'. Total income is supposed to incorporate all items referring to incomes and costs presented in the profit and loss account together with all other transactions involving the incomes and costs. Another change in the revised standard concerns terminology used in financial statements. Entities will not be entitled to use the new terminology. The changes also concern comparable data and presentation of dividends. The revised Standard shall be applicable for annual periods beginning on or after January 1, 2009, nevertheless it is possible to apply it earlier.

- IFRS 3 – 'Business Combinations'

Revised IFRS 3 was issued by the IASB on January 10, 2008. The new version provides detailed information on conducting and accounting of business combinations using the acquisition method. The new Standard will be effective for periods beginning on or after July 1, 2009 and will be applicable for business combination conducted after this date.

- IAS 27 – 'Consolidated and Separate Financial Statements'

Revised IAS 27 was published by the IASB on January 10, 2008. According to the new version, change in a percentage interest in the equity of a subsidiary is to be accounted for as an equity transaction and will not influence the goodwill of the company; losses incurred by the subsidiary will be allocated between interest of the parent and non-controlling (minority) interest even when the losses exceed the value of the non-controlling interest; when control over the subsidiary is lost, the residual holding is remeasured to fair value, and the effect of the remeasurement is to be presented in the profit and loss account and recognized as a gain or loss on the disposal of the controlling interest. The revised Standard will be effective for periods beginning on or after July 1, 2009, nevertheless it is possible to apply it earlier for annual periods beginning on June 30, 2007.

The changes introduced can have an impact on the financial statement of the company.

- IFRS 2 – 'Share-based Payment'

Revised IFRS 2 was published by the IASB on January 17, 2008. The amendments concern conditions determining the acquisition of rights to shares, equity instruments and other assets of an entity within a share-based payment. The revised Standard will be effective for periods beginning on or after July 1, 2009; changes introduced therein will not have influence on the Company's financial statement.

- IAS 32 – 'Financial Instruments: Presentation'

Revised IAS 32 was published by the IASB on February 14, 2008. The amendments encompass instruments which enable the holder to reacquire an entity's own equity instruments, depending on certain circumstances, specified by the Standard. The changes consist in classifying such instruments as equity, and not as financial liabilities. The revised Standard will be effective for periods beginning on or after January 1, 2009; changes introduced therein will not have influence on the Company's financial statement.

- IFRS 1 – 'First-time Adoption of International Financial Reporting Standards'

Revised IFRS 1 is applicable for periods beginning on or after January 1, 2009.

- IAS 27 – 'Consolidated and Separate Financial Statements'

Revised IFRS is applicable for annual periods beginning on or after January 1, 2009.

- IFRIC 15 – 'Agreements for the Construction of Real Estate'

It is applicable for annual periods beginning on or after January 1, 2009.

- IFRIC 16 – 'Hedges of a Net Investment in a Foreign Operation'

It is applicable for annual periods beginning on or after October 1, 2008.

- IAS 39 – 'Financial Instruments: Recognition and Measurement'

Revised IAS 39 will be applicable for annual periods beginning on or after July 1, 2009.

- IFRIC 17 – 'Distributions of Non-cash assets to Owners'

It will be applicable for annual periods beginning on or after July 1, 2009.

- IFRIC 18 – 'Transfer of Assets from Customers'

It will be applicable for annual periods beginning on July 1, 2009.

7.4. Financial risk management policy and hedging

Like any other economic entity, Capital Group KOPEX deliberately takes different risks, and in order to achieve specific results it takes only these risks which are necessary to achieve previously set goals and realize the Board-approved strategies.

Adoption of a right financial risk management strategy allows to eliminate or reduce to the minimum the risk of problems related to liquidity and those related to the changing capital markets.

The Group makes allowances for any and all changes taking place in the economic environment, taking into consideration major risk factors and threats to the economic activity which it conducts.

The Group's capital structure as of December 31, 2008 includes:

- Credits (note 19B, 20B)
- Loans (note 19B, 20B)
- Cash and cash equivalents (note (9I, 9J)
- Equity (note 12-17)
- Liabilities (note 19, 20)

The Group is trying to retain liquidity ratios at a safe level, and follows the so-called golden rule of balance, which refers to retaining liquidity.

The Group implements an active policy of financial risk management which includes the processes of risk identification, measurement and monitoring, and the choice of the best hedging instruments for the risks identified. Financial risk management within the Group is coordinated by Finance Directors and Board Members.

The group does not use financial instruments (including derivatives) for speculation purposes.

Companies within the Group are especially exposed to the following groups of risks:

- Market risk, which encompasses price risk, interest rate risk and currency exchange risk (the last two risks in particular are specific risks since they have direct influence on valuation of items within assets and liabilities, as well as on cash flows),
- Liquidity risk,
- Credit risk.

A detailed description of particular risks (scope of occurrence, degree of concentration, hedging procedures, sensitivity analysis) is presented later in the report.

The Group devised procedures geared to minimizing the risk of not being paid for the sale of goods and services, both on foreign and domestic market. Particular stages referring to commencing cooperation with a given contracting party involve verification of that party's financial standing, and then making the delivery conditional on obtaining an accepted payment security (letters of credit, guarantees, bills of exchange, etc.)

Companies within the Group prepare daily reports on available cash, daily profit-and-loss reports for sales of electric energy, monthly controlling reports, monthly detailed reports on indebtedness and commitment in banks, including those on the use of lines of guarantee, reports on overdue debts, and reports on planned cash flow.

This kind of information allows a regular analysis of the Group's financial standing, which in turn makes it possible for the Group to take the right decisions aimed at minimizing the identified risks.

- Liquidity risk management

The Group manages liquidity risk by retaining the right access to sources of finance, making an extensive use of banking services referring to credit lines, as well as banking and insurance lines of guarantee, which enables smooth transaction processing within trade and other liabilities.

Companies within the Group each month prepare cash-flow predictions for six months (for predicted major settlements – for a longer period of time) in order to obtain information on predicted negative cash flows and take relevant precautions so as to obtain a positive cash-flow.

Separate cash flow reports of companies comprising the Group are combined so as to create a consolidated cash-flow report which allows the Group to take advantage of temporary surpluses in one company to cover negative cash flow in other companies. Conclusions following from the cash flow as well as information on temporary capital shifting within the Group are each time submitted to and consulted with Management of the companies.

Companies within the Group make use of mutual loans. In 2008 the Group also used cash pooling (virtual and actual).

Surpluses of funds are transferred to overnight bank deposits, with individual interest rates, negotiated by the Group.

The Group also has credit lines in different banks for servicing of guarantees and letters of credit, which enables flexible allocation of the use of particular products to ensure smooth operation of the companies.

The credit lines preferred by the Group in the current account enable easy access to funds. Conditions negotiated with banks ensure that companies within the Group can roll over its loan liabilities.

Companies within the Group cooperate with many banks in order to disperse risk. The banks they cooperate with are leading banks operating on the Polish market.

In order to retain continuity and flexibility of financing, some of the Companies use such sources as: lease agreements or tenancy agreements.

The Group conducts regular analyses of liquidity and debt ratios – to keep these ratios at a safe level.

The Group is fully capable of servicing its debts. Attempts are made at extending payments of liabilities and shortening of maturity of liabilities. (note 19C, 8D, 8E).

Trade liabilities as of December 31, 2008, including the maturation of liabilities, are presented in note 19C.

The occurrence of off-balance-sheet liabilities is closely related to the type of activity the Group is engaged in, and hedges in the form of promissory notes or surety bonds are granted mainly for entities within the Capital Group (point 12 of the Additional information).

Regular monitoring and undertaken actions practically exclude the possibility of using/payment from a guarantee, surety bond or note.

The Group's financial standing enables obtaining and using many forms of financing, including overdrafts on current account, tied credits, buyer's credits, government credits leasing or loans.

Cooperation with many banks, granted extensions of payments and increased limits of credits available on favourable terms – all these prove that the Group is positively assessed by those banks.

Taking into account how precise and detailed is the monitoring regularly conducted by banks, any potentially frozen funds would be an indicator obliging the Group to stabilize the situation and return to normal.

As a result of the current global economic crisis, by the end of 2008 liquidity risk increased (e.g. due to decreases in bank lending), which arises a need for even more meticulous monitoring.

- Credit risk

The term credit risk refers to the Group's debtors incapability of fulfilling their obligations. The credit risk policy in the Group is of special significance. The above-mentioned credit risk can encompass different aspects of the Group's activity.

The Group's credit risk policy in terms of reliability of contracting parties (i.e. those involved in sales/purchase of products and services), and in particular in terms of transactions with new contracting parties is to a large extent based on:

- Verification of a given contracting party in a credit bureau,
- Obtaining updated documents illustrating the contracting party's material status and financial situation,
- Demanding that the said contracting party submit a payment security for companies within the Group in a form acceptable for the company.

The term new contracting party refers to such party with whom a company from the Group has never traded before, traded a long time ago or whose contract with the company has a value which is significant for the company.

The most popular payment securities within the Group are:

- For domestic trade: bank guarantees, insurance guarantees, mortgages, transfer of title to secure payment, registered pledge, notes, surety bonds, mutual compensations
- For foreign trade: letters of credit, confirmed letters of credit, bank guarantees, settlements within the buyer's credit, repayment of liabilities within government credits, mutual compensations.

Settlements with subsidiaries and affiliated entities are made within coordinated policy at Group level.

Furthermore, it needs to be emphasized that the Group has long been using the policy or reducing credit risk related to deadlines for repayment of liabilities.

Liabilities from a large number of contracting parties which companies comprising the Group cooperate are regularly monitored by respective financial departments in compliance with established instructions and procedures for debt collection (both court-coordinated and off-court).

- Foreign exchange risk

Companies comprising the Group are exposed to foreign exchange risk primarily due to reasons arising from their core activity, i.e. purchase and sales of goods and services in foreign currency (mainly EUR and USD).

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

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

The Group is not engaged in speculative trading.

In 2005 the Group implemented a 'Strategy for hedging of foreign exchange risk and interest rate hedging', under which foreign exchange risk hedging transactions are made while signing a trade contract, and in case of contracts for sale/purchase of coal/electric energy – which are made while placing an order for the shipment of goods/purchase of energy.

The Group uses hedge accounting (detailed description in Accounting Principles) and natural hedging.

As of December 31, 2008 the Group had the following open currency hedge positions:

- 88 944 thou. USD
- 101 332 thou. EUR

Total fair value of the above-mentioned forward dealings as of December 31, 2008 was measured at: 93 551 thou. PLN (negative measurement) (from this amount 3 148 thou. PLN represented executed long hedges in equity until the execution of the planned hedged transaction, and 90 403 thou. PLN represented not executed transactions), using measurement methods used by banks in which those transactions had been made, 54 817 thou. PLN was recognized as revaluation of equity (from this amount 3 148 thou. PLN represented executed transactions and 51 699 thou. PLN not executed transactions), and 38 734 thou. PLN was recognized in the profit and loss account (from this amount 2 289 thou. PLN refers to transactions subject to hedge accounting).

The 31.12.2008 negative measurement of long hedges of companies comprising the Group was prepared by banks on the basis of the following foreign exchange rate: USD 2.9618, and EUR 4.1724.

Sensitivity to changes

Assuming that the range of fluctuations in foreign exchange rates on December 31, 2008 might have been +/-10%, then the Group's gross result would have been lower or higher by 4 824 thou. PLN.

Sensitivity analysis (in thou. PLN)

	Book value	**Interest rate risk**		**Foreign exchange risk**			
		Plus / minus 1%		**Plus 10% (weakening of PLN)**		**Minus 10% (strengthening of PLN)**	
		Profit/loss	Profit/loss	Profit/loss	Changes in equity	Profit/loss	Changes in equity
FINANCIAL ASSETS							
Cash	86.984						
Cash EUR translated to PLN	74.588	745	-745	7.548		-7.548	
Cash USD translated to PLN	2.561	256	-256	256		-256	
Trade and other receivables in domestic currency	421.077						
Granted loans +interest PLN	8						
Trade and other receivables EUR	101.938			10.193		-10.193	
Trade and other receivables USD	34.400			3.440		-3.440	
Granted loans + interest USD	1.014			101		-101	
Derivatives classified for measurement of fair value through profit and loss account	155			16		-16	
Influence on financial assets before tax		1.870	-1.870	21.644		-21.644	
FINANCIAL LIABILITIES							
Credits and loans	460.667	-4.607	4.607				
Trade and other liabilities in domestic currency	318.296						
Trade and other liabilities EUR	123.049			-12.304		12.304	
Trade and other liabilities USD	4.485			-448		448	

Derivatives classified for measurement of fair value through profit and loss account	38.889			-3.888		3.888	
Derivatives remaining in hedge linkages	51.670				-5.167		5.167
Influence on financial liabilities before tax		-4.607	4.607	-16.640	-5.167	16.640	5.167

As of December 31, 2008 four of the Group's most significant trade contracts were secured within cash flow hedge accounting:

1) Contract for the provision of mining machines and equipment. In order to secure highly probable future cash flows forward transactions were created in four banks for the total sum of 47.250 USD. The said contract became effective delayed – on November 27, 2008. On initiative of the contracting party, in January and March 2009 talks were held regarding changes in technical parameters of the object to be delivered and new delivery dates. In order to adjust new dates for expected payments concerning contractual liabilities a need arose to extend / roll over forward transactions in the banks.
2) Contract for the provision of mining equipment and spare parts worth 34.325 thou. USD. In order to secure future cash flows forward transactions were created in three banks for the total sum of 34 million USD. Predicted initial settlement date – February 2009. According to information provided by the contracting party and regarding an analysis of planned investments which was conducted in December 2008, the contract was accepted. All forward transactions were rolled over by the banks in 2009 at historical exchange rates.
3) Contract for the provision of spare parts worth 1.570 thou. EUR. In order to secure future cash flows forward transactions were created for the total sum of 1.630 thou. EUR (original value of the offer). Predicted initial settlement date – April 2009. In February 2009 the client opened a credit for the Company, which means that the delivery will take place as scheduled – in June 2009, and the forward transactions will be settled – the negative forward valuation will be then compensated by increased contractual revenues.
4) Due to business talks regarding delivery of 10 sections of automated roof supports for a Russian partner a forward transaction was made on July 24, 2008 for the amount of 1.170 thou. EUR. Owing to the client's delay in finalizing the planned transaction, it was rolled over at historical exchange rates.

- **Interest rate risk**

Assuming that the range of fluctuations in interest rates on December 31, 2008 might have been +/-1%, then the Group's gross result would have been lower or higher by 2 737 thou. PLN.

The Group is exposed to interest rate risk primarily due to the use of bank credits with variable interest – based on WIBOR 1M rate and fixed margin used by crediting banks during the credit period.

As of December 31, 2008 companies comprising the Group also had liabilities / receivables due to loans taken out / loans granted. Interest on loans taken out / granted was calculated using the same principles as in case of credits (variable WIBOR 1M rate + margin).

Revenues from interest on granted loans were changing as a result of changes in interest rates which were used to calculate the interest in question. In case of loans granted in PLN the interest was based on variable WIBOR 1M + margin, whereas in case of loans granted in foreign currency – primarily on EURIBOR 1M + margin.

The Group does not hedge the interest rate risk using financial instruments. At the same time it tries to reduce the risk in question using variable WIBOR / EURIBOR for the loans it grants.

The broadly understood price risk is monitored when implementing long-term service contracts. Security policy in this case consists in a contractual negotiability of prices /price escalator clause/.

Furthermore, the Group has implemented and uses the principles of centralized procurement of goods and materials.

In order to minimize price risk companies in the Group order goods and materials from qualified purveyors, and established fixed buying rates for longer periods of time.

Evaluation of management of financial resources

In 2008 the Group successfully managed its financial resources so as to ensure smooth financial servicing of its trade liabilities and other financial liabilities.

In order to achieve this, companies comprising the Group were using their own cash, profits earned and depreciation, as well as external financing (credits, loans, leasing).

The Group has multi-purpose credit lines in banks which total 600 million PLN.

In the reporting year 2008 the Group could also take advantage of an revolving credit agreement / to finance the refund of VAT, nevertheless it did not use the said resources. The agreement expired on September 30, 2008.

In 2008 credits were repaid for the total value of 201 778 thou. PLN.

The Group regularly pays its bank interests payables.

No overdue trade liabilities and public law liabilities exists in the Group.

Successive financial acquisitions (e.g. purchase of shares in companies Hansen, ZEG, ZZM) were financed partly using own resources and partly using external financing.

Large-scale collection of overdue debts was combined with regular monitoring and collection of contractual payments.

Existing surpluses of funds were transferred to overnight bank deposits. In 2008 the Group also used cash pooling, which made it possible to replenish temporary shortages of cash in some of the companies within the Group with surpluses of cash from other companies comprising the Group.

The Group conducts regular analyses of liquidity and debt ratios – to keep these ratios at a safe level.

Companies comprising the Group each month prepare and update cash-flow predictions for six months, which makes it possible for them to easily react to current and future financial needs of particular trade offices and other organizational units subject to companies within the Group.

Favourable cost terms of granted credit and guarantee lines are a result of individual negotiations which aimed at obtaining the lowest possible financial encumbrances. It is also worth noting that the Group secured favourable price terms for three years in one of the financing banks.

The Group's good financial standing (regularly monitored and evaluated by financing banks) allows Companies comprising the Group to use external financing to the same extent as before despite the global financial and economic crisis.

Companies comprising the Group hedge against foreign exchange risk using forward derivatives.

The Group uses hedge accounting (detailed description in Accounting Principles) and natural hedging.

The Group has never been and is not engaged in speculative trading.

The 31.12.2008 negative valuation of then open long hedges prepared by banks (recognized in equity and in the profit and loss account) amounted to 90 403 thou. PLN.

It needs to be said at this point that future cash flows which follow from execution of contracts are subject to hedging. When deliveries are executed and receivables are repaid the negative valuation of hedging instrument will be compensated by additional revenues for the hedged item, which means that the planned profitability of the transaction will be retained.

The Group secured an option to finance trade transactions planned for the year 2009 by accessing the so-far-unused credit lines which had been granted by banks for the total of 600 million PLN.

The Group has many bank guarantee and credit lines which enable it to freely obtain tender guarantees, guarantees that advances will be returned, maintenance bonds as well as payment guarantees required by domestic and foreign clients.

It needs to be emphasized that good financial standing combined with access to bank credit lines allows the Group to tender for both domestic and international contracts where one of the requisite conditions is that the tenderer's financial potential must be suitably high.

Due to the current financial crisis which manifests itself e.g. in increased risk of not receiving payments from contracting parties as well as limited bank lending, in 2009 the Group plans to increase financial discipline, optimize costs, monitor foreign exchange situation, further reduce credit risk by formal hedging of future contractual liabilities, and to continue its close cooperation with banks and financial institutions.

8. Information about converting selected financial data

Selected financial data expressed in EUR were calculated using foreign exchange rates quoted by the National Bank of Poland:

- Items within assets and liabilities were translated using average exchange rate for EUR calculated by the NBP for the balance sheet date:
  - As of 31.12.2008 – 4.1724
  - As of 31.12.2007 – 3.5820
- Items within the profit and loss account as well as the cash flow account were translated using the exchange rate which is the arithmetic mean of exchange rates of EURO in force at the end of each month in the reporting period
  - In 2008 – 3.5321
  - In 2007 – 3.7768
- Highest exchange rates:
  - In 2008 – 4.1724
  - In 2007 – 3.9320
- Lowest exchange rates:
  - In 2008 – 3.2026
  - In 2007 – 3.5820

9. Explanations for the consolidated balance sheet of Capital Group KOPEX S.A. prepared on December 31, 2008 and presented in thou./PLN

Reverse acquisition

On February 2, 2006 the company Zabrzańskie Zakłady Mechaniczne S.A. (ZZM) took control of KOPEX S.A. by acquiring 65.06% of its shares.

In 2007 47.739.838 series B shares of Kopex S.A. were issued for all shareholders of ZZM S.A. in exchange for shares of ZZM S.A. As a result of this issue of shares, on July 9, 2007 the company Kopex S.A. took possession of 1.285.406 shares of ZZM S.A., which accounts for 97.57% of all shares of ZZM S.A., thus becoming from the legal point of view parent company for ZZM S.A. For accounting purposes, however, ZZM S.A. which was taken over was the receiving company. From the accounting point of view the operation in question was a reverse acquisition, as specified in par. 21 of ISFR 3.

Note 1A

INTANGIBLE ASSETS		31.12.2008	31.12.2007
a)	Costs of completed R&D	11.724	6.268
b)	Costs of R&D in progress	9.331	2.381
c)	Goodwill	4.097	4.119
d)	Obtained certificates, patents, licences and other similar assets, incl.	6.147	2.342
	- Computer software	2.803	1.807
e)	Other intangible assets	226	317
f)	Construction-in-process	5.484	3.657
Total intangible assets		**37.009**	**19.084**

Note 1B

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)		31.12.2008	31.12.2007
a)	Own	36.731	19.084
	- *Incl. those manufactured using own means*	*8.303*	*4.149*
b)	Those used under contracts for the rental, tenancy agreements or other agreements, incl. leasing contracts:	278	
Total intangible assets		**37.009**	**19.084**

Intangible assets do not count as liability hedges.

In 2007 the Group did not incur expenses related to research and development treated as period cost in the profit and loss account.

In 2008 the Group incurred expenses related to research and development treated as period cost in the profit and loss account. These amounted to 292 thou. PLN.

Useful life of intangible and legal assets is fixed.

Items within the profit and loss account in which depreciation of intangible and legal assets was included		31.12.2008	31.12.2007
-	Costs of goods sold	10	94
-	Costs of sales	2.068	6
-	Costs of management	3.310	1.396
Total		**5.388**	**1.496**

Note 1C 31.12.2008

FLOW OF INTANGIBLE ASSETS (by types)

	Costs of completed R&D	Incl. those manufactured using own means	Costs of R&D in progress	Goodwill	Obtained certificates, patents, licences and other similar	Incl. computer software	Other intangible assets	Total intangible assets
a) Gross value at beginning of period	**9.307**	**6.609**	**2.381**	**4.119**	**6.021**	**3.451**	**771**	**22.599**
- *Adjustment of opening balance*						**3**		
a') adjusted gross value at beginning of period	**9.307**	**6.609**	**2.381**	**4.119**	**6.021**	**3.454**	**771**	**22.599**
b) Increases (due to)	**12.742**	**10.430**	**10.018**		**5.336**	**2.027**	**15**	**28.111**
- Purchase	2.312		5.441		5.101	1.857	15	12.869
- Manufacture	2.398	2.398	1.136					3.534
- Inclusion in consolidation	8.032	8.032	3.441		235	170		11.708
c) Decreases (due to)	**1.631**	**1.077**	**3.068**		**314**	**309**	**26**	**5.039**
- Sales					175	175		175
- Liquidation (positive result)			2.776					2.776
- Liquidation (negative result)			292					292
- Liquidation	45				44	39		89
- Currency translation differences	509				85	85	26	620
- Writing off of amortized assets	1.077	1.077			10	10		1.087
d) Gross value at end of period	**20.418**	**15.962**	**9.331**	**4.119**	**11.043**	**5.172**	**760**	**45.671**
e) Cumulative redemption at beginning of period	**3.039**	**2.460**			**3.679**	**1.645**	**454**	**45.671**
- *Adjustment of opening balance*						**3**		
e') Adjusted cumulative redemption at beginning of period	**3.039**	**2.460**			**3.679**	**1.648**	**454**	**45.671**
f) Redemption for period (due to)	**6.046**	**5.199**			**1.470**	**753**	**88**	**7.604**
- Depreciation	3.692	2.719			1.588	886	108	5.388
- Sales					-60	-60		-60
- Liquidation					-36	-31		-36
- Currency translation differences	-126				-77	-76	-20	-223
- Writing off of amortized assets	-1.077	-1.077			-10	-10		-1.087
- Inclusion in consolidation	3.557	3.557			65	44		3.622
g) Cumulative redemption at end of period	**9.085**	**7.659**			**5.149**	**2.401**	**542**	**14.776**
h) Impairment write-offs at beginning of period								
- Increases				22				22
• Recognized at beginning of period in profit and loss account				22				22
• Charged during period directly to equity								
- Decreases								
• Recognized at beginning of period in profit and loss account								
• Charged during period directly to equity								
• Use of revaluation write-off re sold fixed assets								
i) Impairment write-offs at end of period				**22**				**22**
h) Net value at beginning of period	**6.268**	**4.149**	**2.381**	**4.119**	**2.342**	**1.806**	**317**	**15.427**
i) Net value at end of period	**11.333**	**8.303**	**9.331**	**4.097**	**5.894**	**2.771**	**218**	**30.873**
j) Currency translation differences	391				253	32	8	652
k) Total net value at end of period	**11.724**	**8.303**	**9.331**	**4.097**	**6.147**	**2.803**	**226**	**31.525**

Note 1C 31.12.2008

FLOW OF INTANGIBLE ASSETS (by types)

	Costs of completed R&D	Incl. those manufactured using own means	Costs of R&D in progress	Goodwill	Obtained certificates, patents, licences and other similar assets	Incl. computer software	Other intangible assets	Total intangible assets
a) Gross value at beginning of period	**3.887**	**3.302**	**2.369**		**3.606**	**1.620**	**486**	**10.338**
b) Increases (due to)	**5.615**	**3.307**	**12**	**4.119**	**2.426**	**1.842**	**285**	**12.457**
- Purchase	3.272	3.272	12	4.119	1.658	1.111	45	9.106
- Manufacture	35	35		1.658				35
- Inclusion in consolidation	2.308				767	731	240	3.315
- Sales					1	1		1
c) Decreases (due to)	**185**				**11**	**11**		**196**
- Liquidation	185				11	11		196
d) Gross value at end of period	**9.307**	**6.609**	**2.381**	**4.119**	**6.021**	**3.451**	**771**	**22.599**
e) Cumulative redemption at beginning of period	**2.233**	**1.950**			**2.340**	**753**	**162**	**4.735**
e') Adjusted cumulative redemption at beginning of period	**2.233**	**1.950**			**2.340**	**753**	**162**	**4.735**
f) Redemption for period (due to)	**806**	**510**			**1.339**	**892**	**292**	**2.437**
- Depreciation	602	510			798	374	96	1.496
- Sales					-1	-1		-1
- Liquidation	-185				-7	-7		-192
- Inclusion in consolidation	389				549	526	196	1.134
g) Cumulative redemption at end of period	**3.309**	**2.460**			**3.679**	**1.645**	**454**	**7.172**
h) Net value at beginning of period	**1.644**	**1.352**	**2.369**		**1.266**	**867**	**324**	**5.603**
i) Net value at end of period	**6.268**	**4.149**	**2.381**	**4.119**	**2.342**	**1.806**	**317**	**15.427**

Note 2

CHANGE OF GOODWILL	31.12.2008	31.12.2007
a) Goodwill at the beginning of the period	1.139.047	28.935
- Goodwill – subsidiaries	1.138.840	28.728
- Goodwill – associated companies	207	207
b) Increases (due to)	51.019	1.125.510
- Currency translation differences – subsidiaries	13.625	
- Purchase in subsidiary	37.394	47.356
- Goodwill – subsidiaries – inclusion of subsidiary in consolidation		36.782
- Reverse acquisition – goodwill of acquired company from the accounting point of view (KOPEX) – subsidiaries		1.041.472
c) Decreases (due to)		15.398
- Sale of subsidiary		15.398
- Currency translation differences – subsidiary		
d) Goodwill at the end of the period	1.190.066	1.139.047
- Goodwill – subsidiaries	1.189.859	1.138.840
- Goodwill – associated companies	207	207
e) Goodwill write-off at the beginning of the period	11.352	243
- Goodwill write-off – subsidiaries	11.145	36
- Goodwill write-off – associated companies	207	207
f) Goodwill write-off at the end for the period (due to)	1.831	11.109
- Goodwill write-off – subsidiaries		
- Goodwill write-off – subsidiaries – inclusion of subsidiary in consolidation		11.109
- Goodwill write-off – associated companies		
- Currency translation differences – subsidiary	1.831	
g) Goodwill write-off at the end of the period	13.183	11.352
- Goodwill write-off – subsidiaries	12.976	11.145
- Goodwill write-off – associated companies	207	207
h) Net goodwill at the end of the period	**1.176.883**	**1.127.695**
- Goodwill – subsidiaries	1.176.883	1.127.695
- Goodwill – associated companies		

Goodwill impairment tests were performed. Impairment write-offs were not needed. Recoverable amounts exceeded the carrying value of cash-generating units. The 5% discount rate was applied following forecasts of Polish long-term treasury bonds yields.

Board of KOPEX S.A. does not monitor goodwill for internal management purposes on lower level than that of the acquired entity. Therefore the cash-generating unit to which goodwill can be attributed is the economic entity as a whole. The purpose of the impairment test performed with reference to goodwill was to check whether the carrying value of goodwill can be recovered from future cash flows which are to be generated both from the acquired and the internally generated goodwill after the business combination.

Note 3A

TANGIBLE ASSETS	31.12.2008	31.12.2007
a) Fixed assets, including:	485.900	359.672
- Land (incl. perpetual usufructary right)	11.823	11.427
- Buildings, premises and ground-and-water engineering structures	198.237	147.710
- Technical equipment and machines	246.352	183.490
- Means of transport	13.733	8.656
- Other fixed assets	15.755	8.389
b) Construction-in-process	77.012	56.240
Total tangible assets	**562.912**	**415.912**

Fixed assets are encumbered by mortgage or pledge up to 319.014 thou. PLN and act as liability hedge.

The amount of damage received from third persons for tangible assets which were lost or impaired totaled 4 882 thou. PLN and was recorded in the profit and loss account – Note 24 E 'penalties and damages received'.

In 2008 and 2007 no records were made of cases of borrowing cash for no specific purpose and then using it in order to obtain an adjusted asset.

Note 3 B

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	31.12.2008	31.12.2007
a) Own		
b) Used contracts for the rental, tenancy agreements or other agreements, incl. leasing contract:	7.205	5.683
- Under leasing contracts: tech. equipment & machines	4.816	5.070
- Under leasing contracts: means of transport	2.260	581
- Under leasing contracts: other fixed assets (furniture)	129	32
Total balance sheet fixed assets:	**485.900**	**359.672**

Note 3 C

OFF-BALANCE SHEET FIXED ASSETS	31.12.2008	31.12.2007
- Used under contracts for the rental, tenancy agreements or other agreements, incl. leasing contract	3.393	3.723
- value of land under perpetual usufruct	4.660	2.037
Total off-balance sheet fixed assets	**8.053**	**5.760**

Note 3 D

LESSEE'S INFORMATION ON FINANCIAL LEASING AGREEMENTS	31.12.2008	31.12.2007
a) total sum of future minimum leasing fees on the balance sheet date, incl.:	**1.750**	**5.036**
up to a year	1.523	2.476
a year to 5 years	227	2.560
b) total sum of current minimum leasing fees in the balance sheet date, incl.	**1.735**	**4.721**
up to a year	1.523	2.416
a year to 5 years	212	2.305
c) conditional leasing fees recognized as costs of the reporting period amount to	53	

Decision by the Companies to purchase an object of lease can be made after the lease period is over for the price specified in the contract (or other contractual provisions)

Note 3 E 31.12.2008

FLOW OF FIXED ASSETS (by types)

		Own land, incl. perpetual usufructary right	Buildings and structures	Technical equipment and machines	Means of transport	Other fixed assets	Total fixed assets
a)	**Gross value of fixed assets at beginning of period**	**12.143**	**231.971**	**327.344**	**18.526**	**18.988**	**608.972**
	Opening balance adjustment		*-1.177*	*421*		*-4*	*-760*
a')	**adjusted gross value of fixed assets at beginning of period**	**12.143**	**230.794**	**327.765**	**18.526**	**18.984**	**608.212**
b)	**Increases (due to)**	**921**	**73.238**	**122.323**	**9.912**	**14.407**	**220.801**
-	Purchase	213	31.340	103.085	6.056	9.456	50.150
-	Financial leasing			1.319	2.032	134	3.485
-	Receipt from investment		19.952	4.570	62	207	24.791
-	Disclosure	2	69	19		17	107
-	Buyout of object of lease			1.963	1		1.964
-	Modernization		336	1.598	3	3	1.938
-	Completion of own investments			57			57
-	Inclusion in consolidation	241	20.131	9.694	737	3.899	34.702
-	Group adjustment			18	1.021	693	1.732
-	Measurement to fair value	465	1.410				1.875
c)	**Decreases (due to)**	**34**	**6.284**	**31.622**	**2.381**	**1.654**	**41.975**
-	Sales		556	15.544	1.671	204	17.975
-	Long use		443	9.001	183	691	10.318
-	Liquidation due to acts of God			17			17
-	Expiry of leasing contract		3.658				3.658
-	Change of category, i.e. moving to assets held for sale			3.832	36		3.868
-	Expiry of leasing contract		67				74
-	Adjustment of purchase of fixed assets			22			22
-	Liquidation – scraping		50	651	31	363	1.095
-	Currency translation differences		1.510	840	385	375	3.137
-	Other				75	5	80
-	Group adjustment			1.715		16	1.731
d)	**Gross value of fixed assets at end of period**	**13.030**	**297.748**	**418.466**	**26.057**	**31.737**	**787.038**
e)	**Cumulative redemption at beginning of period**	**716**	**84.261**	**143.854**	**9.870**	**10.599**	**249.300**
	Opening balance adjustment	*37*	*-1.222*	*225*		*-3*	*-963*
e')	**Adjusted cumulative redemption at beginning of period**	**753**	**83.039**	**144.079**	**9.870**	**10.596**	**248.337**
f)	**Redemption for period (due to)**	**588**	**19.444**	**33.486**	**2.912**	**5.854**	**62.284**
-	Depreciation	396	5.297	44.005	3.254	3.962	56.914
-	Depreciation conc. group adjustment			17		-17	
-	Sales		-490	-6.811	-1.379	-178	-8.858
-	Long use		-362	-6.668	-136	-680	-7.846
-	Liquidation due to acts of God			-13			-13
-	Change of category, i.e. moving to investment properties		-17				-17
-	Expiry of leasing contract			-3.237	-36		-3.273
-	Change of category, i.e. moving to assets held for sale	-4	-8				-12

-	Liquidation – scraping		-29	-670	-40	-376	-1075
-	Currency translation differences		-131	-490	-169	-202	-992
-	Other			-1		-2	-3
-	Group adjustment			-1.027	973	54	
-	Inclusion in consolidation	196	15.184	8.381	445	3.253	27.459
g)	**Cumulative depreciation (redemption) at end of period**	**1.341**	**102.483**	**177.565**	**12.782**	**16.450**	**310.621**
h)	**Impairment write-offs at beginning of period**						
-	Increases (due to) • Included during the period in profit & loss account						
-	Decreases (due to) • Use of revaluation write-off conc. sold fixed assets						
i)	**Impairment write-offs at end of period**						
j)	**Adjusted net value of fixed assets at beginning of period**	**11.390**	**147.755**	**183.686**	**8.656**	**8.388**	**359.875**
k)	**Net value of fixed assets at end of period**	**11.689**	**195.265**	**240.901**	**13.275**	**15.287**	**476.417**
l)	**Currency translation differences**	134	2.972	5.451	458	468	9.483
m)	**Total net value of fixed assets at end of period**	**11.823**	**198.237**	**246.352**	**13.733**	**15.755**	**485.900**

<u>Note 3 E</u> 31.12.2008

FLOW OF FIXED ASSETS (by types)

		Own land, incl. perpetual usufructary right	Buildings and structures	Technical equipment and machines	Means of transport	Other fixed assets	Total fixed assets
a)	**Gross value of fixed assets at beginning of period**	**7.765**	**110.694**	**238.381**	**11.644**	**11.458**	**379.942**
	Opening balance adjustment		*-83*	*-66*		*13*	*-136*
a')	**adjusted gross value of fixed assets at beginning of period**	**7.765**	**110.611**	**238.315**	**11.644**	**11.471**	**379.806**
b)	**Increases (due to)**	**4.786**	**122.809**	**101.807**	**8.088**	**7.939**	**245.429**
-	Purchase	383	12.934	59.734	2.355	4.428	79.814
-	Financial leasing			706	470		1.176
-	Receipt from investment		16.642	15.742	359	329	33.072
-	Disclosure		27	179	22		228
-	Takeover of object of lease			90	14		104
-	Modernization		1.547	473		66	2.086
-	Own investments		392				392
-	Inclusion in consolidation	4.403	91.267	19.149	4.868	3.083	122.770
-	Group adjustments					33	33
-	Measurement to fair value			5.684			5.684
-	Other			50			50
c)	**Decreases (due to)**	**408**	**1.449**	**12.778**	**1.206**	**422**	**16.263**
-	Sales	408	1.447	1.259	636	71	3.821
-	Long use		2	4.996	404	351	5.753
-	Liquidation				79		79
-	Transfer from records of fixed assets to leasing			105			105
-	Expiry of leasing contract			6.372	82		6.454
-	Group adjustments			33			33

-	Other			13	5		18
d)	**Gross value of fixed assets at end of period**	**12.143**	**231.971**	**327.344**	**18.526**	**18.988**	**608.972**
e)	**Cumulative redemption at beginning of period**	**541**	**23.350**	**109.051**	**6.682**	**6.788**	**146.412**
	Opening balance adjustment		*-83*	*-4*		*19*	*-68*
e')	**Adjusted cumulative redemption at beginning of period**	**541**	**23.267**	**109.047**	**6.682**	**6.807**	**146.344**
f)	**Redemption for period (due to)**	**175**	**60.994**	**34.807**	**3.188**	**3.792**	**102.956**
-	Depreciation	365	3.864	33.359	1.791	2.589	41.968
-	Sales	-190	-204	-1.090	-513	-74	-2.065
-	Long use		-57	-4.036	-279	-319	-4.691
-	Liquidation				-65		-65
-	Transfer from records of fixed assets to leasing			-15			-15
-	Expiry of leasing contract			-6.368	-80		-6.448
-	Inclusion in consolidation		57.388	12.957	2.334	1.593	74.272
g)	**Cumulative depreciation (redemption) at end of period**	**716**	**84.261**	**143.854**	**9.870**	**10.599**	**249.300**
h)	**Impairment write-offs at beginning of period**		**344**				**344**
-	Increases (due to)						
	• Included during the period in profit & loss account						
-	Decreases (due to)		344				344
	• Use of revaluation write-off conc. sold fixed assets		344				344
i)	**Impairment write-offs at end of period**						
j)	**Net value of fixed assets at beginning of period**	**7.224**	**87.000**	**129.330**	**4.962**	**4.670**	**233.186**
k)	**Net value of fixed assets at end of period**	**11.427**	**147.710**	**183.490**	**8.656**	**8.389**	**359.672**

Note 4 A

LONG-TERM RECEIVABLES	31.12.2008	31.12.2007
a) From affiliated enterprises		
b) From other enterprises (due to)	1.493	3.687
- Deposits, other	822	708
- Contract bonds	622	337
- Trade receivables beyond the operating cycle	9	553
- Settlement of construction-sites and foreign branches		2.089
Net long-term receivables	**1.493**	**3.687**
c) Revaluation write-off on receivables	86	50
d) Valuation of long-term receivables at amortized cost	12	62
Gross long-term receivables	**1.591**	**3.799**

Note 4 B

CHANGE IN GROSS LONG-TERM RECEIVABLES (by category)	31.12.2008	31.12.2007
a) Opening balance	3.799	4.866
- Deposits, other	1.008	1.382
- Contract bonds		
- Agreements on repayment in installments		
- Trade receivables beyond the operating cycle	703	850
- Settlement of construction-sites and foreign branches	2.088	2.634
b) Increases (due to)	622	266
- Change of category into long-term – deposits, other	170	266
- Change of category into long-term – contract bonds	452	
c) Decreases (due to)	2.830	1.333
- Transfer to short-term receivables – bonds, other	439	640
- Transfer to short-term receivables – contract bonds	-210	
- Transfer to short-term receivables – trade receivables	513	147
- Transfer to short-term receivables – settlement of Construction-sites and foreign branches	2.088	546
d) **Closing balance**	**1.591**	**3.799**
- Deposits, other	739	1.008
- Contract bonds	662	
- Agreement on repayment in installments		
- Trade receivables beyond the operating cycle	190	703
- Settlement of construction-sites and foreign branches		2.088

Note 4 C

CHANGES IN WRITE-OFFS ON REVALUATION OF LONG-TERM RECEIVABLES	31.12.2008	31.12.2007
Opening balance	50	
a) Increases included in profit and loss account	64	50
b) Decreases included in profit and loss account	28	
Closing balance of write-offs on revaluation of long-term receivables	**86**	**50**

Note 4 D

CHANGES IN VALUATION OF LONG-TERM RECEIVABLES AT AMORTIZED COST	31.12.2008	31.12.2007
Opening balance	62	165
a) Increases included in profit and loss account		72
b) Decreases included in profit and loss account	50	175
Closing balance of valuation of long-term receivables at amortized cost	**12**	**62**

Note 4 E

GROSS LONG-TERM RECEIVABLES (CURRENCY STRUCTURE)			31.12.2008	31.12.2007
a)	In Polish currency		9	163
b)	In foreign currencies (by currency, and translated into PLN)		1.582	3.636
B1	unit/currency	thou/EUR	192	818
		thou/PLN	799	2.929
B2	unit/currency	thou/USD		
		thou/PLN		
B3	other currencies	thou/PLN	783	707
Total long-term receivables			**1.591**	**3.799**

Note 5 A

INVESTMENT PROPERTY		31.12.2008	31.12.2007
a)	Investment property, including:	5.042	8.887
-	Land (incl. perpetual usufructary right)	1.287	1.287
-	Buildings, premises and ground-and-water engineering structures	3.755	7.600
Total investment property		**5.042**	**8.887**

Fair value of investment property as of December 31, 2008 according to estimation surveys conducted by property surveyors is 1 772 thou. PLN.

Note 5 B

INCOMES AND COSTS RELATED TO INVESTMENT PROPERTY		31.12.2008	31.12.2007
a)	Income from rent relating to investment property	499	2.444
b)	Direct operational costs under income from rent related to investment property	139	620
c)	Direct operational costs related to investment property which does not produce income from rent	4	4

Note 5 C 31.12.2008

CHANGES IN INVESTMENT PROPERTY (BY GROUP)

		Land (incl. perpetual usufructary right)	Buildings, premises and ground-and-water engineering structures	Total investment property
a)	**Gross value of investment property at beginning of period**	**1.486**	**9.202**	**10.688**
b)	**Increases (due to)**		**3.662**	**3.662**
-	Change of category (transfer from fixed assets)		3.643	**3.643**
-	disclosure		19	**19**
c)	**Decreases (due to)**	**151**	**9.021**	**9.172**
-	sales	151	9.021	9.172
d)	**Gross value of investment property at end of period**	**1.335**	**3.843**	**5.178**
e)	**Cumulative redemption at beginning of period**	**200**	**1.601**	**1.801**
f)	**Redemption for period (due to)**	**-151**	**-1.512**	**-1.663**
-	Amortization write-offs		66	**66**
-	Sales	-151	-1.578	**-1.729**
-	Inclusion in consolidation			
-	Other			
g)	**Cumulative redemption at end of period**	**49**	**89**	**138**
h)	**Net value of investment property at beginning of period**	**1.286**	**7.601**	**8.887**
i)	**Net value of investment property at end of period**	**1.286**	**3.754**	**5.040**
j)	**Currency translation differences**	1	1	**2**
i)	**Total net value of investment property at end of period**	**1.287**	**3.755**	**5.042**

Note 5 C 31.12.2007

CHANGES IN INVESTMENT PROPERTY (BY GROUP)

		Land (incl. perpetual usufructary right)	Buildings, premises and ground-and-water engineering structures	Total investment property
a)	**Gross value of investment property at beginning of period**	**1.486**	**9.029**	**10.515**
b)	**Increases (due to)**		**181**	**181**
-	Inclusion in consolidation		181	181
c)	**Decreases (due to)**		**8**	**8**
d)	**Gross value of investment property at end of period**	**1.486**	**9.202**	**10.688**
e)	**Cumulative redemption at beginning of period**	**200**	**1.296**	**1.496**
f)	**Redemption for period (due to)**		**305**	**305**
-	Amortization write-offs		240	240
-	Inclusion in consolidation		65	65
g)	**Cumulative redemption at end of period**	**200**	**1.601**	**1.801**
h)	**Net value of investment property at beginning of period**	**1.286**	**7.733**	**9.019**

Note 5 D

LONG-TERM FINANCIAL ASSETS		31.12.2008	31.12.2007
1.	Financial assets	21.511	16.673
a)	In affiliated enterprises	11.459	11.168
-	Stocks or shares	11.459	11.168
-	Debt securities		
-	Other securities (by type)		
-	Other long-term financial assets – leasing receivables		
b)	In other enterprises		
-	Stocks or shares	10.052	5.505
-	Debt securities		
-	Other securities (by type)		
-	Loans granted		
-	Other long-term financial assets – leasing receivables	10.052	5.505
2.	Financial assets available for sale	4.156	4.241
	Total long-term financial assets	**25.667**	**20.914**

Long-term financial assets do not count as liability hedges.

To the category of long-term financial assets available for sale items such as shares of quoted companies were added. Agreement for the sale of these shares also includes and offer submitted by KOPEX S.A. and concerning the sale of acquired shares at a fixed price, valid for 5 years. Fair value of the shares was measured as market price of those shares, not higher than the fixed contractual sale price in case of acceptance of the offer by the seller.

Note 5 E

CHANGE IN LONG-TERM FINANCIAL ASSETS (BY GROUP)		31.12.2008	31.12.2007
Stocks and shares in affiliated enterprises			
-	Opening balance	11.168	5.143
-	Purchase of stocks or shares	835	5.298
-	Revaluation write-offs	-270	
-	Inclusion in consolidation		
-	Valuation of property rights	415	728
-	Currency translation differences	-688	
-	Sale of stocks	-1	-1
-	**Closing balance**	**11.459**	**11.168**
Loans granted to other enterprises			
-	Opening balance	5.505	2.811
-	Loans granted		20.006
-	Loans repaid		20.006
-	Valuation of loans granted at adjusted purchase price		
-	**Closing balance**		
Leasing receivables from other enterprises			
-	Opening balance	5.505	2.811
-	Increase	8.325	2.694
-	Repaid	-3.778	
-	Exclusion of subsidiary from consolidation		
-	Currency translation differences		
-	**Closing balance**	**10.052**	**5.505**
Financial assets available for sale			
-	Opening balance	4.241	6.204
-	Purchase	72	148
-	Sales		-2.111
-	Inclusion of subsidiary in consolidation		
-	Valuation charged to equity	-99	
-	Impairment write-off	-59	
-	Exclusion of subsidiary from consolidation		
-	Currency translation differences	1	
-	**Closing balance**	**4.156**	**4.241**

Note 5 F **31.12.2008**

STOCKS OR SHARES IN AFFILIATED ENTERPRISES

	a	b	c	d	e	f	g	h	i	j	k	l
No.	Name of company, indicating its legal form	Official seat	Scope of activity	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	WS Baildonit Sp. z o.o.	Katowice	Production and sales of metallurgical goods	Associated	Equity method	06.11.1996	3.005	334	3.339	29.41%	29.41%	
3	PBSz Zakład Górniczy Sp. z o.o. under bankruptcy proceedings	Bytom	Mining services	Subsidiary	Not subject to consolidation	25.03.1998	1.600	-1.600	0	99.00%	99.00%	
4	EKOPEX	Ukraine	Implementation of new technologies	Associated	Not subject to consolidation	07.08.2006	6	0	6	20.00%	20.00%	
5	GRUPA ZZM-KOPEX Sp. z o.o.	Katowice	Trade	Subsidiary	Not subject to consolidation	15.06.2007	50	0	50	100.00%	100.00%	
6	KOPEX-RUS	Russia	Repair and maintenance of mining equipment	Subsidiary	Not subject to consolidation	14.06.2007	1		1	51.00%	51.00%	
7	Anhui Long Po Electrical Corporation Ltd	China	Production and sale of electrical goods	Indirectly associated	Equity method	12.01.1998	1	1.332	1.333	20.00%	20.00%	
8	Tlefenbach Polska Sp. z o.o.	Radzionków	Production and sales of equipment	Associated	Equity method	08.11.2007	3.132	-27	3.105	49.00%	49.00%	
9	TSOW 'Hansen Ukraina'	Makeevka	Sales of electric and electronic explosion-proof systems	Indirect subsidiary	Not subject to consolidation	2006	0	657	657	40.00%	50.00%	
11	KOPEX EKSEN Sp. z o.o.	Katowice	Construction services	Subsidiary	Not subject to consolidation	27.03.2008	507		507	50.00%	50.00%	
14	Odlewnia Staliwa Łabędy	Gliwice		Indirect subsidiary	Equity method	09.07.2007	153	2.308	2.461	25.00%	25.00%	
			Total				**8.455**	**3.004**	**11.459**			

<u>Note 5 F</u> 31.12.2007

STOCKS OR SHARES IN AFFILIATED ENTERPRISES

	a	b	c	d	e	f	g	h	i	j	k	l
No.	Name of company, indicating its legal form	Official seat	Scope of activity	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 influnence
1	WS Baildonit Sp. z o.o.	Katowice	Production and sales of metallurgical goods	Associated	Equity method	06.11.1996	3.005	372	3.377	29.41%	29.41%	
2	Kopex Comfort Sp. z o.o	Mysłowice	Construction services	Associated	Equity method	26.02.1999	36	1.212	1.248	49.00%	49.00%	
3	PBSz Transport Sp. z o.o. under bankruptcy proceedings	Bytom	Transportation services	Subsidiary	Not subject to consolidation	20.08.1998	300	-300		100.00%	100.00%	
4	PBSz Zakład Górniczy Sp. z o.o. under bankruptcy proceedings	Bytom	Mining services	Subsidiary	Not subject to consolidation	25.03.1998	1.600	-1.600	0	100.00%	100.00%	
5	PBSz Hotele i Wypoczynek Sp. z o.o. under bankruptcy proceedings	Bytom	Recreation and leisure services	Subsidiary	Not subject to consolidation	08.05.2000	10	-10		100.00%	100.00%	
6	EKOPEX	Ukraine	Implementation of new technologies	Associated	Not subject to consolidation	07.08.2006	6		6	20.00%	20.00%	
7	KOPEX Innowacje Sp. z o.o.	Katowice	Trade	Subsidiary	Not subject to consolidation	15.06.2007	50		50	100.00%	100.00%	
8	KOPEX-RUS	Russia	Repair and maintenance of mining equipment	Subsidiary	Not subject to consolidation	14.06.2007	1		1	51.00%	51.00%	
9	Anhui Long Po Electrical Corporation Ltd	China	Production and sale of electrical goods	Indirectly associated	Equity method	12.01.1998	1	918	919	20.00%	20.00%	
10	Tlefenbach Polska Sp. z o.o.	Radzionków	Production and sales of equipment	Associated	Equity method	08.11.2007	3.132	-79	3.053	49.00%	49.00%	
11	TSOW 'Hansen Ukraina'	Makeevka	Sales of electric and electronic explosion-proof systems	Indirect subsidiary	Not subject to consolidation	2006	217		217	40.00%	50.00%	
12	Odlewnia Staliwa Łabędy	Gliwice		Indirect subsidiary	Equity method	09.07.2007	153	2.144	2.297	25.50%	25.50%	
			Total				**8.511**	**2.657**	**11.168**			

<u>Note 5 G</u> 31.12.2008

STOCKS OR SHARES IN OTHER ENTERPRISES

	a	b	c	d	f	g
No.	Name of company, indicating its legal form	Official seat	Scope of activity	Carrying value of stocks (shares)	% of share capital owned	% share in the total number of shares at the General meeting of shareholders
1	PKG S.A.	Warsaw	Construction services	1.125	9.58%	9.58%
2	FASING S.A.	Katowice	Production of mining machines	2.528	9.01%	9.01%
7	Ostrowskie Zakłady Drobiarskie DROP S.A.	Ostrów Wielkopolski	Production of canned meat, meat products, offal, production of spices and groceries	38	0.54%	0.16%
8	FABUD Wytwórnia Konstrukcji Betonowych S.A.	Siemianowice Śląskie	Production of concrete construction products, concrete mix and metal constructions	292	9.44%	1.93%
10	Banaka AIK	Nis. Serbia	bank	117	No data available	No data available
11	Polska Technika Górnicza S.A.	Katowice	Production, trade, material and nonmaterial services, investment design and execution, consulting services, coal trade, leasing	51	8.33%	8.33%
12	GTL S.A	Katowice	Construction of an airport	5	0.01%	0.01%
			Total	**4.156**		

<u>Note 5 G</u> 31.12.2007

STOCKS OR SHARES IN OTHER ENTERPRISES

	a	b	c	d	e		f	g	h	i
No.	Name of company, indicating its legal form	Official seat	Scope of activity	Carrying value of stocks (shares)	Equity, including	-Share capital	% of share capital owned	% share in the total number of shares at the General meeting of shareholders	Oustanding value of shares	Dividends received or due for last business year
1	PKG S.A.	Warsaw	Construction services	1.125		18.201	9.58%	9.58%		
2	ZPL LEN S.A. under bankruptcy proceedings	Kamienna Góra	Production of linen products		9.189	7.119	0.05%			
3	Stocznia Gdynia	Gdynia	Shipmaking		-285.386	401.412	0.00%	0.00%		
4	Inwest Star S.A. under bankruptcy proceedings	Starachowice	Production of plastic products		12.605	11.700	0.03%	0.01%		
5	TEM TRANSFORMA Elektromontaż S.A.	Katowice	Production of engines and electric installations		11.163	6.629	0.01%	0.01%		
6	Zakłady Naprawcze S.A. under bankruptcy proceedings	Rybnik	Production of mining machines							
7	Ostrowskie Zakłady Drobiarskie DROP S.A.	Ostrów Wielkopolski	Production of canned meat, meat products, offal, production of spices and groceries	38	26.606	7.011	0.54%	0.16%		
8	FABUD Wytwórnia Konstrukcji Betonowych S.A.	Siemianowice Śląskie	Production of concrete construction products, concrete mix and metal constructions	292	23.458	4.525	9.44%	1.93%		
9	Lubelskie Przedsiębiorstwo Budownictwa Ogólnego S.A.	Lublin	Production of concrete products	59	3.005	521	12.24%	0.02%		
10	Banaka AIK	Nis. Serbia	bank	140						
11	ENERGOAPARATURA	Katowice		8			0.07%	0.07%		
11	Polska Technika Górnicza S.A.	Tychy	Production, trade, material and nonmaterial services, investment design and execution, consulting services, coal trade, leasing	51			8.30%			
			Total	**<u>1.713</u>**						

Note 5 H

LONG-TERM FINANCIAL ASSETS – EXCLUSIVE OF LOANS (CURRENCY STRUCTURE)			31.12.2008	31.12.2007
a)	In Polish currency		24.892	20.473
b)	In foreign currencies (by currency, and translated into PLN)		775	441
B1	unit/currency	thou/EUR	157	61
		thou/PLN	657	219
B2	unit/currency	thou/USD		2
		thou/PLN		6
B3	other currencies	thou/PLN	118	216
Total securities, shares and other long-term financial assets			**25.667**	**20.914**

Note 5 I

LONG-TERM LOANS GRANTED – (CURRENCY STRUCTURE)			31.12.2008	31.12.2007
a)	In Polish currency			
b)	In foreign currencies (by currency, and translated into PLN)			
B1	unit/currency	thou/EUR		
		thou/PLN		
B2	unit/currency	thou/USD		
		thou/PLN		
B3	other currencies	thou/PLN		
Total securities, shares and other long-term financial assets				

Note 5 j

LONG-TERM FINANCIAL ASSETS – EXCLUSIVE OF LOANS (BY TRANSFERABILITY/NEGOTIABILITY)	31.12.2008	31.12.2007
With unlimited transferability (carrying value)	**13.087**	**12.881**
Stocks and shares (carrying value)	13.087	12.881
- Revaluation adjustments	2.009	1.835
- Purchase price value	11.078	11.046
With limited transferability (carrying value)	**12.580**	**8.033**
Stocks and shares (carrying value)	2.528	2.528
- Revaluation adjustments		
- Purchase price value	2.528	2.528
Leasing receivables (carrying value)	10.052	5.505
- Revaluation adjustments		
- Revaluation adjustments at the beginning of the period		
- Purchase price value	10.052	5.505
Total purchase price value	**23.658**	**19.079**
Total revaluation adjustments	2.009	1.835
Total carrying value	**25.667**	**20.914**

Note 6 A

CHANGE IN ASSETS – DUE TO DEFERRED TAX	31.12.2008	31.12.2007
1. Opening balance of assets due to deferred tax, incl.	20.719	15.201
a) Recognized in the financial result	20.235	14.717
b) Recognized in equity	484	484
2. Increases	35.139	15.161
a) Recognized in that period's financial result due to negative temporary differences	22.065	15.162
b) Recognized in that period's financial result due to tax loss	2.995	
c) Recognized in that period's equity due to negative temporary differences	10.078	
d) Recognized in equity due to tax loss		
e) Inclusion of subsidiary in consolidation	1	
3. Decreases	12.847	9.644
a) Recognized in that period's financial result due to negative temporary differences	12.618	9.464
b) Recognized in that period's financial result due to tax loss	52	180
c) Recognized in equity due to negative temporary differences	177	
d) Recognized in equity due to tax loss		
4. Closing balance of assets due to deferred tax, incl.:	**43.011**	**20.719**
a) Recognized in financial result	32.626	20.235
b) Recognized in equity	10.385	484

Except for the asset calculated from future liabilities due to jubilee awards and retirement severance pays which will be paid within up to 40 years from the balance sheet date, all other temporary differences will take place within 12 months from the balance sheet date.

Note 6 B

OTHER PREPAYMENTS AND ACCRUALS	31.12.2008	31.12.2007
- Accessories for leased shearers-loaders	1.520	1.774
- Other expenses prepaid	143	266
- Costs of preparation of new production		693
- Technological tests, property insurance, leasing fees	145	54
- Interest and deferment fee regarding contract with ZUS (Polish Social Insurance Institution), interest due to reorganization Proceedings	169	555
Other prepayments and accruals		

Note 7 A

INVENTORIES	31.12.2008	31.12.2007
a) Materials	205.551	180.771
b) Semi-finished products and products in the making	171.356	74.092
c) Finished products	31.402	55.462
d) Goods	105.989	21.864
Total inventories	**514.298**	**332.189**
f) Revaluation write-offs on inventories – materials	1.636	1.532
g) Revaluation write-offs on inventories – semi-finished products and products in the making	1.127	2.535
h) Revaluation write-offs on inventories – finished products	613	357
i) Revaluation write-offs on inventories – goods	688	278
Total gross inventories	**518.362**	**336.891**

Inventories are encumbered with a pledge of 14.809 thou. PLN and act as a hedge of liabilities due to bank credits.

Note 7 B

CHANGE IN REVALUATION WRITE-OFFS ON INVENTORIES		31.12.2008	31.12.2007
Opening balance		4.702	2.462
a)	Increases (due to) recognized in profit and loss account	1.923	10.800
-	Revaluation of materials	671	2.123
-	Revaluation of semi-finished products and products in the making	168	8.248
-	Revaluation of finished products	529	54
-	Revaluation of goods	555	375
-	Currency translation differences		
b)	Decreases (due to) recognized in profit and loss account	2.561	8.560
-	End of reasons for write-off – materials	567	1.759
-	End of reasons for write-off – semi-finished products and products in the making	1.576	6.193
-	End of reasons for write-off – finished goods	273	29
-	End of reasons for write-off – goods	145	579
Closing balance		**4.064**	**4.702**

Note 8 A

SHORT-TERM TRADE RECEIVABLES AND OTHER RECEIVABLES		31.12.2008	31.12.2007
a)	From affiliated enterprises	1.781	1.013
-	Trade receivables with payment dates:	911	1.013
•	Up to 12 months	767	1.013
•	Above 12 months	144	
-	Other	718	
-	Prepayments for deliveries	152	
b)	From other enterprises	497.365	440.757
-	Trade receivables with payment dates:	369.659	335.179
•	Up to 12 months	369.129	320.981
•	Above 12 months	3.530	14.198
-	Receivables due to taxes, subsidies, social and health Insurance and other benefits	69.632	65.324
-	Other	53.232	13.577
-	Sued for	5	
-	Prepayments for deliveries	4.837	26.677
Total net short-term receivables		**499.146**	**441.770**
c)	Revaluation write-offs on receivables	56.678	57.699
Total gross short-term receivables		**555.824**	**499.469**

Trade receivables up to 23.200 thou. PLN act as collateral.

Note 8 B

CHANGE IN REVALUATION WRITE-OFF ON TRADE RECEIVABLES AND OTHER RECEIVABLES – SHORT-TERM		31.12.2008	31.12.2007
Opening balance		57.699	57.965
Currency translation differences		1.115	
a)	Increases (due to)	12.105	16.598
•	Revaluation of disputable receivables	11.708	15.632
•	Acquisition of control over companies – Inclusion in consolidation		964
•	Other	397	2
b)	Decreases (due to)	14.241	16.864
•	Use of revaluation write-off on receivables	7.439	6.512
•	Repayment	6.378	5.362
•	End of reasons for write-offs	58	1.461
•	Other	366	3.529
•	Exclusion of subsidiary from consolidation		
Closing balance of revaluation write-offs on short-term receivables		**56.678**	**57.669**

Note 8 C

GROSS TRADE RECEIVABLES AND OTHER RECEIVABLES (CURRENCY STRUCTURE)			31.12.2008	31.12.2007
a)	In Polish currency		379.080	272.936
b)	In foreign currencies (by currency, and translated into PLN)		176.744	226.533
B1	unit/currency	thou/EUR	11.527	39.424
		thou/PLN	34.400	102.580
B2	unit/currency	thou/USD	23.989	22.656
		thou/PLN	101.139	81.674
B3	other currencies	thou/PLN	41.205	42.279
Total short-term receivables			**555.824**	**499.469**

Note 8 D

GROSS TRADE RECEIVABLES WITH THE REMAINING PERIOD FOR REPAYMENT COUNTING FROM BALANCE SHEET DATE		31.12.2008	31.12.2007
a)	Up to 1 month	137.329	95.422
b)	1 month – 3 months	66.860	84.472
c)	3 months – 6 months	29.863	18.169
d)	6 months – 1 year	6.451	63.130
e)	Over 1 year	160	14.643
f)	Overdue receivables	179.158	111.279
Total gross trade receivables		**419.821**	**387.115**
g)	Revaluation write-offs on trade receivables	49.251	50.923
Total net trade receivables		**370.570**	**50.923**

Receivables related to the regular trade cycle are included in section 'up to 1 month'. However, for some clients repayment dates arranged on the basis of individual contracts can fall in the category '1 month – 3 months'. Capital Group KOPEX S.A. also has receivables which have longer repayment periods – these refer to guarantee installments for long-term contracts.

Note 8 D

OVERDUE GROSS TRADE RECEIVABLES, CATEGORISED BY HOW LONG OVERDUE THEY ARE		31.12.2008	31.12.2007
a)	Up to 1 month	48.749	23.565
b)	1 month – 3 months	66.521	25.526
c)	3 months – 6 months	14.677	13.036
d)	6 months – 1 year	5.524	2.907
e)	Over 1 year	43.687	46.245
Total overdue trade receivables (gross)		**179.158**	**111.279**
g)	Revaluation write-offs on overdue trade receivables	42.056	42.523
Total overdue trade receivables (net)		**134.132**	**68/756**

Note 9 A

SHORT-TERM INVESTMENTS		31.12.2008	31.12.2007
1.	Financial assets	171.546	178.099
a)	In affiliated enterprises		
b)	In other enterprises	7.413	28.688
-	Other securities	1.569	
-	Loans granted	1.022	5.275
-	Other short-term financial assets – foreign currency transaction	155	20.085
-	Other short-term financial assets – leasing receivables	4.667	3.328
c)	Cash and other financial assets	164.133	149.411
-	Cash in hand and cash balances with banks	157.593	117.543
-	Other cash	6.540	31.868
Total short-term investments		**171.546**	**178.099**

Note 9 B

DERIVATIVE FINANCIAL INSTRUMENTS – FINANCIAL ASSETS		31.12.2008
a)	Hedging cash flows for which hedge accounting is applied	
-	Forward sales contracts USD	
-	Forward sales contracts EUR	
-	Put options EUR	
b)	Hedging cash flow, for which hedge accounting is not applied	**155**
-	Forward sales contracts USD	
-	Forward sales contracts EUR	
-	Put options EUR – volume of 6 321 thou. PLN, average exchange rate 3.8900	155
Total derivative financial instruments		**155**

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, except for transactions with a volume of 11 689 thou. PLN which constitute financial liabilities with a fair value of 1 315 thou. PLN, which are expected to be realized by August 16, 2010.

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 transaction 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 following:

- 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.

Note 9 B

DERIVATIVE FINANCIAL INSTRUMENTS – FINANCIAL ASSETS		31.12.2007
c)	Hedging cash flows for which hedge accounting is applied	**17,736**
-	Forward sales contracts USD – volume of 11 032 thou. PLN, average exchange rate 2.7786	16352
-	Forward sales contracts EUR – volume of 21 706 thou. PLN, average exchange rate 3.9287	1.384
d)	Hedging cash flow, for which hedge accounting is not applied	2.349
-	Forward sales contracts USD – volume of 8 693 thou. PLN, average exchange rate 2.6621	1.064
-	Put options EUR – volume of 21 492 thou. PLN, average exchange rate 3.8900	1.285
Total derivative financial instruments		**20.085**

Note 9 C

GAINS/LOSSES ON DERIVATIVES HEDGING CASH FLOWS, INCLUDED DIRECTLY IN EQUITY	31.12.2008	31.12.2007
a) Cumulative gains/losses on financial instruments hedging cash flows at the beginning of the accounting period	**6.502**	**114**
b) Amount included in equity in the accounting period due to effective hedging transactions	-60.460	32.036
c) Completed hedging transactions preserved in equity until execution of the planned hedged transaction	-3.148	
d) Amount transferred from equity to profit and loss account in the reporting period	2.289	-25.648
e) Cumulative gains/losses on financial instruments hedging cash flows entered in equity at the end of the accounting period	**-54.817**	**-6.502**

Note 9 D

PROFITS (LOSSES) RELATED TO FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY FINANCIAL RESULT	31.12.2008	31.12.2007
a) Initially recognized as measured at fair value		
- Derivatives realized	2.784	-5.927
- Measurement of not realized derivatives	-38.544	-4.274
Total	**-35.760**	**-4.274**

Note 9 E

CHANGE IN SHORT-TERM FINANCIAL ASSETS AVAILABLE FOR SALE	31.12.2008	31.12.2007
a) Opening balance		5.302
- Purchase		
- Measurement credited to equity		-39
- Sales		5.263
b) Closing balance		

Note 9 F

SHORT-TERM FINANCIAL ASSETS EXCLUSIVE OF LOANS AND CASH (CURRENCY STRUCTURE)		31.12.2008	31.12.2007
a) In Polish currency		6.391	23.413
b) In foreign currencies (by currency, and translated into PLN)			
B1 unit/currency	thou/EUR		
	thou/PLN		
B1 unit/currency	thou/USD		
	thou/PLN		
other currencies	thou/PLN		
Total short-term financial assets		**6.391**	**23.413**

Note 9 G

SHORT-TERM LOANS GRANTED (CURRENCY STRUCTURE)		31.12.2008	31.12.2007
a) In Polish currency		8	4.495
b) In foreign currencies (by currency, and translated into PLN)		1.014	780
B1 unit/currency	thou/USD	343	
	thou/PLN	1.014	
B1 unit/currency	thou/EUR		218
	thou/PLN		780
B3 other currencies	thou/PLN		
Total short-term loans granted		**1.022**	**5.275**

Note 9 H

SHORT-TERM FINANCIAL ASSETS – EXCLUSIVE OF LOANS AND CASH (BY TRANSFERABILITY/NEGOTIABILITY)	31.12.2008	31.12.2007
With limited transferability (carrying value)	**6.391**	**23.413**
Stocks and shares (carrying value)		
- Fair value		
- Market value		
- Purchase price value		
Foreign currency transactions (carrying value)	155	20.085
- Fair value	155	20.085
- Market value		
- Purchase price value		
Other securities (carrying value)	1.569	
- Fair value	1.569	
- Market value		
- Purchase price value		
Leasing receivables (carrying value)	4.667	3.328
- Fair value		
- Market value		
- Purchase price value	4.667	3.328
Total fair value	**1.724**	**20.085**
Total market value		
Total purchase price value	**4.667**	**3.328**
Total carrying value	**6.391**	**23.413**

Note 9 I

CASH AND OTHER FINANCIAL ASSETS (CURRENCY STRUCTURE)		31.12.2008	31.12.2007
a) In Polish currency		40.461	71.241
b) In foreign currencies (by currency, and translated into PLN)		123.672	78.170
B1 unit/currency	thou/USD	860	5.164
	thou/PLN	2.561	12.998
B1 unit/currency	thou/EUR	17.888	12.998
	thou/PLN	74.588	14.081
B3 other currencies	thou/PLN	46.523	14.698
Total cash and other financial assets		**164.133**	**149.411**

Note 9 I

CASH STRUCTURE	31.12.2008	31.12.2007
a) Cash at bank	156.068	116.821
b) Cash in hand	1.525	722
c) Other cash	6.540	31.868
Total cash	**164.133**	**149.411**

Note 10

SHORT-TERM PREPAYMENTS AND ACCRUALS	31.12.2008	31.12.2007
a) Prepayments and accrued income, incl.	20.887	5.908
- Subscriptions, insurances, transfer to Company Social Contribution Fund and others	2.223	1.317
- Costs of lease settled over a period of time	4.543	3.018
- Costs of research and development	12.006	1.280
b) Other prepayments and accruals, incl.	162.965	23.736
- Long-term contracts – uninvoiced revenues	160.825	21.666
- VAT to be deducted and excise tax to be deducted	537	323
- Income from sales of electric energy and other – accrued	103	1.394
- Income from reimbursement of employment costs within Intervention works – accrued		
- Deferment fee regarding contract with ZUS (Polish Social Insurance Institution)	394	210
- Interest installments regarding financial leasing	23	
- Preparation of new works	8	143
- Other	1.075	
Total short-term prepayments and accruals	**183.852**	**29.644**

Note 11

FIXED ASSETS HELD FOR SALE

Fixed assets held for sale comprise the following:

- Shares in company HYDRAPRES S.A. with a carrying value of 9 973 thou. PLN sold in January 2009 for the total amount of 10 408 thou. PLN
- Land and facility in Bytom with a value of 62 thou. PLN, sold in January 2009 for the total amount of 100 thou. PLN

Note 12

SHARE CAPITAL (STRUCTURE)	31.12.2008	31.12.2007
- Type of shares	bearer shares	bearer shares
- Type of preference	ordinary shares	ordinary shares
- Registration date	03.01.1994	03.01.1994
- Right to dividend (from date)	03.01.1994	03.01.1994
- Number of shares	1.989.270	1.989.270
- Nominal value of share	10 PLN	10 PLN
- Date of split	01.08.2006	01.08.2006
- **Number of shares**	**19.982.700**	**19.892.700**
- **Nominal value of share**	**1 PLN**	**1 PLN**
- Issuance of series B shares (registration date)	10.08.2007	10.08.2007
- Right to dividend (from date)	10.08.2007	10.08/2007
- **Number of shares**	**47.739.838**	**47.739.838**
- **Nominal value of share**	**1 PLN**	**1 PLN**
Total number of shares	67.632.538	67.632.538
Nominal value of share	1 PLN	1 PLN
Total share capital	**67.633**	**67.633**

Subsidiaries and associated companies do not own shares of KOPEX S.A.

Note 13

TREASURY SHARES

Acting on the basis of a power of attorney granted by Resolution no. 1 of NWZA KOPEX S.A. dated December 11, 2008 on expressing consent to and specifying terms of purchase of treasury shares by the Company and Resolution no. 2 of NWZA KOPEX S.A. dated December 11, 2008 on granting the Board of the Company power of attorney to purchase the Company's treasury shares in compliance with art. 363 & 1 point 8) of the Code of Commercial Companies, the Board of KOPEX S.A. initiated the Program of purchase (buyback) of treasury shares of KOPEX S.A. Since the commencement of the Program, i.e. since December 15, 2008 until December 22, 2008 the total of 38.335 treasury shares of KOPEX S.A. were purchased at the average purchase price of 10.43 PLN per share. Treasury shares to the amount of 400 thou. PLN purchased by the Issuer since the commencement of the Program until December 22, 2008 represent 0.056% of the share capital of KOPEX S.A. end entitle to 0.056% of the total number of votes at the General Meeting of Shareholders of KOPEX S.A.

Note 14

SUPPLEMENTARY CAPITAL	31.12.2008	31.12.2007
a) From the company's fund and reverse acquisition	1.061.693	1.025.767
b) Created in compliance with provisions of the memorandum of association / agreement	723.166	
c) From profits	43.209	318.815
d) From decrease in share capital due to transfer of shares to the National Investment Fund	9.907	9.907
e) Delivery of a social and housing project		370
f) Other (by type)	10.767	8.286
- *from revaluation*	8.863	8.266
- *other*	1.904	20
Total supplementary capital	**1.848.742**	**1.363.145**

In compliance with IFRS 3, Appendix B, point B7, undistributed profits from previous years as well as other items within equity constitute undistributed profits and other items within equity of ZZM S.A. directly before the business combination, and the amount recorded due to issuance of shares was calculated by increasing the issued capital of ZZM S.A. from before the combination by the cost of combination.

The cost of combination totals 1.178.642 thou. PLN. It was calculated using the total fair value of all issued equity instruments of KOPEX S.A. as of July 8, 2007 (in compliance with IFRS3, par. 27).

Additionally, due to the reverse acquisition, the equities were reduced by the value of capital of the acquired company from the accounting point of view as of the date of acquisition (calculation of goodwill) and by the portion of it assigned for minority shareholders of ZZM S.A.

Note 15

REVALUATION CAPITAL RESERVE	31.12.2008	31.12.2007
a) revaluation of fixed assets	38.374	40.079
b) revaluation of long-term and short-term investments	-5	
c) deferred tax due to revaluation of investments		
d) cash flow hedge	-54.817	6.502
e) deferred tax due to cash flow hedge	10.415	-1.235
f) other	169	
Total revaluation capital reserve	**-5.864**	**45.346**

Note 16

OTHER RESERVE CAPITALS (BY PURPOSE)	31.12.2008	31.12.2007
- for buyback of treasury shares of ZZM in order to redeem them		3.903
- inclusion of subsidiary		
- mandatory investments of KOPEX S.A		
- creation of reserve capital	180	
- buyback of treasury shares	19.600	
- other	3.743	
Total other reserve capitals	**23.523**	**3.903**

Note 17

CHANGE IN MINORITY INTEREST	31.12.2008	31.12.2007
Opening balance of minority interest	73.750	47.319
a) increases (due to)	19.952	69.233
- reverse acquisition*		15.176
- currency translation differences		
- minority interest in equity of subsidiaries	19.952	54.057
b) decreases (due to)	30.547	42.802
- exclusion of subsidiary from consolidation		42.802
- dividend paid to minority shareholders	30.547	
Closing balance of minority interest	**63.155**	**73.750**

*Under IFRS 3 Appendix B point B11 minority interest reflects the proportional share of minority shareholders in the carrying value of net assets of the entity which from the legal point of view is a subsidiary, i.e. ZZM.

Note 18A

CHANGE IN DEFERRED TAX PROVISION	31.12.2008	31.12.2007
1. Opening balance of deferred tax provision, incl.	23.851	31.583
a) Recognized in financial result	12.129	19.649
b) Recognized in equity	11.722	11.934
2. Increases	23.845	8.006
a) Recognized in financial result due to positive temporary differences	22.112	6.509
b) Recognized in equity due to positive temporary differences	1.733	1.325
c) Consolidation – recognized in financial result		172
3. Decreases	11.395	15.738
a) Recognized in financial result due to positive temporary differences	9.567	14.201
b) Recognized in equity due to positive temporary differences	1.828	1.537
2. Total closing balance of deferred tax provision, incl.:	**36.301**	**23.851**
a) Recognized in financial result	24.674	12.129
b) Recognized in equity	11.627	11.722

Note 18B

PROVISION FOR RETIREMENT PENSION AND SIMILAR BENEFITS (LONG-TERM AND SHORT-TERM)	31.12.2008	31.12.2007
a) Long-term	15.041	13.247
b) Short-term	3.962	3.371
Total provisions for retirement pension and similar benefits	**19.003**	**16.618**

Note 18C

CHANGE IN LONG-TERM PROVISION FOR RETIREMENT PENSION AND SIMILAR BENEFITS (BY TYPE OF PROVISION)		31.12.2008	31.12.2007
a)	Opening balance	13.247	9.866
-	Provision for jubilee awards and retirement severance pay	13.247	9.866
b)	Increases (due to)	6.124	4.406
-	Creation of provision	5.720	4.364
-	Reclassification (change of category from short-term provision)	155	42
-	Inclusion of subsidiary in consolidation	249	
c)	Use (due to)		
-	Organizational changes		
d)	Liquidation (due to)	4.330	1.025
-	Reclassification (change of category to short-term provision)	49	698
-	End of reasons for creation of provision (payment)	3.458	102
-	Other decreases	823	225
-	Exclusion of subsidiary from consolidation		
c)	**Closing balance**	**15.041**	**13.247**
-	provision for jubilee awards and retirement severance pay	15.041	13.247

Note 18D

CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT PENSION AND SIMILAR BENEFITS (BY TYPE OF PROVISION		31.12.2008	31.12.2007
a)	Opening balance	3.371	3.642
-	Provision for jubilee awards, retirement severance pay and leaves	3.371	3.642
b)	Increases (due to)	3.349	3.886
-	Reclassification (change of category from long-term provision)	53	672
-	Disability retirement severance pays, leaves and other jubilees	2.222	3.241
-	Inclusion of subsidiary in consolidation	1.074	
c)	Use (due to)	1.291	1.199
-	Organizational changes	1.291	1.199
d)	Liquidation (due to)	1.467	2.958
-	Reclassification (change of category to long-term provision)	174	23
-	Exclusion from consolidation		
-	End of reasons for creation of provision	454	6
-	Jubilee awards, retirement severance pays, leaves and		
-	bonuses paid	839	2.929
-	Exclusion of subsidiary from consolidation		
e)	**Closing balance**	**3.962**	**3.371**
-	provision for jubilee awards, retirement severance pay and leaves	3.962	3.371

Provisions for employee benefits are estimated by an actuary. For the purposes of the actuarial valuation a remuneration growth rate of 5%, and a discount rate of 5.5% were used. The company decided to immediately record actuarial profits and losses.

Note 18E

OTHER PROVISIONS (LONG-TERM AND SHORT-TERM)		31.12.2008	31.12.2007
a)	long-term	1.942	250
b)	short-term	32.097	38.655
Total other provisions		**34.039**	**38.905**

Note 18 F

CHANGE IN OTHER SHORT-TERM PROVISIONS (BY TYPE OF PROVISION)		31.12.2008	31.12.2007
a)	**Opening balance**	**38.655**	**26.741**
-	Provision for expected costs and claims	1.199	556
-	Provision for expected financial costs (currency translation differences)	1.212	253
-	Provision for expected liabilities	2.808	3.860
-	Period-end accruals – costs of contracts	19.595	16.795
-	Period-end accruals – general costs, commercial costs	9.341	1.243
-	Period-end accruals – liabilities due to interest on credits		34
-	Provision for warranty service	4.500	4.000
b)	**Increases (due to)**	**42.299**	**43.786**
-	Provision for expected claims and legal cases	5.726	886
-	Provision for expected financial costs (currency translation differences)	34	1.224
-	Provision for expected liabilities	9.522	6.000
-	Period-end accruals – costs of contracts	8.320	16.162
-	Period-end accruals – general costs, commercial costs	18.206	14.710
-	Period-end accruals – liabilities due to interest on credits		39
-	Provision for warranty service	491	4.766
c)	**Use (due to)**	**32.655**	**10.786**
-	Provision for expected claims and legal cases	474	
-	Provision for expected financial costs (currency translation differences)	1.170	
-	Provision for expected liabilities	980	976
-	Period-end accruals – costs of contracts	15.041	
-	Period-end accruals – general costs, commercial costs	14.990	5.489
-	Period-end accruals – liabilities due to interest on credits		56
-	Provision for warranty service		4.265
d)	**Termination (due to)**	**16.202**	**21.086**
-	Provision for expected claims and legal cases	1.463	243
-	Provision for expected financial costs (currency translation differences)	38	265
-	Provision for expected liabilities	8.878	6.076
-	Period-end accruals – costs of contracts	363	13.362
-	Period-end accruals – general costs, commercial costs	1.357	1.123
-	Period-end accruals – liabilities due to interest on credits		17
-	Provision for warranty service	4.103	
-	Exclusion of subsidiary from consolidation		
e)	**Closing balance**	**32.097**	**38.655**
-	Provision for expected claims and legal cases	4.988	1.199
-	Provision for expected financial costs (currency translation differences)	38	1.212
-	Provision for expected liabilities	2.472	2.808
-	Period-end accruals – costs of contracts	12.511	19.595
-	Period-end accruals – general costs, commercial costs	11.200	9.341
-	Period-end accruals – liabilities due to interest on credits		56
-	Provision for warranty service	888	4.500

Period-end accruals are liabilities which need to be paid for services which were received/provided but which were not paid for, invoiced or formally agreed upon with the provider. Period-end accruals are recorded as provisions for trade liabilities. Provisions accrued for costs of contracts ensue from the obligation to retain commensurability of incomes and costs related to the reporting period.

Note 19 A

LONG-TERM LIABILITIES		31.12.2008	31.12.2007
a)	To affiliated enterprises	107	482
-	Credits and loans		
-	Other (by type)	107	482
1.	Due to leasing operations	107	474
2.	Payments related to reorganization proceedings		8
3.	Franchise		
3.	Other liabilities		
b)	To other enterprises	141.515	14.434
-	Credits and loans	136.812	6.306
-	Other (by type)	4.703	8.128
1.	Due to settlements of foreign contracts, With time of execution over 1 year	929	797
2.	Due to deliveries and services beyond the operating cycle	718	1.258
3.	Due to leasing operations	972	1.352
4.	Settlement with ZUS (Polish Social Insurance Institution)	735	2.240
5.	Reorganization proceedings	558	644
6.	Prepayments for deliveries	785	1.177
7.	Other liabilities	6	660
Total long-term liabilities		**141.622**	**14.916**

<u>Note 19 B</u> 31.12.2008

LONG-TERM LIABILITIES DUE TO CREDITS AND LOANS

Name of company, indicating its legal form	Official seat	Extent of credit/loan as specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding rate of interest	Repayment date		Credit security
		In thou. PLN	Currency	In thou. PLN	Currency				
Serbian Development Fund	Belgradee	1.752	EUR	1.405	EUR	3% per annum	25.10.2013	Guarantee of Raiffeisen Bank and 22 blank bills, corporate guarantee of KOPEX S.A.	
PKO BP S.A.	Warsaw	100.000	PLN	87.156	PLN	WIBOR 1M + MARGIN	25.06.1011		Blank bill, endorsement in compliance with civil law, submission to enforcement up to 130 m. PLN
Santander Consumer Bank S.A.	Plac Solny 16 50-062 Wrocław	181.99	PLN	5	PLN	0	25.09.2008	Pledge	
Fiat Bank Polska S.A.	Warsaw	25	PLN	4	PLN	Variable; on day of signing the agreement: 9.99%	19.08.2010	Registered pledge	
Fiat Bank Polska S.A.	Warsaw	27	PLN	4	PLN	Variable; on day of signing the agreement: 9.99%	19.08.2010	Registered pledge	
Fiat Bank Polska S.A.	Warsaw	27	PLN	4	PLN	Variable; on day of signing the agreement: 9.99%	29.08.2010	Registered pledge	
Fiat Bank Polska S.A.	Warsaw	27	PLN	4	PLN	Variable; on day of signing the agreement: 9.99%	29.08.2010	Registered pledge	
Fiat Bank Polska S.A.	Warsaw	27	PLN	4	PLN	Variable; on day of signing the agreement: 9.99%	29.08.2010	Registered pledge	
Santander Consumer Bank S.A.	Wrocław	66	PLN	3	PLN	Variable; on day of signing the agreement: 10.49%	28.01.2010	Transfer of title to a vehicle	
Volkswagen Bank Polska	Warsaw	32	PLN	6	PLN	Variable; on day of signing the agreement: 4.74%	12.05.2010	Transfer of title to a vehicle	
Volkswagen Bank Polska	Warsaw	32	PLN	6	PLN	Variable; on day of signing the agreement: 4.74%	12.05.2010	Transfer of title to a vehicle	
Elgor + Hansen	Chorzów			2.056	PLN	6.91% - 8.09%	2011		Cash collateral account. Blank draft, related insurance receivables
OHR	Opawa			436	EUR	4.51% - 5.51%	2010		Pledged property
PKO BP S.A.	Gliwice	85.000	PLN	45.391	EUR		30.06.2011		
Regional Fund for Environmental Protection and Water Management in Katowice	Katowice	329	PLN	329	PLN	Rediscount of bills, but no less than 3%. On day of signing the loan agreement the interest is 3%, in subsequent years the interest will be adjusted by bill rediscount rate effective on Jan. 1 in a given year	15.06.2012		Conventional mortgage of 376 thou. PLN to secure capital, and cap mortgage on real estate, transfer of liabilities due to real estate insurance agreement, power of attorney to access bank account
Total		**187.525**		**136.812**					

Note 19 B **31.12.2007**

LONG-TERM LIABILITIES DUE TO CREDITS AND LOANS

Name of company, indicating its legal form	Official seat	Extent of credit/loan as specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding rate of interest	Repayment date	Credit security
		In thou. PLN	Currency	In thou. PLN	Currency			
Regional Fund for Environmental Protection and Water Management in Katowice	Katowice	329	PLN	328	PLN	0.4 of bill rediscount rate, but no less that 3%. On day of signing the loan agreement the interest is 3%, in subsequent years the interest will be adjusted by bill rediscount rate effective on Jan. 1 in a given year	15.06.2012	Conventional mortgage of 375 894 to secure capital and cap mortgage up to 86 455 to secure interest. Transfer of title from insurance policy. Declaration of submission to enforcement in compliance with art. 777 of the Civil Law Code
PKO BP S.A. – long-term part of credit	Chorzów	6.000	PLN	3.453	PLN	WIBOR 1M + MARGIN	2011	Conventional mortgage, cap mortgage on real estate, transfer of liabilities due to real estate insurance agreement, power of attorney to access bank account
OHR	Opawa	1.121	EUR	1.121	EUR	2% - 5%	2010	Pledge
Serbian Development Fund	Belgradee	1.404	RSD	1.404	RSD	3% per annum	25.10.2013	Guarantee of Raiffeisen Bank and 22 blank bills, corporate guarantee of KOPEX S.A.
Total		**8.854**		**6.306**				

Note 19 C

LONG-TERM LIABILITIES , CATEGORISED BY PAYMENT PERIOD (COUNTING FROM BALANCE SHEET DATE)	31.12.2008	31.12.2007
a) Over 1 year to 3 years	121.164	10.189
b) Over 3 years to 5 years	16.008	4.727
c) Over 5 years	4.450	
Total long-term liabilities	**141.622**	**14.916**

Note 19 D

LONG-TERM LIABILITIES (CURRENCY STRUCTURE)		31.12.2008	31.12.2007
a) In Polish currency		108.486	10.665
b) In foreign currencies (by currency, and translated into PLN)		33.136	4.251
B1 unit/currency	thou/USD		
	thou/PLN		
B1 unit/currency	thou/EUR	4.222	300
	thou/PLN	17.355	1.177
B3 other currencies	thou/PLN	15.781	3.074
Total long-term liabilities		**141.622**	**14.916**

Note 19 E

CHANGE IN VALUATION OF LONG-TERM LIABILITIES AT AMORTIZED COST	31.12.2008	31.12.2007
Opening balance	5.710	651
Currency translation differences	874	
a) Increases	187	5.323
- Recognized in the period in the profit and loss account	187	21
- Inclusion of subsidiary in consolidation		5.302
b) Decreases recognized in the period in the profit and loss account	3.447	264
Closing balance of valuation of long-term receivables at amortized cost	**3.324**	**5.710**

Note 20 A

SHORT-TERM LIABILITIES	31.12.2008		31.12.2007
a) To affiliated enterprises	867		111
- Credits and loans			
- Other financial liabilities			
- Trade liabilities maturing in:			111
• Up to 12 months			111
• Over 12 months			
- Prepayments for deliveries			
- Other (by type)			
• Due to leasing activity			
• Due to investment activity			
• Other	867		
b) To other enterprises	854.567		451.483
- Credits and loans	323.855		202.114
- Financial liabilities due to foreign currency transactions	90.558		722
- Other financial liabilities	8		
- Trade liabilities maturing in:	323.671		162.975
• Up to 12 months	323.572		145.414
• Over 12 months	99		17.561
- Prepayments for deliveries	13.547		17.853
- Due to taxes, duties, insurance and other benefits	40.574		29.796
- Due to remuneration	14.687		11.818
- Other (by type)	47.667		26.205
• Due to settlement of construction sites and foreign branches		8.022	6.336
• Due to commissions for agents and business trips abroad		845	1.758
• Due to leasing and investment activity		5.066	4.710
• Other		31.106	11.340
• Company social contribution fund		2.628	2.061
Total short-term liabilities		**855.434**	**451.594**

Note 20 B 31.12.2008

SHORT-TERM LIABILITIES DUE TO CREDITS AND LOANS

Name of company, indicating its legal form	Official seat	Extent of credit/loan as specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding rate of interest	Repayment date	Credit security
		In thou. PLN	Currency	In thou. PLN	Currency			
PKO BP S.A.	Katowice	139.000	PLN	105.000	PLN	WIBOR 1M + MARGIN	02.07.2011	Cap mortgage for the amount of 151.250.000 PLN on real estate located on Grabowa Road 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.
ING S.A.	Katowice	25.000	PLN	23.495	PLN	WIBOR 1M + MARGIN	31.03.2009	Cap mortgage on property of ZZM, registered pledge of machines and metallurgical inventories of ZZM S.A.+ assignment of insurance policy, transfer of title to machines and equipment owned by ZZM S.A. + assignment of insurance policy, power of attorney for bank to access accounts of debtors in PKO BP and ING Bank Śląski, blank promissory notes written by each of the Debtors
Industrial&Commercial Bank of China, Taian Xinwen Sub-Branch		12.163	RMB/CNY	12.163	RMB/CNY	7.47% per annum	1 year (until 10.09.2009	Pledge of accounts receivable
Industrial&Commercial Bank of China, Taian Xinwen Sub-Branch		4.127	RMB/CNY	4.127	RMB/CNY	7.326% per annum	1 year (until 10.11.2009	Pledge of accounts receivable
Santander Consumer Bank S.A.	Plac Solny 16 50-062 Wrocław	181	PLN	7	PLN	0	25.09.2008	Pledge
BRE Bank S.A. – at current account	Katowice	1.000	PLN	0	PLN	WIBOR 1M + MARGIN	31.07.2009	Blank bills, endorsement of ZZM
PKO BP. S.A. – at current account	Katowice	25.000	PLN	22.977	PLN	WIBOR 1M + MARGIN	01.07.2011	Blank bills, endorsement of ZZM
BRE Bank S.A.	Katowice	5.000	PLN	4.865	PLN	WIBOR 1M + MARGIN	29.05.2009	Blank promissory note, endorsement of ZZM
ING S.A. – at current account	Bytom	20.000	PLN	12.590	PLN	WIBOR 1M + MARGIN	31.03.2009	Blank promissory note
PKO BP. S.A. – at current account	Katowice	3.000,00	PLN	2.555	PLN	WIBOR 1M + MARGIN	30.06.2009	Blank promissory note, endorsement of ZZM, power of attorney to access bank account up to 3.000 thou. PLN within 6 months from signing the agreement
Regional Fund for Environmental Protection and Water Management in Katowice	Katowice	94	PLN	94	PLN	Rediscount on bills, no less than 3%	15.06.2012	Conventional mortgage, cap mortgage, assignment of title from insurance policy
AIK BANKA	Serbia/Nis	465	RSD	465	RSD	2% per month	15.03.2009	Guarantee of MONTU, LIVU, OPREM, blank bill
Serbian Development Fund	Belgradee	351	EUR	351	EUR	3% per annum	25.10.2013	Guarantee of Raiffeisen Bank and 22 blank bills, corporate guarantee of KOPEX S.A.
MIN HOLDING CO	Serbia/Nis	536	RSD	4	RSD	1% per annum	31.12.2006	None
MIN HOLDING CO	Serbia/Nis	140	EUR	104	EUR	2.4% per month	25.03.2009	None
Elgor + Hansen	Chorzów		EUR	7.918	EUR	6.26% - 8.19%	2011	Cash collateral account. Blank draft, related insurance receivables
Hansen +Genwest	Johannesburg		EUR	17.241	EUR	16% - 18.50%	2010	

OHR	Opawa		EUR	7.933	EUR	3.41% - 5.51%	1011	Bill, pledge of accounts receivable and assets
ING S.A.	Gliwice	162.100	PLN	17.314	PLN		31.03.2009	
ING S.A. – at current account	Katowice	72.000	PLN	68.457	PLN	WIBOR 1M + MARGIN	31.03.2009	Blank bill, power of attorney to access accounts in PKP and ING, submission to enforcement
BRE Bank S.A.	Warsaw	20.000	PLN	13.837	PLN	WIBOR O/N + MARGIN	12.03.2009	Blank bill, guarantee of KOPEX S.A., submission to enforcement
Fiat Bank Polska S.A.	Warsaw	25	PLN	6	PLN	Variable, on day of signing the agreement 9.99%	19.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	PLN	6	PLN	Variable, on day of signing the agreement 9.99%	19.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	PLN	6	PLN	Variable, on day of signing the agreement 9.99%	29.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	PLN	6	PLN	Variable, on day of signing the agreement 9.99%	29.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	PLN	6	PLN	Variable, on day of signing the agreement 9.99%	29.08.2010	Registered pledge
Santander Consumer Bank S.A.	Wrocław	66	PLN	34	PLN	Variable, on day of signing the agreement 10.49%	28.01.2010	Transfer of title to a vehicle
Volkswagen Bank Polska	Warsaw	32	PLN	17	PLN	Variable, on day of signing the agreement 4.74%	12.05.2010	Transfer of title to a vehicle
Volkswagen Bank Polska	Warsaw	32	PLN	17	PLN	Variable, on day of signing the agreement 4.74%	12.05.2010	Transfer of title to a vehicle
Kredyt Bank S.A.	Katowice	1.500	PLN	1.000	PLN	WIBOR 1M + MARGIN	31.01.2009	Entry into mortgage, registered pledge on inventories, blank promissory note
PKO BP S.A.	Warsaw	700	PLN	700	PLN	WIBOR 1M + MARGIN	23.06.2009	Blank bill, endorsement on bill
PKO BP S.A.	Warsaw	50	PLN	50	PLN	WIBOR 1M + MARGIN	29.05.2009	Blank bill, endorsement on bill
ING BSK	Tychy	50	PLN	0	PLN	WIBOR 1M + MARGIN	23.06.2009	Promissory note
Total		**492.720**		**323.855**				

Note 20 B **31.12.2007**

SHORT-TERM LIABILITIES DUE TO CREDITS AND LOANS

Name of company, indicating its legal form	Official seat	Extent of credit/loan as specified in the agreement		Outstanding amount of credit/loan		Terms and conditions regarding rate of interest	Repayment date	Credit security
		In thou. PLN	Currency	In thou. PLN	Currency			
PKP BP. S.A. – overdraft on current account	Katowice	44.000	PLN	2.170	PLN	WIBOR 1M + MARGIN	30.06.2010	Cap mortgage of 18.9 m. PLN on real estate, assignment of insurance policy, assignment of receivables, power of attorney to access account
PKO BP S.A.	Katowice	50.000		50.239		WIBOR 1M + MARGIN	30.06.2008	Registered pledge of shares of ZZM S.A. + frozen securities on investment account,

								transfer for the bank due to claim for payment of cash due to dividend from net profit earned by ZZM S.A. in 2007
ING S.A.	Katowice	40.000	PLN	39.705	PLN	WIBOR 1M + MARGIN	30.06.2008	Endorsement of ZZM
BRE BANK S.A.	Zabrze	5.000	PLN	2.030	PLN	WIBOR 1M + MARGIN	30.05.2008	Blank promissory note, endorsement of ZZM S.A.
PKP BP. S.A. – overdraft on current account	Katowice	1.000	PLN	0	PLN	WIBOR 1M + MARGIN	30.06.2009	Blank promissory note, endorsement of ZZM S.A.
ING BSK S.A. O/Bytom – overdraft on current account	Bytom	4.500	PLN	205	PLN	WIBOR 1M + MARGIN	30.06.2008	Blank promissory note endorsed by ZZM S.A. in compliance with the civil law, declaration of submission to enforcement, turnover in proportion to commitment
PKP BP. S.A. – overdraft on current account	Katowice	3.000	PLN	1.460	PLN	WIBOR 1M + MARGIN		Blank promissory note endorsed by ZZM S.A. in compliance with the civil law, declaration of submission to enforcement + power of attorney
PKO BP S.A.	Katowice	0	PLN	6	PLN	Interest as of 31.12.2007	02.01.2008	
Regional Fund for Environmental Protection and Water Management in Katowice		47	PLN	47	PLN	0.4 of bill rediscount rate, but no less that 3%. On day of signing the loan agreement the interest is 3%, in subsequent years the interest will be adjusted by bill rediscount rate effective on Jan. 1 in a given year	15.06.2012	Conventional mortgage 0f 375.894 to secure equity, cap mortgage up to 86.455 to secure interest, assignment of title from insurance policy, declaration of submission to enforcement in compliance with art. 777 of the Civil Law Code
BRE BANK – overdraft on current account	Katowice	1.000	PLN	720	PLN	WIBOR 1M + MARGIN	30.07.2008	Blank promissory note, endorsement of ZZM S.A.
PKP BP S.A.	Chorzów	6.000	PLN	1.346	PLN	WIBOR 1M + MARGIN	2011	Blank bill, conventional mortgage, cap mortgage on real estate, transfer of receivables due to real estate insurance agreement, power of attorney to access bank account
Raiffeisen Bank Polska S.A.	Chorzów	1.550	PLN	966	PLN	WIBOR 1T + MARGIN	2008	Power of attorney to access bank account and debtor's other accounts in the bank
OHR	Opava	14.908		14.908	EUR	2% - 5%	2011	Bill, pledge of receivables and assets
Santander Consumer Bank S.A.	Wrocław	43	PLN	27	PLN	5%		Pledge
Santander Consumer Bank S.A.	Wrocław	59	PLN	49	PLN	5%		Pledge
Santander Consumer Bank S.A.	Wrocław	94	PLN	63	PLN	5%		Pledge
Santander Consumer Bank S.A.	Wrocław	51	PLN	34	PLN	7%		Pledge

Santander Consumer Bank S.A.	Wrocław	47	PLN	39	PLN	7%		Pledge
Santander Consumer Bank S.A.	Wrocław	181	PLN	152	PLN	5%		Pledge
MIN HOLDING CO	Serbia/Nis	60	EUR	115	EUR	Discount rate of the National Bank of Serbia effective on the last day of previous month	31.12.2003	None
MIN HOLDING CO	Serbia/Nis	34	EUR		EUR	Discount rate of the National Bank of Serbia effective on the last day of previous month	31.02.2003	None
MIN HOLDING CO	Serbia/Nis	533	EUR	64	EUR	1% per annum	31.12.2006	None
MIN HOLDING CO	Serbia/Nis	286	EUR	772	EUR	7% per annum	31.12.2004	None
MIN HOLDING CO	Serbia/Nis	60	EUR	60	EUR	8.5% per annum	31.02.2007	None
MIN HOLDING CO	Serbia/Nis	32	EUR	38	EUR	8.5% per annum	30.06.2007	None
MIN HOLDING CO	Serbia/Nis	25	EUR	26	EUR	8.5% per annum		None
Serbian Development Fund	Belgradee	74	RSD	74	RSD	3% per annum	25.10.2013	Guarantee of Raiffeisen Bank and 22 blank bills, corporate guarantee of KOPEX S.A.
MIN HOLDING CO	Serbia/Nis	287	RSD	209	RSD	Discount rate of the National Bank of Serbia effective on the last day of previous month	31.12.2003	None
ELPROM	NIS	277	RSD	277	RSD	1.7% per month	19.06.2008	
Serbian Development Fund	Belgradee	167	RSD	240	RSD	5% per annum	30.06.2005	
Serbian Development Fund	Belgradee	82	EUR	108	EUR	4% per annum	31.03.2005	
Serbian Development Fund	Belgradee	402	EUR	400	EUR	3% per annum	28.02.2008	
MIN HOLDING CO	Serbia/Nis	143	EUR	165	EUR	7% per annum	31.03.2008	
MIN HOLDING CO	Serbia/Nis	46	EUR	50	EUR	1% per annum	30.04.2007	
MIN HOLDING CO	Serbia/Nis	11	EUR	12	EUR	7% per annum	31.03.2007	
MIN HOLDING CO	Serbia/Nis	111	EUR	117	EUR	7% per annum	31.12.2005	
MIN HOLDING CO	Serbia/Nis	208	EUR	318	EUR	Discount rate of the National Bank of Serbia effective on the last day of previous month	31.01.2008	
MIN HOLDING CO	Serbia/Nis	94	EUR	86	EUR	1% per annum	31.12.2007	

MIN HOLDING CO	Serbia/Nis	36	EUR	68	EUR	Discount rate of the National Bank of Serbia effective on the last day of previous month	31.12.2003	
MIN HOLDING CO	Serbia/Nis	26				Discount rate of the National Bank of Serbia effective on the last day of previous month	31.12.2003	
MIN HOLDING CO	Serbia/Nis	84	EUR	96	EUR	7% per annum	31.12.2005	
Bank Millenium S.A.	Warsaw	12.000	PLN	12.000	PLN		05.07.2008	
Bank Millenium S.A.	Warsaw		PLN	56	PLN	Overdraft on current account as of 31.12.2007		
ING Bank Śląski S.A.	Katowice	30.000	PLN	22.256	PLN		30.06.2008	
Bank PKO BP S.A.	Warsaw	20.000	PLN	20.000	PLN		10.08.2008	
BRE Bank S.A.	Warsaw	30.000	PLN	30.000	PLN		31.12.2008	
FGŚP	Katowice	0	PLN	345	PLN	Residual interest to be redeemed		
Total		**266.568**		**202.114**				

Note 20 C

DERIVATIVE FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES	31.12.2008
a) Hedging cash flows for which hedge accounting is applied	**53.958**
- Forward sales contracts USD – volume of 202 468 thou. PLN, average exchange rate 2.3947	53.958
- Forward sales contracts EUR – volume of 21 533 thou. PLN, average exchange rate 3.59	50.218
b) Hedging cash flow, for which hedge accounting is not applied	**36.600**
- Forward sales contracts USD – volume of 10 383 thou. PLN, average exchange rate 2.3627	2.761
- Forward sales contracts EUR – volume of 94.492 thou. PLN, average exchange rate 3.57; forward purchase contracts EUR – volume of 77 231 thou. PLN, average exchange rate 4.13	15.146
- Put options EUR – volume of 166 718 thou. PLN, average exchange rate 3.4328	18.693
Total derivative financial instruments	**90.558**

Detailed description of derivatives available at Note 9B

Note 20 C

DERIVATIVE FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES	31.12.2007
a) Hedging cash flows for which hedge accounting is applied	**472**
- Forward sales contracts USD – volume of 7 787 thou. PLN, average exchange rate 2.5957	472
b) Hedging cash flow, for which hedge accounting is not applied	**250**
- Forward sales contracts USD – volume of 35 291 thou. PLN, average exchange rate 2.5368	226
- Put options EUR – volume of 21 492 thou. PLN, average exchange rate 3.8900	24
Total derivative financial instruments	**772**

Note 20 D

SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)		31.12.2008	31.12.2007
a) In Polish currency		616.961	363.065
b) In foreign currencies (by currency, and translated into PLN)		238.473	88.529
B1 unit/currency	thou/USD	1.494	8.452
	thou/PLN	4.485	21.212
B1 unit/currency	thou/EUR	25.847	6.117
	thou/PLN	105.694	21.664
B3 other currencies	thou/PLN	128.294	45.653
Total cash and other financial assets		**855.434**	**451.594**

Note 21

PREPAYMENTS AND ACCRUALS	31.12.2008	31.12.2007
1. Period-end accruals of costs	758	
a) Long-term by type	25	
b) Short-term	733	
2. Prepayments and accruals of incomes, incl.:	48.511	5.677
a) Long-term (by type)	5.604	5.113
• Related to contracts of assignment for a debt	85	135
• Related to contingent redemption of obligations (due to reorganization proceedings)	4.794	4.973
• Other	725	5
b) Short-term (by type)	42.907	564
• Related to contracts of assignment for a debt	51	
• Related to received subsidies and grants	416	
• Other	36.829	564
• Adjustment of incomes in compliance with IAS 11	3.482	
• Future income	2.129	
Total other prepayments and accruals	**49.269**	**5.677**

Note 22

DATA USED FOR CALCULATING BOOK VALUE PER SHARE	31.12.2008	31.12.2007
Book value	2.097.203	2.050.381
Number of ordinary shares	67.632.538	57.277.434
Book value per 1 ordinary share (in PLN)	**31.01**	**35.80**

10. Explanations for the consolidated profit and loss account of Capital Group KOPEX S.A. prepared on December 31, 2008 and presented in thou. / PLN.

Reverse acquisition

On February 2, 2006 the company Zabrzańskie Zakłady Mechaniczne S.A. (ZZM) took control of KOPEX S.A. by acquiring 65.06% of its shares.

In 2007 47.739.838 series B shares of Kopex S.A. were issued for all shareholders of ZZM S.A. in exchange for shares of ZZM S.A. As a result of this issue of shares, on July 9, 2007 the company Kopex S.A. took possession of 1.285.406 shares of ZZM S.A., which accounts for 97.57% of all shares of ZZM S.A., thus becoming from the legal point of view parent company for ZZM S.A. For accounting purposes, however, ZZM S.A. which was taken over was the receiving company. From the accounting point of view the operation in question was a reverse acquisition, as specified in par. 21 of ISFR 3.

Note 23 A

NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE – TYPE OF ACTIVITY)	31.12.2008	31.12.2007
- Mining services	189.679	127.688
- Machines and equipment for underground mining	573.508	556.726
- Machines and equipment for surface mining	84.881	54.322
- Machines and equipment for industry	50.253	36.718
- Electronic and electric machines and equipment	234.174	29.006
- Castings	25.041	10.519
- Other services	107.430	75.470
Total net income from sales of produsts	**1.264.966**	**890.449**
- Including: from affiliated enterprises	2.597	242

Note 23 B

NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	31.12.2008	31.12.2007
a) Domestic*	**808.141**	**753.681**
- Mining services	164.535	93.499
- Machines and equipment for underground mining	349.722	509.034
- Machines and equipment for surface mining	61.624	42.667
- Machines and equipment for industry	34.190	30.980
- Electronic and electric machines and equipment	114.072	21.766
- Castings	23.706	10.103
- Other services	60.292	45.632
b) Exportation	**456.825**	**136.768**
- Mining services	25.144	34.189
- Machines and equipment for underground mining	223.786	47.692
- Machines and equipment for surface mining	23.257	11.655
- Machines and equipment for industry	16.063	5.738
- Electronic and electric machines and equipment	120.102	7.240
- Castings	1.335	416
- Other services	47.138	29.838
Total net income from sales of products	**1.264.966**	**890.838**
- Including: from affiliated enterprises	2.597	242

Note 23 C

INFORMATION REGARDING CONTRACTS FOR THE PROVISION OF CONSTRUCTION SERVICES		31.12.2008	31.12.2007
Contractual quotas due to contracts recognized as income for a given period		339.913	162.703
Method used for calculating income from a contract recognized in a given period	A method was applied which consists in producing a statement of contractual revenues and contractual costs incurred up to some specific moment of contract completion.		
Method used for estimating the stage of completion of contracts	Ratio of contractual costs incurred due to works completed up to a given point in time to estimated total contractual cost		
Total sum of incurred costs and recognized profits (reduced by incurred losses) as of the balance sheet date	Recorded amounts related to incurred costs and recognized profits (reduced by recognized losses) since the commencement of contract execution to the balance sheet date	908.784	820.453
Advance payments received	Advance payments are amounts received by the contractor before the completion of works for which they have been paid	147.061	45.390
Amounts retained	Amounts retained are those receivables the payment of which is conditional upon contract completion, and which are not paid until specific contractual terms and conditions are met or until flaws are removed (guarantee installments)	2.358	4.620
Gross amount due by the Client (as assets) with relation to completed contractual works	Gross amount due by the client with relation to contractual works is the amount which results from reducing: a) The sum of incurred costs and recognized profits b) By the sum of recognized losses and receivables conditional upon contract completion (partial invoices) for all contracts being executed as of a given day, in case of which incurred costs and profits (reduced by recognized losses) exceed receivables	147.049	21.665
Gross amount due to the Client (as liabilities) with relation to contractual works	Gross amount due to the client with relation to contractual works is the amount which results from reducing: a) The sum of incurred costs and recognized profits b) By the sum of recognized profits and receivables conditional upon contract completion (partial invoices) for all contracts being executed as of a given day, in case of which the receivables conditional upon the stage of contract completion (partial invoices) exceed incurred costs.	8.744	6.795

Note 24 A

NET INCOME FROM SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE – TYPE OF ACTIVITY)	31.12.2008	31.12.2007
- Machines and equipment for underground mining	26.952	82.446
- Machines and equipment for industry		1.719
- Electronic and electric machines and equipment	11.671	5.399
- Electric energy	523.574	196.283
- Coal	59.900	47.547
- Castings	1.206	597
- Other goods	91.375	65.790
Total net income from sales of goods and materials	**717.678**	**399.781**
- Including net income from affiliated enterprises		

Note 24 B

NET INCOME FROM SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	31.12.2008	31.12.2007
c) Domestic*	**530.566**	**193.272**
- Machines and equipment for underground mining	9.447	4.440
- Machines and equipment for industry		1.719
- Electronic and electric machines and equipment		1.997
- Electric energy	428.653	118.205
- Coal		658
- Castings	1.204	596
- Other goods	91.262	65.657
d) Exportation	**187.112**	**206.509**
- Machines and equipment for underground mining	20.505	78.006
- Electronic and electric machines and equipment	11.671	3.402
- Electric energy	94.921	78.078
- Coal	59.900	46.889
- Castings	2	1
- Other goods	113	133
Total net income from sales of goods and materials	**717.678**	**399.781**
- Including: net income from affiliated enterprises		

*domestic sales presented in the consolidated statement refers to income from sales in the country where a given Company has its official seat. Complete geographical structure of sales is presented in table of consolidated geographical segments divided by countries which is presented in the additional information for this statement.

Note 25

COSTS BY TYPE	31.12.2008	31.12.2007
a) Depreciation	61.093	42.285
b) Material and energy consumption	549.182	348.141
c) Outsourcing	233.620	208.157
d) Taxes and fees	11.621	11.630
e) Remuneration	308.522	221.923
f) Social insurance and other benefits	64.010	48.922
g) Other costs (due to)	42.305	19.333
Total costs by type	**1.270.353**	**900.391**
Change in inventories and prepayments and accruals	-116.129	-39.936
Cost of manufacture of products manufactured to meet the company's own needs (negative value)	31.157	43.574
Costs of sale (negative value)	30.499	44.053
General administrative costs (negative value)	152.923	94.796
Costs of goods sold	**939.645**	**678.032**

Note 26

OTHER INCOME		31.12.2008	31.12.2007
a)	**Sale of fixed assets**	**11.485**	**2.065**
b)	**Subsidies**	**262**	**104**
c)	**Release of revaluation write-offs on nonfinancial assets, incl.:**	**6.521**	**3.621**
-	Inventory write-downs	833	1.339
-	Write-downs of receivables	5.688	2.282
d)	**Release of provision (due to)**	**3.579**	**2.210**
-	End of reasons for creation of provisions for liabilities	2.772	1.916
-	End of reasons for provisions for legal claims	401	194
-	Release of provision for unused employee leaves	176	
-	Other	230	
e)	**Other, including:**	**21.377**	**39.111**
-	Received penalties, damages	4.882	3.990
-	Write-off on liability	1.383	809
-	Reimbursement of legal costs and operational costs	107	138
-	Gains/losses on effective portion of cash flow hedges	3.859	25.358
-	Released write-downs	403	228
-	Reinvoices – insurances, highway tax	487	220
-	Excess inventory	432	69
-	Valuation of receivables and long-term liabilities	106	526
-	Income from social activity		1.550
-	Other	9.718	6.223
Total other income		**43.224**	**47.011**

Note 27

OTHER COSTS		31.12.2008	31.12.2007
a)	**Value of sold fixed assets**	**9.784**	**1.528**
b)	**Revaluation write-offs on nonfinancial assets, incl.:**	**7.672**	**3.791**
-	Inventory write-downs	2.255	752
-	Write-downs of receivables	5417	3.039
c)	**Provisions created (for)**	**6.316**	**2.486**
-	Future liabilities	2.698	1.591
-	Retirement and disability retirement severance pay and similar	1.599	197
-	Unused employee leaves	781	345
-	Other	1.238	353
d)	**Other, incl.:**	**8.849**	**7.903**
-	Damages, accident damages	832	739
-	Donations	460	153
-	Penalties, legal costs	451	860
-	Gains/losses on effective portion of cash flow hedges		
-	Voluntary contributions	62	69
-	Valuation of long-term receivable and liabilities	264	322
-	Costs of reinvoicing	477	369
-	Inventory shortages	248	38
-	Write-down of receivables	53	71
-	Liquidation of fixed assets	277	42
-	Stocktaking shortages	140	
-	Depreciation of fixed assets received free of charge		16
-	Maintenance costs of social facilities	509	495
-	Loss on own deficits	1.198	
-	Other	3.878	5.089
Total other costs		**32.621**	**15.708**

Note 28

FINANCIAL INCOME	31.12.2008	31.12.2007
Dividends and share in profits	**2**	**4.002**
Financial income due to interest, including:	**10.666**	**12.459**
a) Due to granted loans	294	297
- From affiliated enterprises		
- From other enterprises	294	297
b) Due to leasing	1.500	892
- From affiliated enterprises		
- From other enterprises	1.500	892
c) Other interest	8.872	11.253
- From affiliated enterprises		17
- From other enterprises	8.872	11.253
Income from sales of investment		**52.626**
Revaluation of investment	**1.380**	**2.534**
Other financial income, including:	**15.594**	**4.219**
a) Positive currency translation differences	13.620	
- Realized	-8.784	
- Unrealized	22.404	
b) Release of provision (due to)	328	667
- End of reasons for provisions for currency translation differences		
- For interest	303	228
- End of reasons for write-downs of receivables		389
c) Other, including:	1.646	3.552
- Release of write-downs of financial receivables	439	1.673
- Income from financial operations	31	142
- Guarantor commissions		
- Valuation of foreign exchange transactions		
- Other	1.176	1.737
Total financial income	**27.642**	**75.840**

Note 29

FINANCIAL COSTS	31.12.2008	31.12.2007
Financial costs due to interest, including:	**24.388**	**12.848**
a) Interest on credits and loans	20.121	11.561
- For affiliated enterprises		
- For other enterprises	20.121	11.561
b) Other interest	4.267	1.287
- For affiliated enterprises	2	11
- For other enterprises	4.265	1.276
Value of sold investments		**44.389**
Revaluation of investment	**39.614**	**1.344**
Other financial costs, including:	**3.937**	**28.600**
a) Negative currency translation differences, including:		20.818
- Realized		11.525
- Unrealized		9.293
b) Provisions created (due to)	130	2.034
- Provisions for financial liabilities	126	1.211
- Interest	4	823
- Currency translation differences		
c) Other, including:	3.807	5.748
- Write-downs of financial receivables	1.915	1.672
- Bank commissions	1.097	613
- Loss on sales of claim	2	64
- Other	793	3.399
Total financial costs	**67.939**	**87.181**

Note 30 A

CURRENT INCOME TAX		31.12.2008	31.12.2007
1.	Profit (loss) before tax	134.858	634.528
2.	Consolidation adjustments	13	157.798
3.	Differences between profit (loss) before tax and the income tax base (by item)	-58.034	-112.145
-	Income exempt from taxation	-80.828	-120.838
-	Tax proceeds which are not accounting income	8.649	4.789
-	Accounting income, not included in the tax base	-8.086	-132.406
-	Accounting income, which is temporarily not tax proceeds	-67.132	-21.235
-	Accounting income from previous years, utilized in the accounting period	2.763	14.725
-	Statistical revenues included in the tax base	557	189
-	Non-accounting income and profits, included in the tax base (statistically)		45
-	Costs related to income exempt from taxation	75.809	118.799
-	Accounting costs which permanently constitute costs of revenues	22.026	16.879
-	Statistical costs which permanently constitute costs of revenues	-42.219	-18.849
-	Accounting costs, which are temporarily not costs of revenues	130.089	59.731
-	Accounting costs from previous years, utilized in the accounting period	-77.037	-38.136
-	Costs of revenues which are not accounting costs	-259	
-	Losses from previous years deducted from income	-2.920	-3.206
-	Adjustment of income of subsidiaries taxed abroad	-41.175	2.943
-	Other deductions from income (-)	-846	-411
4.	**Income tax base**	**76.837**	**680.181**
6.	19% income tax rate	14.655	127.185
7.	Tax increases, waivers, exemptions, deductions and reductions	-66	
8.	Tax paid abroad	12.401	2.477
9.	Tax adjustment from previous years	1.107	49
10.	**Current income tax included (recognized) in the tax declaration of the period, incl.:**	**28.097**	**129.711**
-	Income tax recognized in the profit and loss account	28.097	129.711

Note 30 B

DEFERRED INCOME TAX RECOGNIZED IN THE PROFIT AND LOSS ACCOUNT		31.12.2008	31.12.2007
-	Reduction (increase) due to occurrence and reversal of temporary differences	3.285	-3.987
-	Reduction (increase) due to change in tax rates	251	-7.462
-	Reduction (increase) due to previously not recognized tax loss, tax allowance or temporary difference from the previous period	10	10
-	Reduction (increase) due to write-off of assets due to deferred income tax or lack of possibility to use provision for deferred income tax	-741	308
-	Other elements of the deferred tax (by item)	-460	-105
Total deferred income tax		**2.345**	**-11.236**

Note 31

Core earnings per 1 share	**31.12.2008**	**31.12.2007**
Net profit	90.254	500.713
Number of ordinary shares	67.632.538	57.277.434
Net profit per 1 ordinary share (in PLN)	**1.33**	**8.74**

Diluted net profit per 1 share

Company KOPEX S.A. does not have a complex capital structure and therefore the diluted profit per 1 share is not calculated.

In the consolidated financial statement of KOPEX S.A. profit per 1 share in the comparable period, i.e. from 01.01.2007 until 31.12.2007 was calculated in compliance with IFRS 3 Appendix B point B13, i.e. during the period in which the reverse acquisition was effected the number of ordinary shares between the beginning of the said period and the acquisition date was assumed to be the number of ordinary shares which the entity that from the legal point of view was the controlling company issued for shareholders of the entity which was from the legal point of view the subsidiary.

Note 32

Hypothetical income and financial result of the affiliated enterprise

If the acquisition date was the beginning of the period, income of the affiliated enterprise and its financial result for the period from 01.01.2007 to 31.12.2007 would look as follows (in thou. PLN)

Total income	2.086.164
Net financial result	91.353

Note 33

Business combination

INBYE MINING SERVICES Pty Ltd

On February 6, 2008 Fabryka Maszyn i Urządzeń TAGOR S.A. with its official seat in Tarnowskie Góry (indirect subsidiary of KOPEX S.A.) entered into an agreement the subject of which was the purchase of shares of company INBYE MINING SERVICES Pty Ltd with its seat in Maitland (Australia) accounting for a 50% interest in the share capital and the general number of votes at the General meeting of shareholders.

Net share in assets (%)	738
Costs of business combination	7.097
Excess of share in net assets of the acquired company over the cost of business combination	**6.359**

KOPEX-COMFORT Sp. z o.o.

On March 31, 2008 Kopex Equity Sp. z o.o. carried out a transaction which consisted in exchange/purchase of 51% of shares with the same voting right in company Kopex-Comfort Sp. z o.o. thus increasing its interest in the share capital of Kopex-Comfort Sp z o.o. from 49% to 100%.

Until the purchase of the aforementioned 51% of shares, i.e. until March 31, 2008, as a company indirectly associated with KOPEX S.A. , Kopex-Comfort Sp. z o.o. was accounted in the financial statement using the equity method.

On the date of acquisition of control, in compliance with IFRS 3, the cost of business combination was attributed, including all identifiable assets, liabilities and contingent liabilities at their fair value.

When calculating the fair value of the real estate, appraisal by a property surveyor was used.

The difference between the cost of business combination and the share in fair value of identifiable assets, liabilities and contingent liabilities which totaled 446 thou. PLN was recognized as an asset /goodwill of the company/.

The tables below present fair values and carrying values as of the date of the transaction, as well as homogeneous groups of assets and liabilities, the cost of business combination, and calculation of goodwill of the company.

Identifiable assets, liabilities and contingent liabilities:

	Carrying value	Fair value
Assets		
Tangible fixed assets	1.139	3.014
Liabilities		
Deferred tax provision		268
Share in net assets (%)	2.119	
Cost of business combination	2.565	
Company goodwill	**446**	

As a result of the exchange of 51% of shares no intangible assets were recognized separately from the goodwill. This is because future economic benefits can only follow from synergy between identified assets.

KOPEX S.A. presents below financial effects of the exchange transaction and its influence on profits and losses:

- Depreciation adjustment 29 thou. PLN.
- Income tax adjustment 6 thou. PLN.

INFRABUD Sp z o.o.

On May 8, 2008 Zabrzańskie Zakłady Mechaniczne S.A. carried out a transaction which consisted in exchange/purchase of 100% of shares with the same voting right in company Infrabud Sp. z o.o.

Infrabud S.A. is a controlling company for Zakład Elektroniki Górniczej S.A. with its official seat in Tychy. Infrabud S.A. has 65.50% shares in that company and the same number of voting rights. Zakład Elektroniki Górniczej S.A. is a company whose securities are publicly traded.

On the date of acquisition of control, in compliance with IFRS 3, the cost of business combination was attributed, including all identifiable assets, liabilities and contingent liabilities at their fair value. The difference between the cost of business combination and the share in fair value of identifiable assets, liabilities and contingent liabilities which totaled 11.702 thou. PLN was recognized as an asset /goodwill of the company/.

The tables below present the cost of business combination as well as calculation of the goodwill of the company.

Net share in assets (%)	21.337
Costs of business combination	33.039
Goodwill	**11.702**

As a result of the exchange of 100% of shares no intangible assets were recognized separately from the goodwill. This is because future economic benefits can only follow from synergy between identified assets.

ZEG S.A.

In 4th quarter of 2008 Zabrzańskie Zakłady Mechaniczne S.A. additionally purchased 30.3% of shares in ZEG S.A.

The table below presents a calculation of the goodwill of the company in thou. PLN

Net share in assets (30.33%)	10.223
Costs of business combination	12.773
Goodwill	**2.550**

11. Explanation for the consolidated cash flow account of Capital Group KOPEX S.A. prepared on December 31, 2008 and presented in thou./ PLN

Cash flows from operating activities

1.	Change in liabilities as shown in the balance sheet (exclusive of loans)	278 339
	Change in investment liabilities	-85 956
	Change in cash flow account	192 383
2.	Change in receivables	-55 182
	Change in investment receivables	450
	Change in cash flow account	-54 732
3.	Other adjustments	
-	Valuation of foreign exchange transactions	10 777
-	Loss from previous years	-253
-	Valuation of loans	421
-	Costs related to period 2005 – 2007	-59
-	Write-down of production	-42
-	Redemption of credits and loans taken	-344
-	Difference in long-term liabilities	-418
-	Value of fixed assets received free of charge	-201
-	Inclusion of subsidiary in consolidation	15 754
-	Other consolidation adjustments	-1 984
-	Disclosed errors from previous years	-1 345
-	Remission of property tax	-26
-	Revaluation write-off on shares	59
-	Write-down of inventories	-860
-	Disclosure of fixed asset	-44
-	Accrued interest on loans granted	8
-	Adjustment of income from period 2006 – 2007	-71
-	Costs of contract jobs competed and sold in 2007	-319
-	Material consumption	-6
-	Write-down of unfinished investment from 1998	-1 794
-	Increase in expenditure on research-and-development -in-process	-2 403
-	Unredeemed value of repaired and sold fixed assets	149
-	Other	-42
	Total other adjustments	**16 957**

Cash flows from investment activities

1.	Other investment revenues:	**31 575**
-	*Repayment of short-term loans*	*25 941*
-	*Proceeds from physical liquidation of fixed assets*	*333*
-	*Payment of interest on short-term loans*	*384*
-	*Inclusion of subsidiary in consolidation*	*3 970*
2.	Other investment expenditures :	**21 333**
-	*Short-term loans granted*	*22 328*
-	*Investment liabilities*	*-118*
-	*Dividend receivable acquired by way of assignment of receivables*	*1 327*
-	*Advance payments for fixed assets*	*-2 312*
-	*Cost of sale and liquidation of fixed assets*	*6*
-	*Inclusion of subsidiary in consolidation*	*-20*
-	*Other*	*22*

Cash flows from financial activities

1.	Other financial revenues:	**1 417**
-	*Interest*	*691*
-	*Subsidy for modernization*	*565*
-	*Other*	*161*
2.	Other financial expenditures:	**1 050**
-	*Bank commissions*	*623*
-	*Bank guarantees*	*44*
-	*Commissions for endorsements*	*358*
-	*Other*	*25*

12. Contingent assets and liabilities

	31.12.2008	31.12.2007
1. Contingent receivables	**40 031**	**130 088**
1.1. From affiliated enterprises (due to)	142	104 618
- Received guarantees and endorsements	58	66 101
- Received bills	84	36 906
- Mortgages and pledges		1 611
1.2. From other enterprises (due to)	39 889	25 470
- Received guarantees and endorsements	20 270	16 660
- Received bills	17 116	6 475
- Mortgages and pledges	2 503	2 335
2. Contingent liabilities	**1 961 035**	**764 933**
2.1. To affiliated enterprises (due to)	894 725	289 235
- *Guarantees and loans granted*	*893 903*	*289 235*
- *Bills issued*	*822*	
2.2. To other enterprises (due to)	1 066 310	475 698
- *Guarantees and loans granted*	*86 962*	*104 637*
- *Bills issued*	*977 474*	*369 245*
- *Other*	*1 874*	*1 816*
Total off-balance sheet items	**2 001 066**	**895 021**

Contingent liabilities of Capital Group KOPEX S.A. as of 31.12.2008, including:

- Bills issued for the total amount of 978 296 thou. PLN acting as security for on-time payments of contractual liabilities and bank loans, including bills:
  a) For affiliated enterprises, totaling 822 thou. PLN
  b) For other enterprises, totaling 977 474 thou. PLN
- Guarantees and endorsements granted for a total of 980 865 thou. PLN, including:
  a) For affiliated enterprises, totaling 893 903 thou. PLN, including:
    - 893 903 thou. PLN – guarantees and endorsements granted to companies within the Capital Group due to credits and payments.
  b) For other enterprises, totaling 86 962 thou. PLN, including:
    - 62 142 thou. PLN – guarantees and endorsements granted partners of KOPEX S.A. by banks, mainly due to delivery guarantee, as well as on-time payments.
    - 24 820 thou. PLN – guarantees and endorsements on bills granted by other companies within the Group

- Other contingent liabilities related to possible claims of partners of KOPEX S.A. in case of changes in not legally binding court decisions, totaling 1 874 thou. PLN.

As of December 31, 2008 real estate liabilities of Capital Group KOPEX S.A. total 366 005 thou. PLN:

- 306 166 thou. PLN – real estate mortgage upon real estate of the Capital Group which constitutes securitization of liabilities due to bank credits and liabilities due to banks, related to bank guarantees.
- 59 839 thou. PLN – pledge of current assets, movable goods and shares which constitutes securitization of liabilities due to bank credits, including:
  - On fixed assets 12 848 thou. PLN
  - On inventories 46 991 thou. PLN

13. Reporting by business and geographical segments

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

a) Activity of the Capital Group has been divided into the following business segments:

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

The segment labeled 'Other activity' comprises construction services, maintenance services, agency services, rental services, sales of metallurgical goods, sales of goods of strategic importance, transportation and forwarding services, leasing services and sales of cars, consulting services, repair and mining services, sale of carbon emission rights and other.

b) Supplementary information concerning activity of the Capital Group presented in geographical section has been divided into the following segments:

- Export sale,

- Domestic sale.

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

The Capital Group 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 Group's clients. In consideration of this as well as individual terms and conditions of majority of transactions made, despite the fact that the Capital Group 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 companies comprising the Capital Group.

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 companies from the Capital G throughout the time; another factor was the organizational structure of the Capital Group. 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 regarding one or several factors characterizing the business segment in compliance with IAS 14 is the most proper course of action because of the character of the activities the Group is engaged in.

13.3. 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 Capital Group was applied for the geographical segment, this would be incomparable since the Capital Group 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.

It needs to be emphasized that from the point of view of the consolidated statement the most reasonable course of action was to record the Group's income from sale as divided into different countries. This form of presentation allows us to clearly and precisely present the location of the generated turnover, since the notion of 'domestic sales' as used by companies within the Group is not identical with 'sales in Poland', and the notion of 'export sales' is not identical with 'sales out of Poland' – instead, the meaning of those terms depends on the official seat of an enterprise comprising the Capital Group.

13.4. Data presentation

Although not all of the identified business segments meet the requirement imposed by IAS 14, i.e. the 10% quantity threshold of volume of sales, the management decided to present them in respect of their importance from the Group's point of view. Results and assets and liabilities of these segments include amounts which can be directly or following rational factors classified as a given segment.

Other values, which cannot be rationally classified, have been recognized as uncategorized income and costs, assets and liabilities.

Taking into account the legibility and consistency of the presented consolidated segments divided into business and geographical segments, a decision was made to include consolidation exclusions directly in the segment which they concern.

INFORMATION CONCERNING CONSOLIDATED BUSINESS SEGMENTS

	Mining services		Production and sales of machines and equipment for underground mining		Production and sales of machines and equipment for surface mining		Production of sales and equipment for industry		Production and sales of electrical and electric machines and equipment		Sales of energy		Sales of coal		Castings		Other activity		Consolidated value	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Income from segment	189.679	127.688	603.460	639.172	84.881	54.322	50.253	38.437	245.845	34.405	523.574	196.283	59.900	47.547	26.247	11.116	198.805	141.260	1.982.644	1.290.230
Result from segment (operating)	-3.194	2.791	91.102	80.444	7.976	7.160	265	-243	47.838	3.914	6.051	-9.510	1.241	815	-2.183	-1.373	25.833	21.737	174.029	105.735
Gains/losses on financial operations of entire Group																			-40.297	-11.341
Profit (loss) on sales of all or some of shares in affiliated enterprises																				534.739
Excess of fair value of net assets of acquired company over cost of business combination																			226	5.395
Profit (loss) before tax																			134.858	634.528
Income tax																			30.442	118.475
Net share in profits (losses) of subordinated enterprises measured using equity method																			89	728
Minority loss (profit)																			-14.251	-16.068
Profit after tax																			90.254	500.713

OTHER INFORMATION																				
Assets of segment	247.574	115.258	1.335.729	1.106.114	52.324	52.234	71.003	58.031	285.475	146.602	45.500	15.162	116.723	2.301	41.474	39.140	475.255	279.721	2.671.057	1.797.563
Uncategorized assets of group																			561.814	804.379
Total consolidated assets																			3.232.871	2.601.942
Liabilities of segment	247.574	107.187	1.355.729	979.029	52.324	35.234	71.003	58.031	285.475	145,318			116.723	924	41.474	39.140	464.025	293.695	2.634.327	1.658.557
Uncategorized corporate liabilities																			598.544	943.385
Total consolidated liabilities																			3.232.871	2.601.942
Depreciation	7.604	3.656	28.235	27.076	1.820		1.865		5.074			483		318	1.697		13.358	4.398	59.653	35.931
Depreciation of assets uncategorized to group																			1.440	6.354
Total depreciation																			61.093	42.285

INFORMATION CONCERNING CONSOLIDATED BUSINESS SEGMENTS

	Mining services		Production and sales of machines and equipment for underground mining		Production and sales of machines and equipment for surface mining		Production of sales and equipment for industry		Production and sales of electrical and electric machines and equipment		Sales of energy		Sales of coal		Castings		Other activity		Consolidated value	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
ARGENTINA			43	11.520															43	11.520
AUSTRALIA	36.915		132.166														76		169.157	0
AUSTRIA						5.523					8.491		18.051	6.760					26.542	12.283
BANGLADESH	7	438																	7	438
BELARUS			1.342	1.493															1.342	1.493
BOSNIA																	7		115	0
BULGARIA				65					11.430	2.195							78		11.632	2.260
CHECH REPUBLIC	519	201	13.738	8.231					70.121	5.022	31.355	63.337					31		115.764	76.791
CHINA			111.060	255.276					5.356										116.416	255.276
CROATIA							289												289	0
CYPRUS							445												445	0
DENMARK						1.117								2.175	311		2.973	5.609	3.284	8.901

FRANCE	4.753	2.832								482				1.837					4.753	5.151
GERMANY	9.050	15.298		4.443	15.689	10.078	1.319		2.629	2.862	52.723	12.185	6.072	2.016			34.456	30.468	121.938	77.350
GREAT BRITAIN				1.834											4	417			4	2.251
HOLLAND																	7.811	5.776	7.811	5.776
HUNGARY			2.462	761															2.462	761
ICELAND							54												54	0
INDIA										84										84
INDONESIA	4.520		104														1.405	514	6.029	514
IRAN			700	9.902															700	9.902
ITALY	1.673	2.016																	1.673	2.016
KAZAHSTAN																	309	138	309	138
MACEDONIA							3.260								764		14		4.038	0
MONTENEGRO							292								26		26		344	0
NORWAY					6.025	4.020				1.531			5.784	3.505					11.809	9.056
PANAMA							1.046												1.046	0
POLAND	123.614	93.499	302.844	200.879	59.370	32.667	21.647	21.022	112.396	21.022	428.653	118.205		658	18.202	10.033	150.192	98.443	1.216.918	596.428
ROMANIA			45	13.587					241	1.207								132	286	14.926
RSA									27.379										27.379	0
RUSSIA			38.922	130.978			966		16.293										56.181	130.978
SERBIA			34	195	3.230		17.149	17.415							6.708	666	1.339		28.460	18.276
SLOVAKIA											2.352	2.556	15.759	19.609			3	5	18.114	22.170
SLOVENIA							389												389	0
SPAIN							1.708						14.234	10.987					15.942	10.987
SWEDEN					567	917	1.055												1.622	917
TURKEY	8.628	13.204		8														175	8.628	13.587
USA							634										85		719	0
Total sales	189.679	127.688	603.460	639.172	84.881	54.322	50.253	38.437	245.845	34.405	523.574	196.283	59.900	47.547	26.247	11.116	198.805	141.260	1.982.644	1.290.230

14. Information about revenues, costs and accounting profits from discontinued operations in a given period or operations planned for discontinuance in the next period

During the reporting period no operations were discontinued in the Company, furthermore, there are no plans for discontinuance of significant operations in the nearest period.

15. Information about significant events pertaining to previous years and included in the financial statement for the current period

15.1. Change in retrospective data

In the consolidated profit and loss account for the year 2008 deliveries of machines and equipment produced in Group KOPEX S.A. and carried out through KOPEX S.A. were presented as the sales of products. Therefore, for the purposes of comparison, retrospective transformation of data from 2007 was performed.

Provision for losses on long-term contracts, adjustment of presentation of calculation of revenue from a long-term contract, as well as VAT to be deducted in next years – all these were presented retrospectively.

In the 31.12.2007 balance sheet the following adjustments were therefore recorded:

- Assets due to deferred income tax +96 thou. PLN
- Other long-term prepayments and accruals -2 thou. PLN
- Short-term receivables +854 thou. PLN
- Short-term prepayments and accruals -1 618 thou. PLN
- Profit (loss) -817 thou. PLN
- Minority interest -192 thou. PLN
- Provision due to deferred income tax -140 thou. PLN
- Other short-term provisions -1 317 thou. PLN
- Long-term liabilities -3 thou. PLN
- Short-term liabilities +1 799 thou. PLN

15.2. Adjustments of fundamental errors

In the consolidated financial statement for the year 2008 adjustment of a fundamental error concerning the 2007 consolidated financial statement was included. The error in question consisted in not applying IAS 11 for some contracts for the provision of construction services, the subject of which was the construction of an asset. The Company adjusted the error by transforming comparable data for the year 2007.

As a result of the correction, the following items within assets and liabilities were changed:

- Inventories -16 835 thou. PLN
- Short-term prepayments and accruals +17 880 PLN
- Profit after tax +889 thou. PLN
- Provision due to deferred income tax +146 thou. PLN

16. Information related to average employment as per occupational categories

Average employment in 2008 totalled 6 639, and this figure included: domestic employment 4 442 and employment abroad 2 197.

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

Total staff, including:	***6 639***
- *White-collar workers (doing non-manual jobs)*	*2 001*
- *Blue-collar workers (doing manual jobs; on the company's own account)*	*4 636*
- *Employees on a leave (parental leave/unpaid leave)*	*2*

17. 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.

18. Business combinations carried out between the balance sheet date and the day of approval of the consolidated financial statement

No such combinations took place.

19. Declaration by the Management of KOPEX S.A.

The annual consolidated financial statement and the comparable data have been prepared in compliance with principles of the International Accounting Standards. They present a genuine and coherent picture of the material ad financial status of Capital Group KOPEX S.A. and its financial result.

The annual report of the Board presents a genuine picture of the development and achievements of Capital Group KOPEX S.A., including a description of main risks and threats.

The entity entitled to audit financial statements, which audited the annual consolidated financial statement has been selected in compliance with applicable provisions of the law.

Both this entity and the chartered auditor who examined the statement met all criteria for issuing an unbiased and independent report on results of the audit, complying with applicable provisions of the domestic law.

Signatures of Board Members and of person responsible for keeping of accounts

Date	*First name and surname*	*Position / Function*	*Signature*
	Marian Kostempski	President of the Board	
	Krzysztof Jędrzejewski	Vice-President of the Board	
	Joanna Parzych	Vice-President of the Board	
	Tadeusz Soroka	Vice-President of the Board	
	Joanna Węgrzyn	Commercial proxy / Chief accountant	

REPORT OF THE BOARD ON OPERATIONS OF CAPITAL GROUP KOPEX S.A. FOR THE YEAR 2008

KATOWICE, APRIL 2009

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1. GENERAL INFORMATION ABOUT THE COMPANY

Company KOPEX was set up by the regulation No. 128 of the Minister of Mining and Power Engineering dated 4 November 1961 as a state-owned enterprise named ‘Company Building Coal Plants Abroad – KOPEX’ and upon its registration in the register for state-owned undertakings on January 1, 1962 it commenced operation as the general supplier of mining facilities and equipment for export. In May 1971 the company was granted licence to independently conduct business activities in terms of foreign trade, which included exclusive rights to export and import mining machines and equipment, as well as drilling equipment and complete mining facilities. After reorganization, since January 1, 1989 ‘KOPEX’ started operating as a state-owned company named Export and Import Business ‘KOPEX’ in Katowice. On October 25, 1993 the Minister of Industry and Trade issued regulation No. 267/Org/93 on transformation of KOPEX S.A. in a single-member state treasury joint-stock company named Export and Import Business ‘KOPEX’ Public Limited Company. On November 19, 1993 the deed of transformation was signed and a memorandum of association was created for the company Export and Import Business ‘KOPEX’ Public Limited Company, whereas on January 3, 1994 district court entered ‘KOPEX’ S.A. (Plc.) in its register of businesses with the number RHB 10375. At that time the initial (share) capital comprised 1.989.270 ordinary bearer shares with the nominal value of 100.000 zlotys (after denomination: 10 PLN) each.

As part of the privatization program, on December 17, 1996 the Council of Ministers passed a resolution No. 142 which allowed initial public offering of shares of KOPEX S.A. on the stock exchange, public sales of at least 25% of these shares, and devoting 15% of these to be purchased by employees of KOPEX S.A. Shares of KOPEX S.A. were first quoted on the stock exchange on June 4, 1998.

As new regulations on registration of businesses became effective, on July 12, 2001 KOPEX S.A. was entered in a register of businesses conducted by the District Court in Katowice, 8th Economic Division of the National Court Register under KRS number of: 0000026782, and on October 23, 2003 the name of the company was changed into KOPEX Spółka Akcyjna (KOPEX Public Limited Company), with the approved abbreviated form: KOPEX S.A. (KOPEX Plc.).

On December 16, 2006, 64.64% of shares of KOPEX S.A. were submitted by the State Treasury as a cash contribution to Krajowa Spółka Cukrowa S.A. in exchange for shares of this company which were received by the State Treasury so as to raise that company’s share capital.

A turning point in the history of privatization of KOPEX S.A. was the sales of all shares of KOPEX S.A. owned by Krajowa Spółka Cukrowa S.A. (after an invitation to sell shares) to the investor – Zabrzańskie Zakłady Mechaniczne S.A. with its seat in Zabrze (ZZM S.A.). The transaction was effected on February 9, 2006, and ZZM S.A. became a controlling shareholder of KOPEX, with 65.06% shares of KOPEX owned at the end of 2006. Thus created Group ZZM – KOPEX was the largest industrial group in Poland operating in the industry of mining machines and equipment as well as mining services. Its integrated potential, which enables the Group to offer complex goods and services, places Group ZZM – KOPEX among world's leading partners of the extractive industry.

In the second half of 2007 KOPEX S.A. became from the legal point of view the dominating entity, i.e. 'parent company' in Group ZZM-KOPEX. This happened as a result of issuance of 47.739.838 series B shares of KOPEX S.A. for all shareholders of Zabrzańskie Zakłady Mechaniczne S.A. in Zabrze, and the so-called reverse acquisition of ZZM S.A. by KOPEX S.A. (KOPEX S.A. took possession of 1.285.406 shares of ZZM S.A., which accounts for a 97.57% share in the share capital of ZZM S.A.).

The official seat of the Company is in Katowice, address: ul. Grabowa 1. The Company has branches and commercial offices abroad.

1.1. SCOPE OF BUSINESS ACTIVITY OF THE CAPITAL GROUP

Parent company – KOPEX S.A.

According to the new Polish Classification of Activities (PKD 2007), the primary scope of activity of KOPEX S.A. is 'the wholesale of machines used in the mining industry, construction industry and civil engineering –PKD No. 4663Z.

The scope of activity under the Polish Classification of Activities (PKD 2004) is specified in detail in §6 of the Company's Memorandum of Association.

During 47 years of activity, KOPEX S.A. has become a specialist in international trade with foreign countries, acting both as a general contractor and a supplier. In terms of the core activity, the offer of KOPEX S.A. comprises:

- General contractorship of complete investment projects, especially mining facilities; completion of all phases of investment implementation, i.e. starting from design, through construction, modernization or extension, delivery and assembly of complete systems, to financial servicing of the transaction, engineering consultancy, maintenance services and trainings,
- Export and import of machines and equipment for coal mining, surface mining and mining of non-ferrous metal ores, as well as the power industry and other branches within the energomechanical industry,
- Provision of services with regard to:
    - Mining services, including preparatory works for mining of coal deposits, mining of metal ores and other minerals, as well as specialist mining services such as driving of headings and cross-headings, deepening of shafts, provision of design and consulting services for mining,

  - Underground construction, including: construction and reconstruction of tunnels of different types,
  - Construction of power facilities, industrial facilities, public utility structures, as well as provision of other services, e.g. anticorrosion works on steel structures.
- Export of ores and bulk commodities, especially export of hard coal and coke,
- Electric energy trade under a licence granted to the Company.

Subsidiary – Zabrzańskie Zakłady Mechaniczne S.A.

Leader among manufacturers of mining shearer-loaders. Together with its subsidiaries, it comprises the largest Polish group providing ultramodern technologies for the extractive industry. ZZM S.A. is an exporter of ultramodern mining technologies.

The main products offered by ZZM S.A. are complete longwall shearers. Furthermore, the company renders services in the following fields:

- Production and repair of shearer subassemblies,
- Production of steel constructions for the mining industry (e.g. equipment for mechanical treatment of coals, creepers, etc.),
- Production of constructions, machines and equipment for recipients other than the mining industry (mainly toothed gears and welded constructions),
- Repair of whole shearers and shearer-loaders and shearer systems owned by coal mines,
- Production of spare parts for shearer-loaders and other mining machines,
- Lease of whole shearer-loaders or shearer systems produced both by the company and by other manufacturers,
- Preparation, repair and modernization of shearer-loaders used by coal mines and owned by ZZM S.A.

Subsidiary – KOPEX – Przedsiębiorstwo Budowy Szybów S.A.

KOPEX – Przedsiębiorstwo Budowy Szybów S.A. is a part of an exclusive group of companies specializing in industrial construction. It is an indisputable leader in mining construction, with vast experience and numerous achievements in general and industrial construction, as well in implementation of the most complex investment projects for the extractive industry.

Underground construction, a very important part of which is mining construction, has always been the core business activity of the company. The company's offer includes comprehensive implementation of construction of all types of underground structures. KOPEX-Przedsiębiorstwo Budowy Szybów S.A. is experienced in the provision of:

- Shafts, small shafts, wells and bins, including related structures (pit bottoms, insets, pockets, raises, etc.) driven from the surface and from underground excavations,
- Horizontal and room excavations – cross-headings, headings, ramps and drifts,
- Tunnels, underground passages, culverts and service tunnels,
- Furnishing of all the aforementioned with steel structures, pipelines, installations and equipment,
- Modernization, repair and removal of mining structures.

<u>General construction</u>

- General construction works – industrial plants, public utility structures and residential structures,
- Engineering works,
- Installation works – industrial installations, plumbing installations, electrical wiring systems,
- Insulation works,
- Anticorrosion works – using various methods, among others, alpinist methods,
- Steel constructions – erection, assembling and maintenance of steel structures,
- Demolition works – using various methods, among others, blasting methods.

<u>Drilling</u>

- Drilling of holes from the surface and from underground levels,
- Drilling of normal and small-diameter holes for prospecting, freezing, etc.,
- Drilling of large-diameter holes, up to 6000 mm,
- Stabilization of rock mass using various methods, e.g. freezing, piling, injections and backfilling of caverns,
- Safeguarding of deep excavations by various methods,
- Safeguarding of historic buildings,
- Exploratory drillings,
- Rectification of on-the-surface structures

<u>Design works</u>

<u>Steel structures</u>

<u>Transportation</u>

<u>Automatics and measurements</u>

Lease of machines and equipment exclusive of servicing

Subsidiary – WAMAG S.A.

The scope of activity of the Company is production of machines and equipment for the extractive industry (mining and construction, exclusive of provision of services).

WAMAG S.A. is a supplier of machines and equipment for mechanical processing of coal, coal breakers, crushers, screeners, dehydrators and conveyors (pipe conveyors and push-plate conveyors.

Products offered by WAMAG S.A. are intended for recipients from numerous industries, especially mining, power industry, metallurgical industry, chemical industry, cement and lime industry, as well as sugar industry.

Subsidiary – KOPEX Equity Sp. z o.o.

The Company's scope of activity comprises financial leasing, other financial and cash intermediation, lease of machines, equipment, means of transport and properties, as well as supplementary financial activities, sales of machines, equipment and motor vehicles.

Subsidiary – KOPEX EKO Sp z o.o.

The Company's scope of activity comprises sourcing of raw materials for production of biomass, sales of biomass, waste management and electric energy trade.

Subsidiary – KOPEX EKSEN Sp. z o.o.

The Company's scope of activity comprises demolition of civil structures, earthworks, civil works related to bridges, as well as construction of railways and roads for motor vehicles.

Subsidiary – AUTOKOPEX Sp. z o.o.

The Company is engaged in sales of motor vehicles, repair and servicing of motor vehicles, road assistance, sales of parts and accessories for motor vehicles, rental of cars and other means of land transport.

Subsidiary – KOPEX Construction Sp. z o.o.

The Company's scope of activity comprises rendering services related to counseling and consulting, including organization of tenders, engineering consultancy, provision of services related to preparation of documentation and specifications, engineering supervision.

Subsidiary – KOPEX GmbH

The Company's scope of activity comprises contractorship and intermediation in contracts for provision of supplies as well as contracts related to technical services and the provision thereof in Germany.

Subsidiary – KOPEX RUS Sp. z o.o.

The Company's scope of activity comprises repair and maintenance services for mining machines, as well as trade activities.

Subsidiary KOPEX MIN – MONT, KOPEX MIN – FITIP, KOPEX MIN – OPREMA/Serbia

These Companies are engaged in production of mining machines and equipment, as well production of steel constructions and assembling services.

Subsidiary KOPEX MIN – LIV A.D./Serbia

The Company is engaged in production and provision of steel and iron castings.

Subsidiary HANSEN Sicherheitstechnik AG/Germany

The Company is engaged in production of electronics for the mining industry.

Subsidiary – SHANDONG TAGAO MINING EQUIPMENT MANUFACTURING CO.LTD/China

The Company's scope of activity comprises design and production of mining machines and equipment, sales of own products and provision of post-sale maintenance services.

Other entities (indirect subsidiaries of the Issuer) within the Capital Group:

- PBSz Inwestycje Sp. z o.o. ➔ Real estate activities, construction services, retail and wholesale.
- KOPEX Engineering Sp. z o.o. ➔ Provision of counseling and consulting services, including organization of tenders, engineering consultancy, provision of services related to preparation of documentation and specifications, engineering supervision.
- KOPEX-Famago Sp. z o.o. ➔ Production of basic machines and spare parts for surface mining.
- Poland Investments 7 ➔ Cleaning the surface of metal constructions and

Sp. z o.o.	equipment, application of anti-corrosion coatings, domestic and international land transport
• EKOPEX Sp. z o.o.	→ Activities related to nature preservation in Ukraine
• AUTOKOPEX CARS Sp. z o.o.	→ Sales and servicing of cars
• Kopex Comfort Sp. z o.o.	→ Production and trade activities – mainly production of prefabricated elements for the construction industry, production of precast floor units, sale of ready-mix concrete, consulting services, consultancy, evaluations, trade
• FMiU TAGOR S.A.	→ Production of automated roof supports, belt conveyors and push-plate conveyors, repair and modernization of already-existing roof supports
• DOZUT TAGOR Sp. z o.o.	→ Production and repair of hydraulic powered equipment, hydraulic systems, production and repair of seals, production of environmentally-friendly protective coatings DuraChrome
• BPOZ BREMASZ Sp. z o.o.	→ Repair and maintenance of machines for the mining industry, production, repair and modernization of automated roof supports, welding of steel constructions
• Grupa Zarządzająca HBS Sp. z o.o.	→ Financial intermediation, management of economic activities
• HSW-Odlewnia Sp. z o.o.	→ Iron casting
• KOPEX Technology Sp. z o.o.	→ Under PKD 2007 (new Polish Classification of Activities) – other service activities (6499Z)
• Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o. (previously INFRABUD Sp. z o.o.)	→ Production of plastic elements for the construction industry, production of metal constructions and the components thereof, production of machines for general use, civil works related to construction of buildings, purchase, sale and lease of properties on the company's own account, activity related to construction and technological design as well as urban planning

• ZEG S.A. – Tychy	→ Production of electronic equipment for industrial automatics, production of measurement products, signaling and communication systems, especially for explosive constructions intended for the industry, the extractive industry in particular
• KOPEX AUSTRALIA Pty Ltd./Australia	→ Repair and renovation of mining machines and equipment
• INBYE MINING SERVICES Pty Ltd./ Maitland / Australia	→ Design, production and distribution of push-plate conveyors

1.2. EMPLOYMENT AND REMUNERATION

Companies comprising Capital Group ZZM – KOPEX pursue an active human resource policy which is adjusted to the needs of projects which are implemented. An increase or decrease in employment in particular companies to a large extent depends on contracts executed in those companies, and it is important to adjust the number of staff employed to the needs of the contract portfolio.

Companies within the Group employ staff who are properly prepared, both theoretically and practically, for work on a given position or they employ young people with high qualifications who are then introduced into the organizational structure of the group and who learn from older employees.

Qualifications of staff working in companies comprising the Group are a factor which has a significant influence on the Group's successes and achievements, hence it is crucial that an active training policy is pursued, and that trainings, courses and seminars are organized.

The Group's training policy is flexible and adjusts the level and type of courses as trainings, as well as the issues to be touched upon to the needs of the staff. Therefore, the trainings and courses offered include: workshops, vocational trainings, specialist courses and postgraduate university courses. Employment structure in Capital Group ZZM – KOPEX is heterogeneous and depends on the scope of activity of a given Company.

Employment (presented in number of staff employed) looked as follows:

	31.12.2008	31.12.2007
WHITE-COLLAR WORKERS	2.054	1.877
BLUE-COLLAR WORKERS	4.793	4.377
TOTAL	**6.847**	**6.254**

Compensation of employees (presented in thou. PLN) looked as follows:

	31.12.2008	31.12.2007
REMUNERATION	308 522	221 923
SOCIAL INSURANCE AND OTHER BENEFITS	64 010	48 922
TOTAL	**372 532**	**270 845**

2. BASIC CONSOLIDATED ECONOMIC AND FINANCIAL VALUES

2.1. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Consolidated net income from sales of products, goods and materials in the Capital Group in 2008 totalled 1.982.644 thou. PLN. This result, which is better from comparable results from 2007, is a result of a closer cooperation and extension of the group. Income from sales in the analyzed period increased by 692.414 PLN, i.e. by 53.7%.

The Group has seen an increase in both domestic and foreign sales. In 2008 domestic sales increased by 41.4% in comparison to year 2007, whereas in case of export sales the increase was by 87.6%. The share of export in the total value of sales from 2008 stood at 32.5%, which means that the share of domestic sales amounted to 67.5%.

Analysis of the branch-based structure of consolidated income from sales in 2008 indicates that the largest increase was recorded in the following segment:

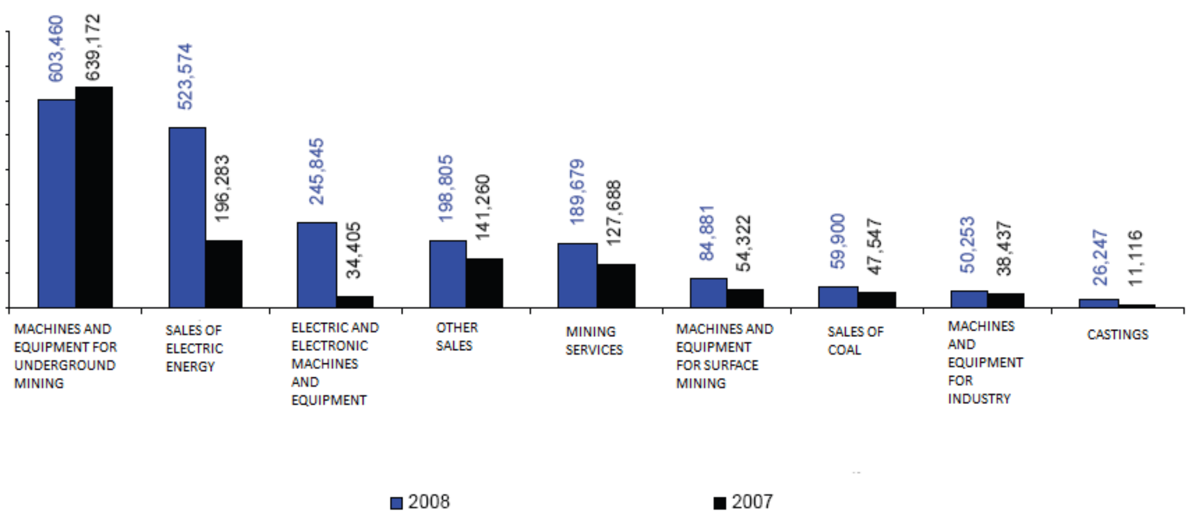
- Production and sales of electronic and electric machines and equipment (increase of 614.6%); sales in this sector went up as a result of acquisition of new companies operating in this area, i.e. companies comprising Group ZEG and Group Hansen (Germany);
- Sales of electric energy (increase of 166.7%);
- Production and sales of castings (increase of 136.1%); the dynamic increase in sales in this segment is a result of acquisition of new companies operating in this field both on the Polish and Serbian market;
- Production and sales of machines and equipment for surface mining (increase of 56.3%);
- Mining services (increase of 48.5%);

- Production and sales of machine and equipment for industry (increase of 30.7%);
- Sales of coal (increase of 26.0%)

There was a decrease of 5.6% in the 2008 volume of sales in the segment of production and sale of machines and equipment for underground mining in comparison to respective volume of sales from 2007. The decline was caused by postponing the execution of contracts signed in this segment until 2009.

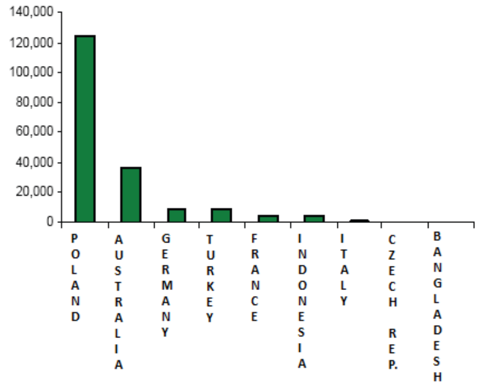
The branch-based structure of net income from sales of products, goods and materials is shown in the graph below:

BRANCH-BASED STRUCTURE OF NET INCOME FROM SALES IN YEARS 2008-2007, PRESENTED IN THOU. PLN

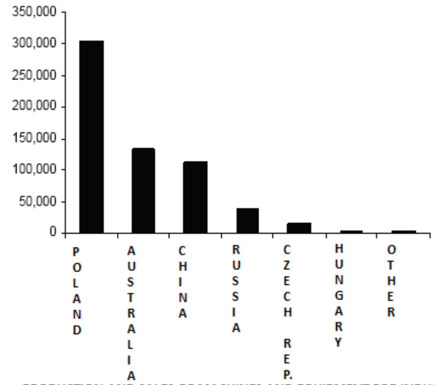


Geographical structure of income from particular segments of sales in 2008 is presented in the following diagrams (in thou. PLN):

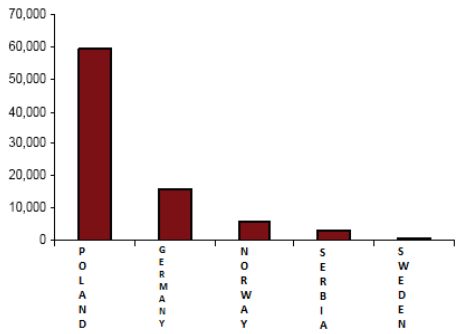
MINING SERVICES
Share in total sales: 9.6%



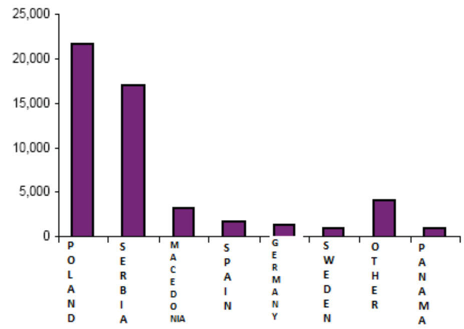
PRODUCTION AND SALES OF MACHINES AND EQUIPMENT FOR UNDERGROUND MINING
Share in total sales: 30.4%



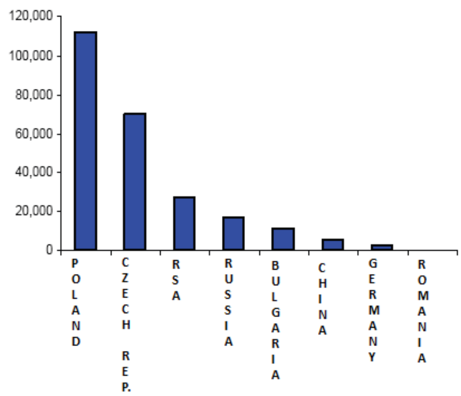
PRODUCTION AND SALES OF MACHINES AND EQUIPMENT FOR SURFACE MINING
Share in total sales: 4.3%



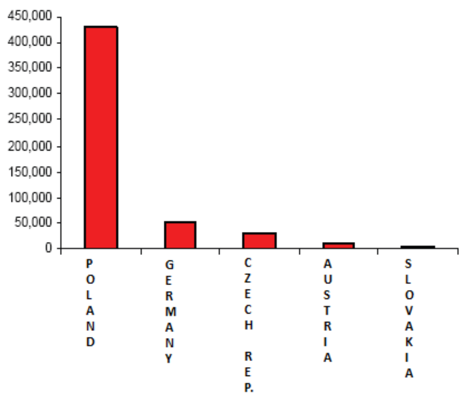
PRODUCTION AND SALES OF MACHINES AND EQUIPMENT FOR INDUSTRY
Share in total sales: 2.5%



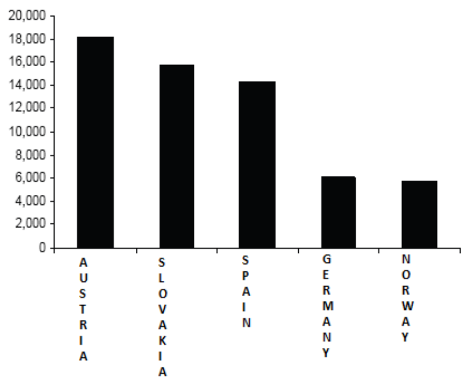
PRODUCTION AND SALES OF ELECTRIC AND ELECTRONIC MACHINES AND EQUIPMENT - Share in total sales: 12.4%



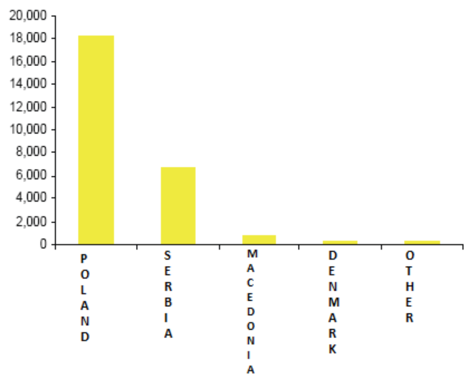
SALES OF ENERGY
Share in total sales: 26.4%



SALES OF COAL
Share in total sales: 3.0%



CASTINGS
Share in total sales: 1.3%



Consolidated gross profit from sales in 2008 totalled 347.748 thou. PLN and this result exceeded respective profit from 2007 by 134.467 thou. PLN, i.e. by 63.0%.

Costs of sales in 2008 amounted to 30.499 thou. PLN, which means they are lower by 13.554 thou. PLN than costs of sale from the previous year. The main reason for the decrease was the reduction in costs of transactions related to export of goods.

General administrative costs in 2008 totalled 152.923 thou. PLN – there was an increase of 58.127 thou. PLN, i.e. of 61.3% in comparison to the previous year. This is mostly due to acquisition of new companies.

Other incomes and costs from the analyzed period look as follows:

THOU. PLN

OTHER INCOME		31.12.2008	31.12.2007
a)	**Sale of fixed assets**	**11.485**	**2.065**
b)	**Subsidies**	**262**	**104**
c)	**Release of revaluation write-offs on non-financial assets**	**6.521**	**3.621**
d)	**Release of provisions**	**3.579**	**2.110**
e)	**Other, including:**	**21.377**	**39.111**
	- Received penalties and damages	4.882	3.990
	- Written-off liabilities	1.383	809
	- Reimbursement of legal costs and costs of operations	107	138
	- Gains / losses on effective portions of cash flow hedges	3.859	25.358
	- Release of revaluation write-offs	403	228
	- Reinvoices – insurances, highway tax	487	220
	- Excess inventory	432	69
	- Valuation of receivables and long-term liabilities	106	526
	- Income from social activity		1.550
	- Other	9.718	6.223
	Total other income	**43.224**	**47.011**

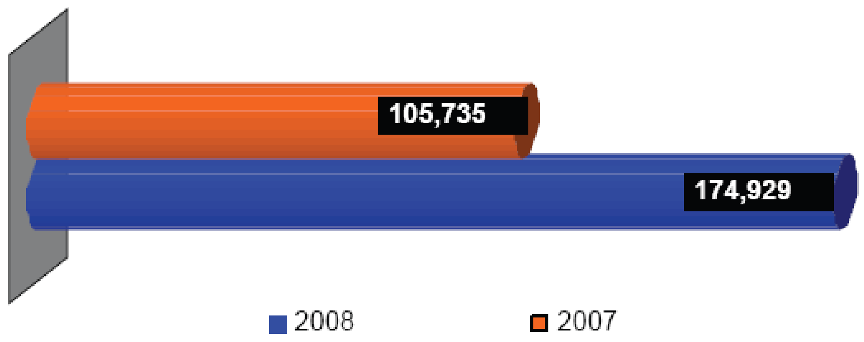
THOU. PLN

OTHER COSTS		31.12.2008	31.12.2007
a)	**Value of sold fixed assets**	**9.784**	**1.528**
b)	**Revaluation write-offs on non-financial assets**	**7.672**	**3.791**
c)	**Provisions**	**6.316**	**2.486**
d)	**Other, including:**	**8.849**	**7.903**
	- Damages, accident damages	832	739
	- Donations	460	153
	- Penalties, legal costs	451	860
	- Voluntary contributions	62	69
	- Valuation of long-term receivables and liabilities	264	322
	- Costs of reinvoicing	477	369

-	Inventory shortages	248	38
-	Write-down of receivables	53	71
-	Liquidation of fixed assets	277	42
-	Stocktaking shortages	140	
-	Depreciation of fixed assets received free of charge		16
-	Maintenance costs of social facilities	509	495
-	Loss on own deficits	1.198	
-	Other	3.878	5.089
Total other costs		**32.621**	**15.708**

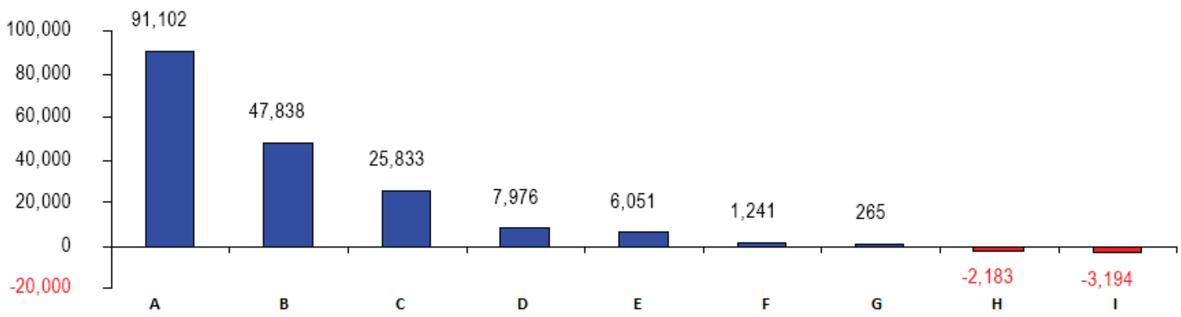
In 2008 the Capital Group generated profit from operating activities which totalled 174.929 thou. PLN, which is a much better result than the year before. The said profit increased by 69.194 thou. PLN, i.e. by 65.4%.

PROFIT FROM OPERATING ACTIVITIES (IN THOU. PLN)



The share of particular segments of sale in the consolidated operating profit for 2008 is presented in the graph below:

IN THOU. PLN



A -> MACHINES AND EQUIPMENT FOR UNDERGROUND MINING
B -> ELECTRONIC AND ELECTRIC MACHINES AND EQUIPMENT
C -> OTHER SALES
D -> MACHINES AND EQUIPMENT FOR SURFACE MINING
E -> ELECTRIC ENERGY TRADE
F -> SALES OF COAL
G -> MACHINES AND EQUIPMENT FOR INDUSTRY
H -> CASTINGS
I -> MINING SERVICES

Financial costs and incomes from the analyzed period look as follows:

THOU. PLN

FINANCIAL INCOMES	31.12.2008	31.12.2007
Dividends and share in profits	**2**	**4.002**
Income from interest, including:	**10.666**	**12.459**
a) Interest on granted loans	294	297
b) Interest on leasing	1.500	892
c) Other interest	8.872	11.270
Cash revenue on sales of investment		**52.626**
Revaluation of investments	**1.380**	**2.534**
Other financial income, including:	**15.594**	**4.219**
a) Positive currency translation differences	13.620	
b) Release of provisions	328	667
c) Other, including:	1.646	3.552
- Release of write-downs of financial receivables	439	1.673
- Income from financial operations	31	142
- Other	1.176	1.737
Total financial income	**27.642**	**75.840**

THOU. PLN

FINANCIAL COSTS	31.12.2008	31.12.2007
Financial costs due to interest, including:	**24.388**	**12.848**
a) Interest on credits and loans	20.121	11.581
b) Other interest	4.267	1.287
Value of sales of investments		**44.389**
Revaluation of investments	**39.614**	**1.344**
Other financial costs, including:	**3.937**	**28.600**
a) Negative currency translation differences		20.818
b) Provisions created	130	2.034
c) Other, including:	3.807	5.748
- Write-downs of financial receivables	1.915	1.672
- Bank commissions	1.097	613
- Loss on sales of claim	2	64
- Other	793	3.399
Total financial costs	**67.939**	**87.181**

Financial situation of the Capital Group is reflected in financial liquidity ratios which look as follows:

	31.12.2008	**31.12.2007**
• Current ratio	1.60	2.17
• Quick ratio	1.00	1.44
• Cash ratio	0.20	0.39

Current level of the liquidity ratios does not pose a threat to financial standing of the Capital Group.

The Group's net financial result has been calculated on the basis of incomes and costs of particular entities comprising the Group, exclusive of incomes and costs related to internal trade between companies included in consolidation, as well as interest received from these entities and the part of financial result which is attributed to minority shareholders.

Consolidated gross profit in 2008 totalled 134. 858 thou. PLN and was lower by 78.7% than consolidated gross profit in the corresponding period last year. In terms of consolidated net profit in 2008 – it stood at 90.254 thou. PLN and was lower than the corresponding profit in 2007 by 82.0%. When it comes to consolidated gross and net results for 2008, the most important factor which contributed to that significant decline was profit from sales of shares of KOPEX S.A. by ZZM S.A. which was generated in 2007, and whose value before tax stood at 534.739 thou. PLN.

2.2. MATERIAL STATUS – CONSOLIDATED BALANCE SHEET AND ITS STRUCTURE

A comparison of most important items within assets and liabilities of the analysed period is presented in the chart below.

	31.12.2008	Structure 2008	31.12.2007	Structure 2007	Dynamics 2008/2007
ASSETS					
I. Fixed assets	**1.853.994**	**57.3%**	**1.620.240**	**62.3%**	**114.4%**
1. Intangible assets	**37.009**	**1.1%**	**19.084**	**0.8%**	**193.9%**
2. Goodwill on subordinated enterprises	**1.176.883**	**36.4%**	**1.127.695**	**43.3%**	**104.4%**
3. Property, plant and equipment	**562.912**	**17.4%**	**415.912**	**16.0%**	**135.3%**
4. Long-term receivables	**1.493**	**0.0%**	**3.687**	**0.2%**	**40.5%**
4.1. From affiliated enterprises					
4.2. From other enterprises	1.1493	0.0%	3.687	0.2%	40.5%
5. Long-term investments	**30.709**	**1.0%**	**29.801**	**1.1%**	**103.0%**
5.1. Real estate	5.042	0.2%	8.887	0.3%	56.7%
5.2. Long-term financial assets	21.511	0.7%	16.673	0.6%	129.0%
a) In affiliated enterprises	11.459	0.4%	11.168	0.4%	102.6%
b) In other enterprises	10.052	0.3%	5.505	0.2%	182.6%
5.3. Long-term financial assets available for sale	4.156	0.1%	4.241	0.2%	98.0%
6. Long-term prepayments and accruals	**44.988**	**1.4%**	**24.061**	**0.9%**	**187.0%**
6.1. Deferred tax assets	43.011	1.3%	20.719	0.8%	207.6%
6.2. Other prepayments and accruals	1.977	0.1%	3.342	0.1%	59.2%
II. Current assets	**1.368.842**	**42.3%**	**981.702**	**37.7%**	**139.4%**
1. Inventories	**514.298**	**15.9%**	**332.189**	**12.8%**	**154.8%**
2. Short-term receivables	**499.146**	**15.4%**	**441.770**	**17.0%**	**113.0%**
2.1. From affiliated enterprises	1.781	0.1%	1.013	0.1%	175.8%
2.2. From other enterprises	497.365	15.4%	440.757	16.9%	112.8%
3. Short-term investments	**171.546**	**5.3%**	**178.099**	**6.8%**	**96.3%**
3.1. Short-term financial assets	171.546	5.3%	178.099	6.8%	96.3%
a) In affiliated enterprises					
b) In other enterprises	7.413	0.2%	28.688	1.1%	25.8%
c) Cash and other monetary assets	164.133	5.1%	149.411	5.7%	109.9%
3.2. Short-term financial assets available for sale					
3.3. Other financial investments					
4. Short-term prepayments and accruals	**183.852**	**5.7%**	**29.644**	**1.1%**	**620.2%**
III. Fixed assets held for trading	**10.035**	**0.4%**			
Total assets	**3.232.871**	**100%**	**2.601.942**	**100%**	**124.2%**
LIABILITIES					
I. Equity	**2.097.203**	**64.9%**	**2.050.381**	**78.8%**	**102.3%**
1. Share capital	67.633	2.1%	67.633	2.6%	100.0%
2. Treasury shares	-400	0.0%			
3. Reserve capital	1.848.742	57.2%	1.363.145	52.4%	135.6%
4. Revaluation capital reserve	-5.864	-0.2%	45.346	1.7%	
5. Other reserve capitals	23.523	0.7%	3.903	0.2%	602.7%
6. Currency translation differences	20.749	0.6%	-683	0.0%	
7. Profit (loss) from previous years	-10.589	-0.3%	-3.426	-0.1%	
8. Net profit (loss)	90.254	2.8%	500.713	19.2%	18.0%
9. Minority interest	63.155	2.0%	73.750	2.8%	85.6%
II. Liabilities and provisions for liabilities	**1.135.668**	**35.1%**	**551.561**	**21.2%**	**205.9%**

1. Provision for liabilities	**89.343**	**2.8%**	**79.374**	**3.0%**	**112.6%**
1.1. Deferred income tax provision	36.301	1.1%	23.851	0.9%	152.2%
1.2. Provision for retirement pension and similar benefits	19.003	0.6%	16.618	0.6%	114.4%
a) Long-term	15.041	0.5%	13.247	0.5%	113.5%
b) Short-term	3.962	0.1%	3.371	0.1%	117.5%
1.3. Other provisions	34.039	1.1%	38.905	1.5%	87.5%
a) Long-term	1.942	0.1%	250	0.0%	776.8%
b) Short-term	32.097	1.0%	38.655	1.5%	83.0%
2. Long-term liabilities	**141.622**	**4.4%**	**14.916**	**0.6%**	**949.5%**
2.1. To affiliated enterprises	107	0.0%	482	0.0%	22.2%
2.2. To other enterprises	141.515	4.4%	14.134	0.6%	980.4%
3. Short-term liabilities	**855.434**	**26.4%**	**451.594**	**17.4%**	**189.4%**
3.1. To affiliated enterprises	867	0.0%	111	0.0%	781.1%
3.2. To other enterprises	854.567	26.4%	451.483	17.4%	189.3%
4. Prepayments and accruals	**49.269**	**1.5%**	**5.677**	**0.2%**	**867.9%**
a) Long-term	5.629	0.2%	5.113	0.2%	110.1%
b) Short-term	43.640	1.3%	564	0.0%	7737.6%
Total liabilities	**3.232.871**	**100%**	**2.601.942**	**100%**	**124.2%**

Balance sheet total of Capital Group KOPEX as of 31.12.2008 stood at 3.232.871 and in comparison to the corresponding sum from 31.12.2007 increased by 24.2%.

The increase stems from an increase in value of current assets (by 39.4%) and of fixed assets (by 14.4%).

In terms of liabilities, the Group saw an increase in equity (by 2.3%) and liabilities and provisions for liabilities (by 105.9%).

Horizontal analysis indicated that the most significant changes in 2008 took place in the following elements of the balance sheet – the assets:

➔ There were changes within *current assets*, which increased from 981.702 thou. PLN to 1.368.842 thou. PLN, i.e. by 39.4%; the increase resulted from:

- Increase in inventories: from 332.189 thou. PLN to 514.298 thou. PLN, i.e. an increase of 54.8%,
- Increase in short-term prepayments and accruals: from 29.644 thou. PLN to 183.852 thou. PLN, i.e. an increase of 520.2%,
- Increase in short-term receivables: from 441.770 thou. PLN to 499.146 thou. PLN, i.e. an increase of 13.0%,
- Decline in short-term investments: from 178.099 thou. PLN to 171.546 thou. PLN, i.e. a decline of 3.7%

➔ There was an increase within *fixed assets* in 2008 in comparison to 2007; the value rose by 233.754 thou. PLN, i.e. by 14.4%, as a result of:

- Increase in intangible assets which went up by 17.925 thou. PLN, i.e. by 93.9%,
- Increase in goodwill on subordinated enterprises which went up by 49.188 thou. PLN, i.e. by 4.4%,

- Increase in property, plant and equipment – these went up by 147.000 thou. PLN, i.e. by 35.3%,
- Increase in long-term investments which rose by 908 thou. PLN, i.e. by 3.0%,
- Increase in long-term prepayments and accruals which rose by 20.927 thou. PLN, i.e. by 87.0%,
- Decline in long-term receivables which decreased by 2.194 thou. PLN, i.e. by 59.5%,

As of 31.12.2008 equity of Capital Group KOPEX S stood at 2.097.203 thou. PLN. Liabilities and provisions for liabilities totaled 1.135.668 thou. PLN, including:

➔ 89.343 thou. PLN – provisions for liabilities
(an increase of 12.6% in comparison to the end of 2007);

➔ 141.622 thou. PLN – long-term liabilities
(an increase of 849.5% in comparison to the end of 2007);

➔ 855.434 thou. PLN – short-term liabilities
(increase of 767.9% in comparison to the end of 2007).

2.3.SELECTED ECONOMIC AND FINANCIAL RATIOS

The following table presents selected economic and financial ratios for 2008, and corresponding values for 2007.

	2008	2007
PROFITABILITY RATIOS		
Gross return on sales (gross profit / revenue on sales) x 100	17.54	16.53
Operating margin (operating income / revenue on sales) x 100	8.82	8.20
EBITDA margin (operating income + depreciation / revenue on sales) x 100	11.90	11.47
Net profit margin (net income / revenue on sales) x 100	4.55	38.81
Return on equity (net income / average shareholder equity) x 100	4.35	41.60
Return on total capital (net income / average total of capital) x 100	3.09	29.55
LIQUIDITY RATIOS		
Current ratio (current asset / current liabilities)	1.60	2.17
Quick ratio (current assets – inventory /current liabilities)	1.00	1.44
Cash ratio (short-term investments / short-term liabilities	0.20	0.39
MANAGEMENT EFFECTIVENESS RATIOS		
Receivable turnover ratio (number of times) (net sales / average net receivables)	5.61	4.82
Average Collection Period (number of days) (number of days in a period / receivable turnover ratio (by times)	65 days	76 days
Payables turnover ratio	7.40	9.58

(cost of products, goods and materials sold + costs of sales + general administrative costs / average trade liabilities)		
Days payable (number of days / payables turnover ratio)	49 days	38 days
Inventory turnover ratio (number of times) (costs of goods sold / average inventory)	11.23	28.93
Average days to sell the inventory (number of days / inventory turnover ratio)	33 days	13 days
SOLVENCY RATIOS		
Times interest earned ratio (gross profit + interest / interest)	6.53	50.39
Debt/Asset ratio (total liabilities / total assets) x 100	35.13	21.20
Asset/Equity ratio (equities / assets) x 100	64.87	78.80
Debt/Equity ratio (average liabilities / equity) x 100	40.23	16.58

3. CAPITAL GROUP. INFORMATION ON CHANGES IN ORGANIZATIONAL OR CAPITAL RELATIONSHIPS OF THE COMPANY. SPECIFICATION OF MAIN DOMESTIC AND FOREIGN INVESTMENTS

Presented below are changes which took place in structure of Capital Group KOPEX S.A. in 2008:

- On January 10, 2008 KOPEX S.A. was notified by WAMAG S.A. with its seat in Wałbrzych (subsidiary of KOPEX S.A.) about a transaction performed on January 9, 2008 by Brokerage House BZ WBK S.A. with its seat in Poznań which consisted in transfer of 103.396 shares of WAMAG S.A. to KOPEX S.A. The transfer was performed in connection with execution of Resolution of Extraordinary General Meeting of Shareholders of WAMAG S.A. dated December 13, 2006 on compulsory redemption of shares from minority shareholders and sales thereof to shareholder KOPEX S.A. for 1.60 PLN per share, i.e. for the total of 160.633.60 PLN. The nominal value of the thus purchased block of shares of WAMAG S.A. is 186.736.56 PLN. As a result of the transfer, KOPEX S.A. currently owns 6.848 shares of WAMAG S.A., which makes up 100% interest in that company's share capital and the same number of votes at the General Meeting of Shareholders of the company.
- On January 11, 2008 KOPEX S.A. signed a cooperation agreement with company Fabryka Maszyn (Machines Manufacturing Plant) FAMUR S.A. in order to receive orders from the Chinese market. The agreement stipulates that both companies will collaborate and together offer mining machines and equipment, share orders obtained from those clients. Furthermore, it specifies preliminary assumptions concerning future syndicate agreements.

  In case it is possible to obtain an order, both parties will enter into a separate syndicate agreement.
- On January 31, 2008 KOPEX S.A. was notified by District Court Katowice-Wschód, 8th Economic Division of the National Court Register about recording therein a change of name

of a subsidiary of KOPEX S.A. from Przedsiębiorstwo Budowy Szybów S.A. in Bytom (previous name) to KOPEX – Przedsiębiorstwo Budowy Szybów S.A. in Bytom (new name).

- On January 31, 2008, KOPEX S.A. was notified about a decision of the District Court Katowice-Wschód, 8th Economic Division, to enter company KOPEX-EKO Sp. z o.o. in the National Court Register under the KRS number 0000297999.
- On February 4, 2008 KOPEX S.A. was notified by Deutsche Bank AG about the purchase of 297.529 shares of Hansen Sicherheitstechnik AG by KOPEX S.A. as realization of an offer submitted to minority shareholders of Hansen Sicherheitstechnik AG (PTO). The shares were purchased at 17.50 EUR per share, which gives a total of 5.206.757.90 EUR (18.573 thou. PLN). The shares purchased account for a 11.9% interest in the share capital of Hansen Sicherheitstechnik AG and give the same share in the total number of shares at the General Meeting of Shareholders of this Company. As a result of the transaction, KOPEX S.A. owns a total of 1.997.529 shares of Hansen Sicherheitstechnik AG, which makes up 79.9% of total shares and votes at the General Meeting of Shareholders of this Company.
- On February 20, 2008 KOPEX S.A. was notified about the signing of an agreement dated February 6, 2008 by Fabryka Maszyn i Urzędzeń TAGOR S.A. in Tarnowskie Góry (subsidiary of KOPEX S.A.) – the buyer, and company Standens Equipment PTY LTD (subsidiary of Nepean Group/Australia) and two physical persons – Mr. Richard Chester Eveleigh and Ms. Margaret Eveleigh – the sellers. The subject of the agreement is purchase of shares: 37 ordinary shares with a nominal value of 4.708.137 AUD (approx. 10.506.67 PLN) per share, 37 class H shares with a nominal value of 0.25 AUD (approx. 0,56 PLN) and 1 class D share with a nominal value of 1.25 AUD (approx. 2.79 PLN), 13 ordinary shares with a nominal value of 4.708 AUD (approx. 10.506.67 PLN) per share, 13 class H shares with a nominal value of 0.25 AUD (approx. 0.56 PLN) in company INBYE MINING SERVICES Pty.Ltd with its seat in Mailand (Australia) which comprise 50% of the share capital and the same share in the General Meeting of Shareholders of this company. The shares were purchased for the total of 3.218 AUD (approx. 7.181 thou. PLN). Company INBYE MINING SERVICES Pty. Ltd is engaged in design, production and distribution of push-plate conveyor systems in Australia.
- On March 7, 2008 KOPEX S.A. was notified about the conclusion of a sales agreement dated March 6, 2008 by ZZM S.A. in Zabrze (Subsidiary of KOPEX S.A.) – the buyer, and MORSKO Sp. z o.o. with its official seat in Zabrze – the seller. The subject of the agreement was the purchase by ZZM S.A. of 99 shares in company ZZM PROGRES Sp. z o.o. with its seat in Zabrze, worth 500 PLN each. The shares purchased make up a 99% interest in that company's

share capital and give the same number of votes on the Meeting of Partners of ZZM PROGRES Sp. z o.o.

- On March 31, 2008 KOPEX S.A. obtained information about the signing by AUTOKOPEX Sp. z o.o. (subsidiary of KOPEX S.A.)on March 13, 2008 of a notarial deed establishing a company (memorandum or partnership) named AUTOKOPEX CARS Sp. z o.o. with its official seat in Mysłowice. The initial capital of this company totals 500 thou. PLN and is divided into 1.000 equal shares with the nominal value of 500 PLN each. AUTOKOPEX Sp. z o.o. covered the entire share capital of company AUTOKOPEX CARS Sp. z o.o., which gave it 100% votes on the Meeting of Partners of this company. The core activity of this company is sales and servicing of cars. On April 25, 2008 KOPEX S.A. was informed about a decision made on April 4, 2008 by the District Court Katowice-Wschód, 8th Economic Division on registering the company and entering it in the National Court Register (KRS) with the name AUTOKOPEX CARS Sp. z o.o. with its official seat in Mysłowice.
- On April 8, 2008 KOPEX S.A. was informed about the signing on April 7, 2008 by an authorized proxy of the parties (KOPEX S.A and KOPEX – Przedsiębiorstwo Budowy Szybów S.A. – subsidiary of KOPEX S.A.) of a memorandum of partnership of a company PT Kopex Mining Contractors with its seat in Jakarta / Indonesia. Initial capital of the thus-created company totals 800.000 USD (approx. 1.759.760 PLN) and is divided into 80 shares, each at 92.100.000 RI (Indonesian rupees) – 1 USD = 9.210 RI). KOPEX S.A. obtained 48 shares in the newly-created company, which gives a 40% interest in that company's share capital.

  The scope of activity of company PT Kopex Mining Contractors with its seat in Jakarta / Indonesia will be provision of mining services in Indonesia, in connection with execution current and future contracts on this market.
- On April 14, 2008 KOPEX S.A. was informed about a Resolution of the Extraordinary General Meeting of Partners of company ZZM PROGRES Sp. z o.o. (indirect subsidiary of KOPEX S.A.) dated March 7, 2008 and concerning the raising of share capital of this company and changing the company's name. Share capital of ZZM PROGRES Sp. z o.o. with its seat in Zabrze was raised by 500.000 PLN by creation of 1.000 new shares, each with the nominal value of 500 PLN. After registration, the company's share capital will total 550.000 PLN and will be divided into 1.000 shares, each with a nominal value of 500 PLN. All new shares will be acquired by one of the current partners, i.e. by Zabrzańskie Zakłady Mechaniczne S.A. with its seat in Zabrze (indirect subsidiary of KOPEX S.A.). In the raised share capital of PROGRES Sp. z o.o. Zabrzańskie Zakłady Mechaniczne S.A. will have 1.099 shares, which makes up a 99.91% interest in the share capital of this company and which guarantees the same number of votes on the meeting of partners. Furthermore, a decision was made by the

Extraordinary Meeting of Partners of company ZZM PROGRES Sp. z o.o. on March 7, 2008 about the change of the then-used name ZZM PROGRES Sp. z o.o. into KOPEX Technology Sp. z o.o.. On May 28, 2008 KOPEX S.A. was notified about a decision made on May 14, 2008 by the District Court in Gliwice, 10th Division of the National Court Register to register the said changes.

- On April 17, 2008 KOPEX S.A. was informed about a purchase of 4.696 shares in company TAGOR S.A. in Tarnowskie Góry by ZZM S.A. with its official seat in Zabrze. The shares were purchased from the State Treasury, each with a nominal value of 10 PLN, jointly comprising a 0.17% interest in that company's share capital and giving the same number of votes at the General meeting. As a result of the transaction, ZZM S.A. currently holds 2.648.409 shares of company TAGOR S.A., which equals a 98.06% interest in its share capital.
- On April 29, 2008 KOPEX S.A. was informed about the creation and registration on April 16, 2008 upon request by a law firm representing FMiU TAGOR S.A. with its seat in Tarnowskie Góry (indirect subsidiary of KOPEX S.A.) a company operating under the Australian law, named KOPEX AUSTRALIA Pty. Ltd. with its official seat in Newcastle (New South Wales) in Australia. The company's share capital totals 250.000 AUD (approx. 500.000 PLN) and is divided into 250.000 shares, each with a nominal value of 1 AUD. FMiU TAGOR S.A. in Tarnowskie Góry covered the entire share capital of the company whose scope of activity will comprise repair and modernization or mining machines and equipment.
- On May 5, 2008 KOPEX S.A. was informed about the signing by WAMAG S.A. (indirect subsidiary of KOPEX S.A.) and agreement dated April 30, 2008 to purchase 99 shares of company Poland Investments 7 with its seat in Wałbrzych (indirect subsidiary of KOPEX S.A.). The shares were purchased from company MORSKO SP. z o.o. for the total of 49.500.00 PLN, i.e. 500 PLN per share. Therefore, WAMAG S.A. became the sole partner in company Poland Investments in which it now holds 2.600 shares. This entirely covers its capital which amounts to 1.300.000,00 PLN.
- On May 9, 2008 KOPEX S.A. was notified about the signing on May 8, 2008 of a promissory agreement to purchase shares. The agreement in question was concluded between Zabrzańskie Zakłady Mechaniczne S.A. with its seat in Zabrze (indirect subsidiary of KOPEX S.A.) – the Buyer, and BBI Capital NFI S.A. with its seat in Warsaw – the Seller. The subject of the agreement is the purchase by ZZM S.A. of 68.274 shares from the Seller, each share with a nominal value of 500 PLN, all shares having the joint nominal value of 34.137.000 PLN, which entirely covers the share capital of company INFRABUD Sp. z o.o. The shares were purchased for the total sum of 32.711.800 PLN, and the agreement was concluded after the

following conditions had been met: (1) On December 17, 2008 the Seller transferred 743.450 shares of company Zakład Elektroniki Górniczej S.A. with its seat in Tychy, free from encumbrances, to company INFRABUD Sp. z o.o., thus giving it a 65.50% interest in that company's share capital, and (2) on April 30, 2008 the Buyer received the consent of the Office for Competition and Consumer Protection to purchase shares in company INFRABUD Sp. z o.o.

- On May 21, 2008 KOPEX S.A. was notified about the signing on May 20, 2008 of an agreement to take over bearer shares in company Hydrapres S.A. with its official seat in Solec Kujawski. The agreement was concluded by FMiU TAGOR S.A. with its seat in Tarnowskie Góry (subsidiary of KOPEX S.A.) – the Investor, and legal persons (company STI S.A. with its seat in Warsaw and company Hydrapres Sp. z o.o. with its seat in Białe Błota), and physical persons (Mr. Rafał Jasiński, domiciled in Bydgoszcz, and Mr Janusz Wełnowski, domiciled in Bydgoszcz) – the Shareholders, who held a total of 10.822.436 shares which gave 71.6% of votes at the General meeting of shareholders of Hydrapres S.A. Under the agreement, FMiU TAGOR S.A. is obliged to purchase 8.673.600 series I bearer shares of company Hydrapres S.A. (which cover over 33% of the share capital and give the same number of votes at the General meeting of shareholders of Hydrapres S.A.), each with a nominal value of 1 PLN (Issue value: 1.20 PLN per share) within 14 days from receipt of an offer to purchase these shares, after resolutions made by the General Meeting of Shareholers of Hydrapres S.A. (called no later than June 15, 2008) concerning raising the company's share capital by no less than 8.673.600 PLN and no more than 11.173.600 PLN by issuance of series I shares, and paying up in cash all thus issued shares until the conclusion of an agreement to purchase these shares.
- On May 30, 2008 KOPEX S.A. was notified by FMiU TAGOR S.A. with its seat in Tarnowskie Góry (indirect subsidiary of KOPEX S.A.) about a decision of the District Court in Gliwice, 10th Economic Division of the National Court Register, to register the raising of share capital of company FMiU TAGOR S.A. The company's share capital was raised by 30.000.000 PLN through the issuance of 3.000.000 new registered shares, each with a nominal value of 10 PLN, being series D shares and purchased by way of private subscription by Zabrzańskie Zakłady Mechaniczne S.A. for a contribution in kind the value of which was measured as 30.000.000 PLN. The contribution in question was a debt of 30.000.000 PLN (exclusive of interest) which ZZM S.A. was entitled to receive due to a loan which it had granted to FMiU TAGOR S.A. The right to purchase the shares is vested only in ZZM S.A. After the registration, the raised share capital of FMiU TAGOR S.A. currently amounts to 57.007.130 PLN and Is divided into 5.700.713 shares, each with a nominal value of 10 PLN. ZZM S.A. holds 5.643.713

shares which represents a 99% interest in the share capital and which gives the same number of votes at the General meeting of shareholders of FMiU TAGOR S.A.

- On June 6, 2008 KOPEX S.A. was notified by FMiU TAGOR S.A. in Tarnowskie Góry (indirect subsidiary of KOPEX S.A.) of signing of an agreement to purchase 8.673.600 series I bearer shares of company Hydrapres S.A. with its official seat in Solec Kujawski, at 1.20 PLN per share. (nominal value per share: 1 PLN). The contract value is 10.408.323 PLN. In compliance with provisions of an investment agreement dated May 21, 2008, Extraordinary General Meeting of Shareholders of company Hydrapres S.A. made a resolution to raise the company's share capital from 15.110.000 PLN by no less than 8.673.000 PLN and no more than 11.173.600 PLN through the issuance of 8.673.600 to 11.173.600 series I bearer shares. In compliance with provisions of the investment agreement dated May 21, 2008, company Hydrapres S.A. presented FMiU TAGOR S.A. with an offer to purchase 8.673.600 series I bearer shares. The remaining 2.500.000 series I shares the Management of company Hydrapres S.A. (authorized to do so by the General Meeting of Shareholders) will offer to other investors selected by the Management. The actual raising of share capital of company Hydrapres S.A. with its seat in Solec Kujawski will take place after completion of all legal transactions required in order to successfully perform the raising of the company's share capital through issuance of series I shares.
- On July 2, 2008 KOPEX S.A. was informed about a resolution of the General Meeting of Partners of company KOPEX Technology Sp. z o.o. (indirect subsidiary of KOPEX S.A.) dated June 30, 2008 concerning the raising of the company's capital from 550.000.00 PLN to 1.050.000.00 PLN, i.e. raising it by 500.000 PLN through creation of 1.000 new equal and indivisible shares, each with a nominal value of 500 PLN, through change of the memorandum of partnership. ZZW S.A. decided to purchase the shares in question in the following way: 400 shares worth 200.000.00 PLN will be purchased by FMiU TAGOR Sp. z o.o. in Tarnowskie Góry (indirect subsidiary of KOPEX S.A.), which will give it a 19.05% interest in the registered raised share capital of that company, 200 shares worth 100.000,00 PLN will be purchased by KOPEX Famago Sp. z o.o. (indirect subsidiary of KOPEX S.A.), which will give it a 9.52% interest in the registered raised share capital of that company, 200 shares worth 100.000,00 PLN will be purchased by WAMAG S.A. (subsidiary of KOPEX S.A.), which will give it a 9.52% interest in the registered raised share capital of that company, 200 shares worth 100.000,00 PLN will be purchased by company Zakład Elektroniki Górniczej ZEG S.A. in Tychy (indirect subsidiary of KOPEX S.A.), which will give it a 9.52% interest in the registered raised share capital of that company. After registration of the raised share capital, Zabrzańskie Zakłady Mechaniczne S.A with its seat in Zabrze (subsidiary of KOPEX S.A.) will have in the

raised share capital of KOPEX Technology Sp. z o.o. 1099 shares, which will make up a 52.38% interest in the share capital of this company and which will give ZZM S.A. the same number of votes at the General meeting. On October 3, 2008 KOPEX S.A. received information that District Court made a decision to register the changes mentioned above.

- On July 17, 2008 KOPEX S.A. was informed about a decision of the District Court in Bydgoszcz concerning registration of raising of share capital of company Hydrapres S.A. from 11.110.000 PLN to 26.283.600 PLN, i.e. raising it by 11.173.600 PLN. The capital was raised through the issuance of 11.173.600 series I bearer shares, each with a nominal value of 1 PLN, purchased by way of private subscription under an agreement concluded by FMiU TAGOR S.A. with the Management of Hydrapres S.A. and concerning the purchase of shares. Pursuant to the agreement, FMiU TAGOR S.A. purchased 8.673.600 shares and other investor, selected by the Management of the company, purchased 2.500.000 shares. After registration of raising of the capital of Hydrapres S.A to 26.283.600 PLN – TAGOR S.A. holds a 33% interest in the raised share capital and the same number of votes at the General meeting.
- On August 14, 2008 KOPEX S.A. received information from Deutsche Bank AG that KOPEX S.A. purchased 226.060 shares of Hansen Sicherheitsetchnik AG using an offer submitted to minority shareholders of Hansen Sicherheitsetchnik AG. The shares , which were purchased for 17.50 EUR per share, for a total of 3.956.050 EUR., comprise 9.04% of the share capital of Hansen Sicherheitsetchnik AG and give the same number of votes at the General meeting of shareholders of this company. As a result of the transaction, KOPEX S.A. currently holds 2.223.589 shares of Hansen Sicherheitstechnik AG, i.e. 88.94% of all shares of this company and the same number of all votes at the General meeting of shareholders of this company.
- On August 27, 2008 KOPEX S.A. was notified about a tender to subscribe for the sale of 391.590 shares of ZEG S.A. in its seat in Tarnowskie Góry (indirect subsidiary of ZZM S.A.) which was announced by ZZM S.A. – the Tenderer. The shares in question make up 34.5% of share capital of ZEG S.A. and give the same number of votes at the General meeting of shareholders of this company. Bids were accepted between 27 August and 31 October 2008. On November 5, 2008 KOPEX S.A. received information that as a result of the said tender, 340.059 shares of ZEG S.A. were registered on a discretionary account in ING Securities S.A., which comprises 30.04% of the total number of shares of ZEG S.A. Pursuant to the tender, on November 5, 2008 the said shares were purchased by ZZM S.A., as a result of which ZZM S.A. currently holds – directly and indirectly – 1.084.409 shares of ZEG S.A., which makes up 95.54% of that company's share capital.

- On October 21, 2008, pursuant to decision of the District Court in Katowice, 8th Economic Division of the National Court register dated October 20, 2008, related to case no. 21634/08/282, an entry was made in the National Court Register regarding a business combination between KOPEX – Przedsiębiorstwo Budowy Szybów S.A. and PBSz Zakład Usług Górniczych Sp. z o.o.
- On October 28, 2008 KOPEX S.A. was notified about the following resolutions passed by Extraordinary General Meeting of Partners of company Infrabud Sp. z o.o. (indirect subsidiary of KOPEX S.A.): resolution on changing the name of the company into Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o., and resolution concerning the change of the company's scope of activity, by expanding it and adding to the current one the following points: PKD 46.1 – commissioned wholesale, PKD 64.19.Z – other cash intermediation, and PKD 64.20.Z – activities of financial holdings. On November 7, 2008 KOPEX S.A. received information about a decision issued by the District Court and concerning registration of the said changes.
- On November 5, 2008 KOPEX S.A. was notified by Zabrzańskie Zakłady Mechaniczne S.A. with its seat in Zabrze (subsidiary of the Issuer) about result of a call about which the Issuer was informing in the current report RB 108/2008 issued on 27.08.2008. As a result of the call, 340.959 shares were registered on a discretionary account in ING Securities S.A., which comprises 30.04% of the total number of shares of ZEG S.A. Pursuant to the call, on November 5, 2008 ZZM S.A. purchased the said shares, and the transaction will be settled on November 7, 2008. As a result of purchase of shares of ZEG S.A. by ZZM S.A., the latter holds directly and indirectly 1.084.409 shares, which comprises 95.54% of the share capital of ZEG S.A.

Furthermore:

- In 2008 the process of purchasing shares of KOPEX – Przedsiębiorstwo Budowy Szybów S.A. in Bytom (subsidiary of KOPEX S.A.) from physical persons – minority shareholders. As a result of the transaction, KOPEX S.A. – the buyer – on day of the report held 4.416.464 shares of this company, which comprises 94.71% of its share capital.
- The process of purchasing shares of ZZM S.A. in Zabrze (subsidiary of KOPEX S.A.) from physical persons – minority shareholders, which started on June 2, 2008, is in progress. The so-called staff shares which KOPEX S.A. has purchased this way gave KOPEX S.A. a total of 1.290.931 shares in this company, which represented a 97.99% interest in its share capital.
- In the 4th quarter of 2008 the process of compulsory redemption of shares of FMiU TAGOR S.A. in Tarnowskie Góry (indirect subsidiary of KOPEX S.A.) by the controlling shareholder –

ZZM S.A. (subsidiary of KOPEX S.A.) was completed (having commenced on July 24, 2008). On February 2, 2009 District Court in Gliwice issued a Decision pursuant to which ZZM S.A. was entered in the National Court Register – Companies Court Register (KRS) as the sole shareholder of FMiU TAGOR S.A. Currently ZZM S.A. holds 5.700.713 shares in this company, which entirely covers its share capital and which gives ZZM S.A. 100% votes at the General meeting.

- In the 4th quarter of 2008 a Program of purchase (buyback) of treasury shares of KOPEX S.A. (hereinafter The Program) was initiated. The part of the Program which commenced, consisted buyback of treasury shares in order to further resell them pursuant to a power of attorney which was granted to the Management of KOPEX S.A. by Resolution No. 2 of the Extraordinary Meeting dated December 11, 2008, and pursuant to a Resolution of the Issuer's Management dated December 12, 2008.

  Since the commencement of the Program, i.e. since December 15, 2008 until the date of this report, a total of 276.500 treasury shares of KOPEX S.A. have been purchased as the average price of 10.75 PLN per share. These shares represent 0.409 % of the share capital of KOPEX S.A., give 276.500 votes at the General meeting of shareholders, and represent 0.409% of the total number of votes at the General meeting of shareholders of KOPEX S.A. On February 9, 2008 implementation of the Program stopped due to a doubt which arose and which was related to interpretation of provisions of the amended act dated July 29, 2005 concerning the public offer and terms and conditions for introducing financial instruments to organized trade, and also concerning public companies.

After the reporting period the following significant changes in the capital structure of KOPEX S.A. took place:

- On January 30, 2009 KOPEX S.A. was notified about conclusion of an agreement dated January 29, 2009 by Fabryka Maszyn i Urządzeń TAGOR S.A. in Tarnowskie Góry (indirect subsidiary of the Issuer) – the Seller, and Mr. Krzysztof Jędrzejewski (Vice-President of the Board of the Issuer) – the Buyer. The Parties entered into an agreement to sell series I bearer shares of company Hydrapres S.A. with its seat in Solec Kujawski. The subject of the agreement is sales of 8.673.600 series I bearer shares, each with a nominal value of 1.00 PLN for the total amount of 10.408.320,00 PLN. The shares in question comprise a 33.000046% interest in the share capital of Hydrapres S.A. and give the same share of votes at the General meeting of shareholders of this Company. Pursuant to the agreement, the title to the shares shall pass to the Buyer upon the issuance of those shares to the Buyer, which shall take place no later than December 31, 2009.

- In connection with a resolution passed by the Board of KOPEX S.A., concerning the consent to a purchase by KOPEX S.A. of 63 shares in Company EL-GÓR Sp. z o.o. with its official seat in Chorzów (indirect subsidiary of company Hansen Sicherheitstechnik AG) on January 28, 2009 KOPEX S.A. and partners of this Company signed Promissory Agreements to Sell Shares, following which KOPEX S.A. became the sole partner in company ELGÓR Sp. z o.o., holding 63 shares which entirely cover its share capital and give 100% votes at the General meeting of partners.
- On February, 23, 2009 the Board of Zakład Elektroniki Górniczej ZEG S.A. in Tychy (indirect subsidiary of KOPEX S.A.), Board of ZEG-ENERGETYKA Sp. z o.o. and Board of ZEG-PCB Sp. z o.o. in Tychy (subsidiaries of ZEG S.A.)signed a plan to amalgamate these Companies, which will be implemented in compliance with art. 515§ 6 and 516§ 6 of the Code of Commercial Companies. Amalgamation of these Companies stems from continuation of the restructuring process of capital Group ZEG S.A. and aims at reducing the costs of operations. Furthermore, it is to result in simplifying and strengthening relations within the group.
- On March 3, 2009 KOPEX S.A. and three physical persons signed a notarial founding deed for a joint stock company named KOPEX POLSKIE BIOGAZOWNIE SPÓŁKA AKCYJNA (KOPEX POLISH BIOGASWORKS PLC.) with its seat in Gliwice. The company’s share capital is 2.000.000,00 PLN and is divided into 2.000.000 registered shares series A, each with a nominal value of 1.00 PLN. The scope of activity of KOPEX POLSKIE BIOGAZOWNIE S.A. is the construction and exploitation of biogasworks (projects will be implemented through subsidiaries), and the organization of funds for the investment. KOPEX S.A. in Katowice holds 1.200.000 registered shares series A, from number 00001 to number 1.200.000, the total nominal value of which is 1.200.000,00 PLN, and which comprise 60% of that company’s share capital and give the same proportion of votes at the General meeting of shareholders of this company. The other founders of company KOPEX BIOGAZOWNIE S.A. are three physical persons who are not related to KOPEX S.A. or to managers of executives in ways other than those specified in the notatial founding deed which was signed. Issue price of the shares is the same as their nominal value.
- On March 25, 2009 KOPEX S.A. was notified by Zabrzańskie Zakłady Mechaniczne S.A. in Zabrze (subsidiary of the Issuer) about a change in the number of shares in Zakład Elektroniki Górniczej S.A. (ZEG S.A.) in Tychy owned by ZZM S.A.

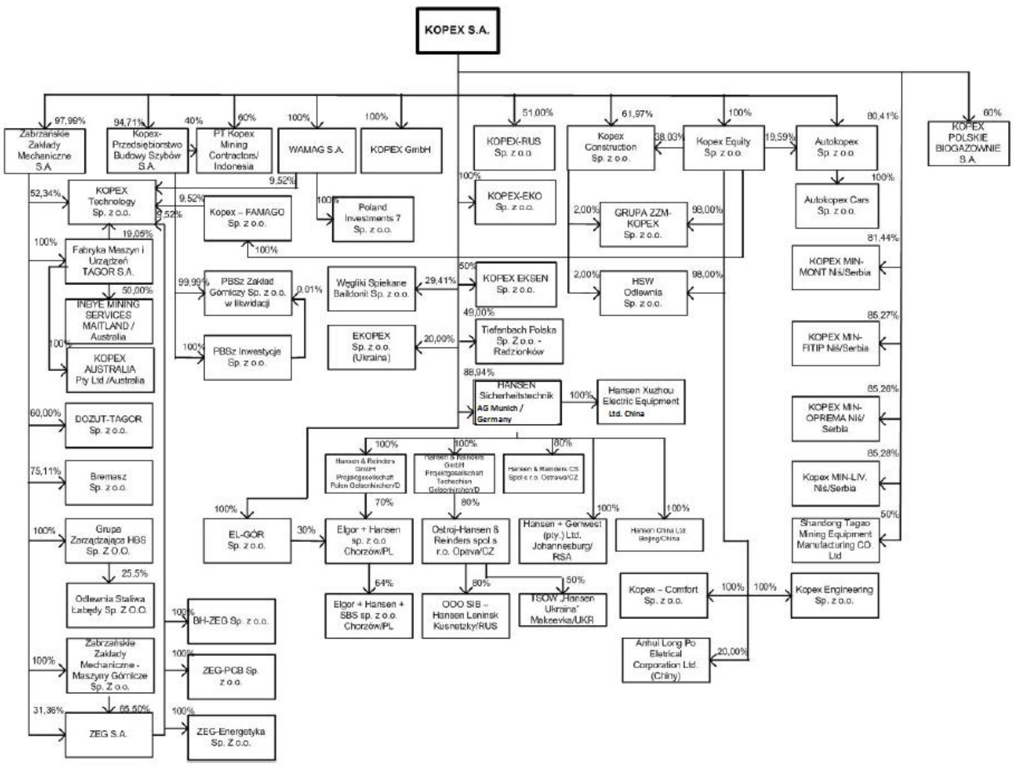
  Currently Zabrzańskie Zakłady Mechaniczne S.A. in Zabrze (subsidiary of the Issuer) hold – jointly with its subsidiary – 1.099.393 shares of Zakład Elektroniki Górniczej S.A, which gives a 96.86% interest in the share capital of this company and entitles to 1.093.698 votes at the

General meeting (96.86% of the total number of votes). A detailed distribution of those shares looks as follows:

1. Zabrzańskie Zakłady Mechaniczne S.A. in Zabrze (subsidiary of the Issuer)directly hold 355.943 shares of ZEG S.A., which comprises 31.36% of that company's share capital and which entitles to 355.943 votes at the General meeting of shareholders (31.36% of the total number of votes),
2. Indirectly, via a subsidiary called Zabrzańskie Zakłady Mechaniczne – Maszyny Górnicze Sp. z o.o. in Zabrze (previously INFRABUD Sp. z o.o.), ZZM S.A. holds 743.450 shares of ZEG S.A., which comprises 65.50% of that company's share capital and which entitles to 743.450 votes at the General meeting of shareholders (65.50% of the total number of votes).

Except for the aforementioned, no other changes in the structure of Capital Group KOPEX S.A. have taken place, especially in mutual capital and organizational ties between particular entities within the Group.

The Group's organization structure (as of the day of the report), including its subsidiaries, looks as follows:



Main domestic and foreign investments of the Capital Group are presented below:

INVESTMENTS	VALUE
1. Fixed assets	220.801
2. Acquisitions and takeovers	104.182
3. Intangible assets	28.111
Total	**352.094**

In 2008 the Capital Group did not invest outside the Capital Group. The investments were funded using own resources of the Companies and external financing (bank credits).

4. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE RULES IN KOPEX S.A. IN 2008

Pursuant to § 92 par. 3 and par. 4 of the Regulation of the Minister of Finance dated February 19, 2009 on current and periodical information provided by issuers of securities and conditions for considering information required by the law of a country which is not an EU member state (Journal of Laws dated 2009, Issue 33, item. 259) as equivalent, the Board of KOPEX S.A. hereby submits its declaration of compliance with corporate governance rules.

a) Indication of a collection of corporate governance rules which the issuer is subject to or which the issuer could voluntarily apply; plus an indication of a place where the text in question is publicly available

The Issuer is subject to corporate governance rules set out in a document entitled 'The Best Practices of WSE Listed Companies' which is an appendix to Act no. 12/1170/2007 of the Supervisory Board of the Warsaw Stock Exchange (WSE) dated July 4, 2007 (available to public on website of the Warsaw Stock Exchange S.A. at http://corp-gov.gpw.pl/library/polish/dobrepraktyki2007.pdf).

Taking into account experience of using the corporate governance rules in KOPEX S.A., on January 1,2008 the Board of the Issuer accepted the new declaration of the Company concerning compliance with corporate governance rules in KOPEX S.A. by implementation of principles set out in The Best practices of WSE Listed Companies'. Declaration issued by the Company (current report RB No 1/2008 dated January 3, 2008) specifies which rules the Issuer does not comply with and provides reasons for not complying with those.

The Issuer made both documents, i.e. 'The Best Practices of WSE Listed Companies' and the currently effective declaration issued by the Company and concerning the compliance with corporate governance rules in KOPEX S.A. publicly available at www.kopex.com.pl under Investor Relations / Corporate Governance.

b) **Indication of the extent to which the Issuer departed from corporate governance rules set out in 'The Best Practices of WSE Listed Companies', including an indication of rules which are not and which will not be used by the Issuer until further notice, including reasons for not using these rules**

(consistent with the declaration of the Company, published in the current report RB No. 1/2008 dated January 3, 3008):

Section II – Best Practice for Management Boards of Listed Companies

Rule 1 point 4

' the date and place for a General Meeting, its agenda and draft resolutions together with their legal basis as well as other available materials related to the company's General Meetings, at least 14 days before the set date of the General Meeting'

- The Issuer publishes its resolutions together with annexes, at least 8 days before the set date of the meeting specified in § 39 par. 1 point 3 in connection with §97 par. 5 of the Regulation of the Minister of Finance dated October 19, 2005 on current and periodical reports submitted by issuers of securities. (after a repeal of the said Regulation of the Minister of Finance, it should look as follows: § 38 par. 1 point 3 in connection with § 100 par. 5 of the RMF dated February 19, 2009).

Rule 1 point 7

'shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions'

- There are no committees operating within the Supervisory Board. See explanations for Part III Rule 8.

Rule 1 point 7

'shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions'

- The Issuer will present on his website answers to shareholders' questions on issues on the agenda submitted in writing.

Rule 1 point 11

' information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting'

- The Issuer makes publicly available the CV and professional experience of the Issuer's Supervisory Board Member, which he believes is enough to assess this person's capacity to hold the function he/she was appointed to.

Rule 2

' A company should publish its website in English, at least to the extent described in section II.'

- The Issuer does not apply the rule in the scope described in section II.

Section III – Best Prastice for Supervisory Board Members

Rule 2

' A member of the Supervisory Board should submit to the company's Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family and other relationships which may affect the position of the member of the Supervisory Board on issues decided by the Supervisory Board'

- The Issuer makes publicly available the CV and professional experience of the Issuer's Supervisory Board Member, which he believes is enough to assess this person's capacity to hold the function he/she was appointed to.

Rule 6

' At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.* Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an accrual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.'

- General Meeting of Shareholders of the Issuer appoints Board Members in compliance with effective provisions of the Code of Commercial Companies and the Company's Memorandum of Association.

Rule 7

' The Supervisory Board should establish at least an audit committee. The committee should include at least one member independent of the company and entities with significant connections with the company, who has qualifications in accounting and finance. In companies where the Supervisory Board consists of the minimum number of members requires by law, the tasks of the committee may be performed by the Supervisory Board.'

- The Issuer believes that creating committees operating within the supervisory board is unfounded. In matters which fall within the authority of the committees the Supervisory Board

- makes decisions jointly. Members of the Supervisory Board have the right knowledge and qualifications in this respect.

Rule 8

'Annex I to the *Commission Recommendation of 15 February on the role of non-executive or supervisory directors (…)* should apply to the tasks and the operation of the committees of the Supervisory Board. '

- The Issuer believes that creating committees operating within the supervisory board is unfounded. In matters which fall within the authority of the committees the Supervisory Board makes decisions jointly. The members of the Supervisory Board have the right knowledge and qualifications in this respect.

The above-mentioned declaration is available on the Issuer's website at www.kopex.com.pl under Investor Relations / Corporate Governance.

c) Description of main features of systems for internal control and risk management used in the issuer's company with respect to the process of preparing financial statements and consolidated financial statements.

From the official and legal point of view the rules governing internal control and risk management are regulated by the Company's internal legal acts, i.e. the company's Organization Regulations – internal regulations, terms and conditions of internal control and instructions concerning the preparation, flow and control of financial and accounting documents, as well as those related to stocktaking, cash instructions and collection of amounts receivable. Additionally, they are supported by procedures and instructions which comprise the ISO 9001 Quality Management System that is used in the company and is subject to constant improvements. The Issuer prepares his financial statements in compliance with International Accounting Standards and International Financial Reporting Standards. Within the internal control and risk management system the process of preparation of financial statements requires that all persons involved in the process comply with the said formal and legal regulations. Data security is guaranteed by a limited access system, by passwords used in the financial and accounting system, and by procedures for the creation of backup copies and the storage of these.

The Issuer believes that the internal control system which the Company uses is a tool which guarantees proper implementation and documentation of economic processes, as well as correctness of accounting records thereof. Furthermore, according to the Issuer, the company's internal control system ensures that documentation related to purchases, payment of invoices, sales and payment of receivables, calculation of costs and valuation of products, remuneration and other costs and income is complete and correct. In terms of fixed assets turnover, balances are reconciled. Accounting documents are checked by employees in terms of the content, accountancy and meeting formal requirements. A very important element of the internal control and risk management system is our Controlling Department which uses existing IT systems to collect statistical data sets of selected information used in financial reporting, regularly monitors specific areas and identifies threats, and which prepares periodical analyses and reports for the Management Board and Supervisory Board which can be used in the process of making strategic decisions that may counteract potential threats on time.

Annual financial statements are each time audited by independent chartered auditor selected each year by the Issuer's Supervisory Board from audit offers submitted to the Issues. Furthermore, they are each time evaluated by the Supervisory Board. Results of the evaluation are then submitted to Shareholders of the Company at a general meeting before a decision to approve a given financial statement is made. Semi-annual statements are subject to auditing performed by a chartered auditor.

d) Indication of shareholders who directly or indirectly hold large blocks of shares, including detailed information on the number of shares held by these entities, their percentage share in the share capital, number of votes that these shares guarantee and their percentage share in the total number of votes at the general meeting.

I. According to data available to the Issuer **as of 31.12.2008** the following shareholders held large blocks of shares of the Issuer, i.e. such which represented more than 5% of the share capital and guaranteed more than 5% of all votes at the general meeting of KOPEX S.A.:

SHAREHOLDER	No. of shares / votes	% share in share capital / all votes at the General Meeting
Mr. Leszek Jędrzejewski*	39 472 120 [1]	58.36 %
Mr. Krzysztof Jędrzejewski	4 578 055	6.77 %
CU OFE BPH CU WBK	3 789 840	5.60 %
Other shareholders	19 792 523	29.27 %

*On November 18, 2008 Mr. Leszek Jędrzejewski (controlling shareholder), and his beneficiary is Mr. Krzysztof Jędrzejewski (brother of the deceased). As of 31.12.2008 court proceedings leading to ascertainment of the acquisition of an inheritance were in progress.

II. According to data available to the Issuer **as of the balance sheet date** the following shareholders held large blocks of shares of the Issuer, i.e. such which represented more than

5% of the share capital and guaranteed more than 5% of all votes at the general meeting of KOPEX S.A.:

SHAREHOLDER	No. of shares / votes	% share in share capital / all votes at the General Meeting
Mr. Krzysztof Jędrzejewski	44 596 765 [1]	65.94 %
CU OFE BPH CU WBK	3 789 840 [2]	5.60 %
Other shareholders	19 792 523	28.46 %

Annotations: [1] On February 6, 2009 District Court in Warsaw issued a Decision on the ascertainment of the acquisition of an inheritance of tragically killed Mr. Leszek Jędrzejewski by Mr. Krzysztof Jędrzejewski (brother of the deceased).

The table presents total share ownership (including shares inherited and those acquired indirectly), including:

a) **Directly: 44.050.175 shares representing 65.13% of the share capital of the Company and entitling to 44.050.175 votes at the general meeting, which accounts for 65.13% of all votes,**

b) Indirectly through KOPEX S.A. in Katowice: 276.500 shares representing 0.41% (0.409%) of the share capital and entitling to 276.500 votes at the general meeting, which accounts for 0.41% (0.409%) of all votes. These shares were purchased by KOPEX S.A. as part of the Program of purchase (buyback) of treasury shares of KOPEX S.A. since the commencement of the Program, i.e. since 15.12.2008 to 05.02.2009 inclusive,

c) Indirectly through company PBP Puławy Development Sp. z o.o. with its seat in Poznań: 270.000 shares of company KOPEX S.A. in Katowice, representing 0.40% of the share capital of the Company and entitling to 270.000 votes at the general meeting, which accounts for 0.40% of all votes.

[2] Share ownership by CU PTE BPH CU WBK S.A. as of 31.12.2008.

e) Indication of holders of all securities which guarantee special controlling rights, including a description of these rights,

All rights attaches to securities of company KOPEX S.A. are identical and to not guarantee any special controlling rights to any of the holders.

f) Indication of all limitations concerning execution of the right to vote, such as limitation on execution of the right to vote for holders of some specific part of number of shares, temporary limitations on execution of the right to vote, or provisions under which capital rights attached to securities are separated from holding of securities,

To the best of the Issuer's knowledge there are no limitations concerning execution of the right to vote which would be imposed on holders of shares of KOPEX S.A.

g) **Indication of all limitations concerning transfer of title to securities of the Issuer,**

The Issuer's Memorandum of Association does not include any limitations concerning the purchase or sale of shares of the Issuer. The Issuer is not familiar with any limitations concerning the transfer of title to the Issuer's securities other than those rules which stem from generally applicable provisions of the law.

h) **Description of rules concerning appointment and dismissal of persons managing the company and their powers, especially the power to make decisions concerning the issuance of buyback of shares,**

The rules concerning appointment and dismissal of the Issuer's Management Board members are governed by provisions of the Code of Commercial Companies and provisions of the Memorandum of Association. The currently effective Memorandum of Association of company KOPEX Spółka Akcyjna (KOPEX S.A; KOPEX Plc.) is available on the Company's website at www.kopex.com.pl under 'The Company' / 'Rules and Information required'.

Pursuant to § 25 of the Company's Memorandum of Association, Management Board members are appointed and dismissed by the Supervisory Board. The Management Board consists of two (2) to five (5) persons. The number of Management Board members is specified by the appointing body. Term of office of a Management Board member is five (5) years. No common term of office applies to all Board members. Pursuant to § 20 of the Company's Memorandum of Association, the Management Board conducts the Company's affairs and represents the Company in all court and out-of-court proceedings. All issues related to conducting affairs of the Company, other than those which have been reserved by the law of by regulations of the Memorandum of Association for the General Meeting or the Supervisory Board, fall within the authority of the Management Board. Cooperation of two Management Board members of 1 Management Board member and the commercial proxy is needed in order to issue statements on behalf of the Company. In any and all contracts between the Company and the Management Board members, or in disputes between the Company and the Board members the Company is represented by the Supervisory Board which may, by way of a resolution, authorize one or more members to perform such legal actions.

The Issuer's Management Board is entitled, upon consent of the Supervisory Board, to pay to the shareholders advances on forecasted dividend at the end of the business year.

Details on activities of the Issuer's Management Board have presented in point k) subsection 2.1. herein.

The right to decide on issuance of buyback of shares stems from provisions of the Company's Memorandum of Association which are identical with generally effective provisions of the law,

including provisions of the Code of Commercial Companies. Pursuant to those regulations, issuance or buyback of shares are conditional upon the passing of a resolution by the General Meeting.
In terms of buyback of treasury shares, the Issuer's Management Board is only entitled to express consent and specify conditions for the purchase of treasury shares by the Company in order to offer them to employees of the Company and of Companies associated to the Company, these powers being vested in the Board by Resolution No.1 dated December 11, 2008 passed by the Extraordinary General Meeting and Resolution No. 2 dated December 11, 2008 of the Extraordinary General Meeting of Shareholders of KOPEX S.A. on granting the Company's Management Board power of attorney to purchase treasury shares in compliance with art. 363 § 1 point 8) of the Code of Commercial Companies.

i) Description of rules governing the change of the Issuer's memorandum of association or articles of association,

Pursuant to § 54 par. 2 point 1 of the Memorandum of Association, change in the Issuer's Memorandum of Association requires a resolution of the General Meeting, and to effect a change, a majority of ¾ votes at the general meeting is required. Furthermore, the Issuer's Memorandum of Association stipulates that resolutions concerning the Company's Memorandum of Association and increasing benefits for the shareholders or reducing rights individually granted to particular shareholders require the consent of all shareholders affected by these changes, and a resolution on changing the Company's scope of activity becomes effective without the buyback specified in art. 416 § 4 of the Code of Commercial Companies if it is passed by a majority of 2/3 votes, provided that present at the General Meeting are persons representing at least half of the share capital. Change in the Issuer's Memorandum of Association becomes effective as of the date of registration thereof by a court of law.
Otherwise, the ways and rules governing the change of the Issuer's Memorandum of Association are governed by generally applicable provisions of the law, including provisions of the Code of Commercial Companies.

j) Operation of the general meeting and its powers, as well as description of rights of shareholders and execution of these rights, especially rules which stem from Rules of the General Meeting, if such rules were created, provided that this kind of information does not directly follow from provisions of the law,

Basic information related to calling a general meeting, the organization, powers and proceedings of General Meetings is included in the Issuer's Memorandum of Association, whereas details concerning the organization and schedules of General Meetings are set out in the Rules of the General Meeting of KOPEX S.A. The currently applicable Rules of the General Meeting of KOPEX S.A. were passed by the General Meeting on June 29, 2007 and are available on the Issuer's website at www.kopex.com.pl under 'Company' / 'Rules and information required.'

Pursuant to § 46 of the Issuer's Memorandum of Association, the General Meeting summons the Issuer's Management Board on its own initiative, upon the Supervisory Board's written request or upon a written request of shareholders representing at least 10% of the Issuer's share capital, such a request being submitted at least a month prior to a set General Meeting. Shall the Management Board fail to comply with a written request of the Supervisory Board to call a General Meeting within 14 days, the Supervisory Board may call a General Meeting. Shall the Management Board fail to comply with a written request of shareholders representing at least 10% of the share capital within the said time deadline, these shareholders may appeal to the registry court to authorize them to call a General Meeting.

In order for the call to be effective, the General Meeting's date and agenda need to be announced in The Court and Business Monitor bulletin at least three weeks prior to the planned date of the General Meeting. Shareholders representing at least 10% (ten per cent) of the share capital may demand that particular issues be included in the agenda for the nearest General Meeting (before the announcement of the meeting).

A General Meeting can be held in Warsaw, Zabrze or Katowice (the Issuer's official seat) and may, without prejudice to art. 404 of the Code of Commercial Companies, pass resolutions concerning only those matters which have been on the agenda which was included in the announcement of a call for the meeting in question. Removing from the agenda or forsaking an issue which was included in the agenda upon the shareholders' requires a resolution of the General Meeting, following a previously expressed consent of all present shareholders who put forward such a motion, the resolution in question receiving 75% of votes of shareholders present at the meeting and entitled to vote. Resolutions of the General Meeting are passed by absolute majority of votes, exclusive of issues for which provisions of the law or of the Memorandum of Association state otherwise. The General meeting is valid irrespective of the number of shares represented, although in order to pass some resolutions a specific quorum set out in the law or in the Issuer's Memorandum of Association is needed.

The General Meeting is opened by President of the Supervisory Board, his deputy or a person selected by them to do so. Next, the General Meeting appoints from among shareholders present at the Meeting the Chairman of the General Meeting.

Since the Issuer is a public company and his shares are dematerialized, participation in the General Meeting is conditional upon submission at the Issuer, no later than a week prior to the date of the General Meeting, a depository receipt issued by an entity conducting the stock account on which the

Issuer’s shares are stored. During the validity of the depository receipt, the Issuer’s shares coved by this receipt are blocked on the stock account.

The Management Board is obliged to call an annual Ordinary General Meeting of the Issuer within six months from the end of the last business year.

Draft bills and motions are voted in the order of their submission. Pursuant to § 54 of the Issuer’s Memorandum of Association, resolutions of the General Meeting are passed by a simple majority of votes unless provisions of the Code of Commercial Companies or of the Issuer’s Memorandum of Association stipulate otherwise. This majority of votes is required in particular in the following cases:

1) Investigation and acceptation of the Management Board’s report, balance sheet and profit and loss account for the previous business year,
2) Passing a resolution concerning distribution of profit and coverage of losses,
3) Giving a discharge to members of the Company’s authorities.

Resolutions of the General Meeting are passed by majority of ¾ votes in the following cases:

1) Change in the Memorandum of Association, including issuance of new shares,
2) Issuance of bonds,
3) Sale of an enterprise of the Company,
4) Business combination of the Company and another Company,
5) Dissolution of the Company.

A resolution on changing the Company’s scope of activity becomes effective without the buyback specified in art. 416 § 4 of the Code of Commercial Companies if it is passed by a majority of 2/3 votes, provided that present at the General Meeting are persons representing at least half of the share capital.

Resolutions concerning the Company’s Memorandum of Association and increasing benefits for the shareholders or reducing rights individually granted to particular shareholders require the consent of all shareholders affected by these changes.

The Issuer’s Memorandum of Association modifies general provisions of the Code of Commercial Companies and stipulates that no resolution of the General Meeting is required for purchase and sale of real estate, perpetual usufruct or share in a real estate.

Provisions set out in the Rules of the General Meeting and in the Issuer’s memorandum of Association and concerning rights of shareholder and ways of executing those rights are identical with rights of shareholders which follow from generally applicable laws.

k) Composition and changes which took place in the last business year in management and supervisory bodies and their committees, as well as description of activities of the said bodies and committees,

1. THE SUPERVISORY BOARD

The sixth Supervisory Board of KOPEX S.A. consisting of five (5) members was appointed for a 5-year-long term of office on June 29, 2007 by an Extraordinary General Meeting of KOPEX S.A. The following persons were appointed: Mr. Joachim Sosnica – President of the Supervisory Board, present in the board until 27.08.2007, and since 27.08.2007 Mr. Leszek Jędrzejewski – President of the Supervisory Board, and members of the Supervisory Board: Ms. Iwona Bajda, Mr. Stanisław Bargieł, Mr. Sławomir Augustyn Kozłowski and Mr. Andrzej Smutek.

During the business year 2008 the following changes in the Issuer's Supervisory Board took place:

- On March31, 2008 Mr. Andrzej Smutek resigned from being a Supervisory Board member,
- On April 7, 2008 Mr. Adam Kalkusiński was appointed to the Supervisory Board,
- On April 21, 2008 Mr Sławomir Augustyn Kozłowski resigned from being a Supervisory Board member,
- On April 21, 2008 Ms. Marzena Misiuna was appointed to the Supervisory Board,
- On November 18, 2008 died Mr. Leszek Jędrzejewski, President of the Supervisory Board (main shareholder of the Company, brother of Mr. Krzysztof Jędrzejewski – Vice-President of the Management Board),
- On December 30, 2008 an Extraordinary General Meeting appointed Mr. Damian Jędrzejewski (father of Mr. Krzysztof Jędrzejewski – Vice-President of the Management Board, majority shareholder of company KOPEX S.A.) so as to fill the vacancy in the Supervisory Board.

An Ordinary General Meeting of KOPEX S.A. dated June 23, 2008 gave a discharge to all members of the Supervisory Board of KOPEX S.A. for fulfilling their obligations in the business year which began on January 1, 2007 and finished on December 31, 2007.

Supervisory Board of the Issuer as of 31.12.2008:

Composition of the Supervisory Board 6th term of office	Function	Date of appointment	Remarks
Ms. Marzena MISIUNA	President of the Supervisory Board	21.04.2008	To date
Mr. Adam KALKUSIŃSKI	Vice-President of the Supervisory Board	07.04.2008	To date
Ms. Iwona BAJDA	Secretary of the Supervisory Board	29.06.2007	To date – selected by employees of the Company
Mr. Damian JĘDRZEJEWSKI	Member of the Supervisory Board	30.12.2008	To date
Mr. Stanisław BARGIEŁ	Member of the Supervisory Board	29.06.2007	To date – selected by employees of the Company

No changes in the composition of the Issuer's Supervisory Board took place until the date of this statement.

Rules governing the operation of the Issuer's Supervisory Board and its committees.

As an organ of the Company, the Supervisory Board operates on the basis of: (I) The Code of Commercial Companies, (II) the Company's Memorandum of Association, (III), Rules of the Supervisory Board, and (IV) other generally applicable regulations.

Details on the organization and operation of the Supervisory Board are specified in the Rules of the Supervisory Board, created by the Issuer's Supervisory Board.

The currently effective Rules of the Issuer's Supervisory Board are available on the Company's website at www.kopex.com.pl under 'The Company' / 'Rules and Information required'.

Pursuant to § 35 of the Company's Memorandum of Association, the Supervisory Board of KOPEX S.A. consists of five (5) to nine (9) persons. The number of Supervisory Board members is specified by the General Meeting. Term of office of the Supervisory Board is five (5) years. The term of office of the Supervisory Board members expires at the same time. Pursuant to § 36 of the Company's Memorandum of Association, employees of the Company are entitled to appoint 2 persons for a Supervisory Board which consists of 6 members, or 3 persons for a Supervisory Board which consists of 7 to 10 members. A Supervisory Board Member can be dismissed by a general meeting at any time.

Supervisory Board members are appointed by the General Meeting with the following reservations:

a) Shall a Supervisory Board member be dismissed, resign or die during the term of office, a shareholder holding at least 51% of all votes is entitled to appoint a new person to the Supervisory Board so as to fill the vacancy,

b) Shall a Supervisory Board member appointed by employees be dismissed, resign or die, a shareholder holding at least 51% of all votes appoints to the Supervisory Board the person who in the previous election came second. In case this is impossible, additional election is held,

c) The appointment and dismissal of employee candidates for the Supervisory Board is based on created by the Supervisory Board 'Rules concerning election process – dismissal and appointment of Supervisory Board members selected by employees of KOPEX S.A.'

Pursuant to the Company's Memorandum of Association, resolutions of the Supervisory Board are passed by absolute majority of votes of Board members present at a given meeting. The Supervisory Board can pass resolutions at a meeting, provided that at least half of the members are present, and all members have been invited to attend the meeting. Furthermore, the Company's Memorandum of Association permits passing of resolutions on writing or by using means of distant direct communication, without prejudice to limitations set out in the Code of Commercial Companies, and provided that all Supervisory Board members have been notified of the contents of the draft.

Pursuant to provisions of the Company's Memorandum of Association, the following activities lie within the authority of the Supervisory Board. They include in particular:

1. Examination of financial statements and ensuring that they are verified by Board-selected chartered auditors,
2. Examination and evaluation of the Management Board's report,
3. Annual examination and acceptation of the Company's economic activity plans, financial plans, marketing plans and demanding that the Management Board submit detailed reports on execution of the said plans,
4. Evaluation of the Management Board's motions concerning the distribution of profit or coverage of losses, and expressing opinions on the suggested amount of dividend and dividend payment dates or suggested ways of covering the losses,
5. Submission to the General Meeting of an annual written report on results of activities specified in points 1-4 herein,
6. Expressing consent to transactions consisting in the sale or purchase of shares or other property, or raising a cash loan if the value of a given transaction exceeds 15% of the net value of assets of the Company as shown in the last balance sheet,
7. Appointment, suspension and dismissal of Management Board members,
8. Delegating Supervisory Board members to perform activities of the Management Board in case of suspension or dismissal of the entire Management Board or when the Management Board is unable to perform its activities for other reasons,
9. Expressing consent for the Management Board Members to sit in governing bodies of other companies,
10. Expressing consent to creation of the Company's branches both in the country of its official seat and abroad,
11. Passing the Rules of the Supervisory Board which specify its organization and operation,
12. Concluding on behalf of the Company agreements with the Management Board members and representing the Company in disputes with the Management Board members.

    The Supervisory Board may, by way of a resolution, authorize one or more members to perform such legal actions.
13. Appointment of a Board of Elections to select candidates for the Supervisory Board elected by employees, creation of rules governing the election of candidates, organization of

additional election, arrangement of voting to dismiss a person selected by the employees to the Supervisory Board upon request of at least 15% employees of the Company.

Furthermore, within the authority of the Supervisory Board is expressing consent for the Issuer's Management Board to perform any of the following activities:

1) Opening of a branch or a manufacturing plant and taking up new activities,
2) Sale, rental, pledge, mortgage or any other encumbrance or disposal of property by way of one activity whose value exceeds the amount representing 15% of net assets,
3) Raising a credit or loan whose repayment period exceeds 1 (one) year, if debt due to a given activity exceeds 15% of net value of assets,
4) Granting a credit or loan if a given transaction exceeds 15% of net value of assets,
5) Payment of advance on predicted dividend to shareholders.

When selecting an independent chartered auditor, the Supervisory Board complies with provisions of the 'Rules governing the choice of a chartered auditor to audit separate and consolidated financial statements of the Company' which specify the ways to be used and procedure to be followed by the Management Board and Supervisory Board when selecting a chartered auditor.

As stated in the declaration of compliance with corporate governance rules specified in a document entitles 'The Best Practices for WSE Listed Companies', the Issuer did not create a remuneration committee or audit committee. Functions of these committees are fulfilled by entire Supervisory Board of the Issuer. Members of the Supervisory Board have the right knowledge and qualifications in this respect.

2. MANAGEMENT BOARD OF THE COMPANY

Between January 1, 2008 and June 23, 2008 i.e. until the day of an Ordinary General Meeting, the Management Board of KOPEX S.A. had the following members:

Composition of the Management Board	Function	Date of appointment to the Management Board	Remarks
Mr. Tadeusz SOROKA	President of the Board	21.04.2005 (for a common 3-year term of office of the Management Board)	Vice-President since 21.04.2005 until 30.06.2006 President since 30.06.2006 until 23.06.2008, i.e. until the end of the term of office
Ms. Joanna PARZYCH	Vice-President of the Board	21.04.2005 (for a common 3-year term of office of the Management Board)	Until June 23, 2008, i.e. until the end of the term of office
Mr. Krzysztof JĘDRZEJEWSKI	Vice-President of the Board	01.04.2008 (for a 5-year	To date

		term of office)	

Since the term of office of the Management Board members expired together with acceptation of the financial statement for 2007 by a general meeting on 23.06.2008, i.e. the term of office of the President of Management Board – Mr. Tadeusz Soroka and the Vice-President – Ms. Joanna Parzych, at a meeting which was held on June 23, 2008 the Supervisory Board specified the number of members of the new Management Board of KOPEX.S.A. for the next term of office as 4 and appointed Mr. Marian Kostempski as the President of the Management Board, Mr. Tadeusz Soroka as a Vice-President, Mrs. Joanna Parzych as a Vice-President. Mr. Krzysztof Jędrzejewski continued to be the Board's member performing the function of a Vice-President.

Ordinary General Meeting of KOPEX S.A. dated June 23, 2008 gave a discharge to all Management Board members for fulfilling their obligations in the business year 2007.

Composition of the Issuer's Management Board as of 31.12.2008 and as of the date of this statement did not change and looked as follows:

Composition of the Management Board	Function	Date of appointment to the Management Board	Remarks
Mr. Marian KOSTEMPSKI	President of the Board	23.06.2008	To date
Ms. Krzysztof JĘDRZEJEWSKI	Vice-President of the Board	01.04.2008	To date
Ms. Joanna PARZYCH	Vice-President of the Board	23.06.2008	To date
Mr. Tadeusz SOROKA	Vice-President of the Board	23.06.2008	To date

2.1. Rules governing operations of the Issuer's Management Board

As an organ of the Company, the Supervisory Board operates on the basis of: (I) The Code of Commercial Companies, (II) the Company's Memorandum of Association, (III), Rules of the Management Board, and (IV) other generally applicable regulations. The currently effective Memorandum of Association and Rules of the Issuer's Management Board are available on the Company's website at www.kopex.com.pl under 'The Company' / 'Rules and Information required'.

Details concerning the appointment and dismissal of the Issuer's Management Board have been presented in point h) herein.

Pursuant to § 20 of the Company's Memorandum of Association, the Management Board conducts the Company's affairs and represents the Company in all court and out-of-court proceedings. All issues related to conducting affairs of the Company, other than those which have been reserved by the law of by regulations of the Memorandum of Association for the General Meeting or the Supervisory Board, fall within the authority of the Management Board.

Organization and operations of the Issuer's Management Board are specified in the Rules of the Management Board of KOPEX.S.A., created by the Management Board and accepted by the Supervisory Board. Pursuant to § 4 of the Rules, each member of the Management Board is entitled, without a prior resolution of the Management Board, to conduct affairs which do not go beyond the regular scope of management of the Company. Pursuant to the Issuer's Memorandum of Association, resolutions of the Management Board are passed by absolute majority of votes of Management Board members present at the meeting. Appointment of the commercial proxy requires unanimity of all Management Board members. In case of the same number of votes for and against, the President of the Management Board has a casting vote. Rules of the Management Board permit passing of resolutions by using means of distant communication (including: teleconference, fax and email).

Pursuant to provisions of § 7 of the Rules of the Management Board, resolutions of the Management Board are needed for all issues which go beyond the Management Board's regular activities. These include in particular the following:

a) Calling General Meetings and establishing the agenda,
b) Acceptation of annual statements, i.e. the Management's report on operation of the Company and the Company's financial statement, as well the consolidated annual financial statement from operation of Capital Group KOPEX S. A. and other periodical statements of the Company and Capital Group KOPEX S.A.
c) Preparing a motion concerning suggested distribution of profit of the Company or ways to cover losses for a given business year,
d) Appointment of the Company's commercial proxy,
e) Acceptation of the Organizational Rules or changes therein,
f) Drafting the Rules of the Management Board of the Company,
g) Other issues which are reserved for the law and the Company's Memorandum of Association as falling within the sole authority of the Management Board,

Furthermore, pursuant to the Company's Memorandum of Association, except for issues reserved for the General Meeting or the Supervisory Board, the Issuer's Management Board is obliged to obtain consent of the Issuer's Supervisory Board before any of the following activities:

- Opening of a branch or a manufacturing plant and taking up new activities,
- Sale, rental, pledge, mortgage or any other encumbrance or disposal of property by way of one activity whose value exceeds the amount representing 15% of net assets,
- Raising a credit or loan whose repayment period exceeds 1 (one) year, if debt due to a given activity exceeds 15% of net value of assets,

- Granting a credit or loan if a given transaction exceeds 15% of net value of assets,
- Payment of advance on predicted dividend to shareholders.

5. SUPPLEMENTARY INFORMATION

5.1. EVALUATION OF MANAGEMENT OF FINANCIAL RESOURCES

As of 31.12.2008 financial situation of the Capital Group looks as follows:

- Liabilities due to credits and loans as of 31.12.2008 totalled 460.667 thou. PLN,
- Cash as of 31.12.2008 totalled 164.133 thou. PLN

In 2008 the Group successfully managed its financial resources so as to ensure smooth financial servicing of its trade liabilities and other financial liabilities.

In order to achieve this, companies comprising the Group were using their own cash, profits earned and depreciation, as well as external financing (credits, loans, leasing).

Capital Group ZZM-KOPEX has multi-purpose credit lines in banks which total 600 million PLN.

In 2008 credits and loans were repaid for a total of 201.778 thou. PLN. The Group regularly monitors its bank interest payables. There are no overdue trade or legal liabilities in the Capital Group. (in some cases there are temporary delays in payment of liabilities to other companies within the Group). Purchases of financial assets were financed partly using own resources and partly using external financing.

Large-scale collection of overdue debts was combined with regular monitoring and collection of contractual payments.

Surpluses of funds were transferred to overnight bank deposits, with individual interest rates, negotiated by the Group. In 2008 the Group also used cash pooling, which made it possible to replenish temporary shortages of cash in some of the companies within the Group with surpluses of cash from other companies comprising the Group.

The Group conducts regular analyses of liquidity and debt ratios – to keep these ratios at a safe level.

Companies comprising the Group each month prepare and update cash-flow predictions for six months, which makes it possible for them to easily react to current and future financial needs of particular trade offices and other organizational units subject to companies within the Group.

Favourable cost terms of granted credit and guarantee lines are a result of individual negotiations which aimed at obtaining the lowest possible financial encumbrances. It is also worth noting that the Group secured favourable price terms for three years in one of the financing banks.

The Group's good financial standing (regularly monitored and evaluated by financing banks) allows Companies comprising the Group to use external financing to the same extent as before despite the global financial and economic crisis.

Companies comprising the Group hedge against foreign exchange risk using forward derivatives.

The Group uses hedge accounting and natural hedging. The Group has never been and is not engaged in speculative trading.

The 31.12.2008 negative valuation of then open long hedges prepared by banks (recognized in equity and in the profit and loss account) amounted to 90 403 thou. PLN.

It needs to be said at this point that future cash flows which follow from execution of contracts are subject to hedging. When deliveries are executed and receivables are repaid the negative valuation of hedging instrument will be compensated by additional revenues for the hedged item, which means that the planned profitability of the transaction will be retained.

The Group secured an option to finance trade transactions planned for the year 2009 by accessing the so-far-unused credit lines which had been granted by banks for the total of 600 million PLN.

The Group has many bank guarantee and credit lines which enable it to freely obtain tender guarantees, guarantees that advances will be returned, maintenance bonds as well as payment guarantees required by domestic and foreign clients.

It needs to be emphasized that good financial standing combined with access to bank credit lines allows the Group to tender for both domestic and international contracts where one of the requisite conditions is that the tenderer's financial potential must be suitably high.

Due to the current financial crisis which manifests itself e.g. in increased risk of not receiving payments from contracting parties as well as limited bank lending, in 2009 the Group plans to increase financial discipline, optimize costs, monitor foreign exchange situation, further reduce credit risk by formal hedging of future contractual liabilities, and to continue its close cooperation with banks and financial institutions.

5.2.INFORMATION ON RAISED CREDITS, LOAN AGREEMENTS, INCLUDING THEIR MATURITY DATES

➔ SHORT-TERM LIABILITIES DUE TO CREDITS AND LOANS – AS OF 31.12.2008, PRESENTED IN THOU. PL

Name of company, indicating its legal form	Official seat	Extent of credit/loan as specified in the agreement	Outstanding amount of credit/loan	Terms and conditions regarding rate of interest	Repayment date	Credit security
PKO BP S.A.	Katowice	139.000	105.000	WIBOR 1M + MARGIN	02.07.2011	Cap mortgage for the amount of 151.250.000 PLN on real estate located on Grabowa Road 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.
ING S.A.	Katowice	25.000	23.495	WIBOR 1M + MARGIN	31.03.2009	Cap mortgage on property of ZZM, registered pledge of machines and metallurgical inventories of ZZM S.A.+ assignment of insurance policy, transfer of title to machines and equipment owned by ZZM S.A. + assignment of insurance policy, power of attorney for bank to access accounts of debtors in PKO BP and ING Bank Śląski, blank promissory notes written by each of the Debtors
Industrial&Commercial Bank of China, Taian Xinwen Sub-Branch		12.163	12.163	7.47% per annum	1 year (until 10.09.2009	Pledge of accounts receivable
Industrial&Commercial Bank of China, Taian Xinwen Sub-Branch		4.127	4.127	7.326% per annum	1 year (until 10.11.2009	Pledge of accounts receivable
Santander Consumer Bank S.A.	Plac Solny 16 50-062 Wrocław	181	7	0	25.09.2008	Pledge
BRE Bank S.A. – at current account	Katowice	1.000	0	WIBOR 1M + MARGIN	31.07.2009	Blank bills, endorsement of ZZM
PKO BP. S.A. – at current account	Katowice	25.000	22.977	WIBOR 1M + MARGIN	01.07.2011	Blank bills, endorsement of ZZM
BRE Bank S.A.	Katowice	5.000	4.865	WIBOR 1M + MARGIN	29.05.2009	Blank promissory note, endorsement of ZZM
ING S.A. – at current account	Bytom	20.000	12.590	WIBOR 1M + MARGIN	31.03.2009	Blank promissory note
PKO BP. S.A. – at current account	Katowice	3.000,00	2.555	WIBOR 1M + MARGIN	30.06.2009	Blank promissory note, endorsement of ZZM, power of attorney to access bank account up to 3.000 thou. PLN within 6 months from signing the agreement
Regional Fund for Environmental Protection and Water Management in Katowice	Katowice	94	94	Rediscount on bills, no less than 3%	15.06.2012	Conventional mortgage, cap mortgage, assignment of title from insurance policy
AIK BANKA	Serbia/Nis	465	465	2% per month	15.03.2009	Guarantee of MONTU, LIVU, OPREM, blank bill
Serbian Development Fund	Belgradee	351	351	3% per annum	25.10.2013	Guarantee of Raiffeisen Bank and 22 blank bills, corporate guarantee of KOPEX S.A.
MIN HOLDING CO	Serbia/Nis	536	4	1% per annum	31.12.2006	None
MIN HOLDING CO	Serbia/Nis	140	104	2.4% per month	25.03.2009	None
Elgor + Hansen	Chorzów		7.918	6.26% - 8.19%	2011	Cash collateral account. Blank draft, related insurance receivables
Hansen +Genwest	Johannesburg		17.241	16% - 18.50%	2010	
OHR	Opawa		7.933	3.41% - 5.51%	1011	Bill, pledge of accounts receivable and assets

ING S.A.	Gliwice	162.100	17.314		31.03.2009	
ING S.A. – at current account	Katowice	72.000	68.457	WIBOR 1M + MARGIN	31.03.2009	Blank bill, power of attorney to access accounts in PKP and ING, submission to enforcement
BRE Bank S.A.	Warsaw	20.000	13.837	WIBOR O/N + MARGIN	12.03.2009	Blank bill, guarantee of KOPEX S.A., submission to enforcement
Fiat Bank Polska S.A.	Warsaw	25	6	Variable, on day of signing the agreement 9.99%	19.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	6	Variable, on day of signing the agreement 9.99%	19.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	6	Variable, on day of signing the agreement 9.99%	29.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	6	Variable, on day of signing the agreement 9.99%	29.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	6	Variable, on day of signing the agreement 9.99%	29.08.2010	Registered pledge
Santander Consumer Bank S.A.	Wrocław	66	34	Variable, on day of signing the agreement 10.49%	28.01.2010	Transfer of title to a vehicle
Volkswagen Bank Polska	Warsaw	32	17	Variable, on day of signing the agreement 4.74%	12.05.2010	Transfer of title to a vehicle
Volkswagen Bank Polska	Warsaw	32	17	Variable, on day of signing the agreement 4.74%	12.05.2010	Transfer of title to a vehicle
Kredyt Bank S.A.	Katowice	1.500	1.000	WIBOR 1M + MARGIN	31.01.2009	Entry into mortgage, registered pledge on inventories, blank promissory note
PKO BP S.A.	Warsaw	700	700	WIBOR 1M + MARGIN	23.06.2009	Blank bill, endorsement on bill
PKO BP S.A.	Warsaw	50	50	WIBOR 1M + MARGIN	29.05.2009	Blank bill, endorsement on bill
ING BSK	Tychy	50	0	WIBOR 1M + MARGIN	23.06.2009	Promissory note
Total	**492.720**	**323.855**				

→ LONG-TERM LIABILITIES DUE TO CREDITS AND LOANS – AS OF 31.12.2008, PRESENTED IN THOU. PLN

Name of company, indicating its legal form	Official seat	Extent of credit/loan as specified in the agreement	Outstanding amount of credit/loan	Terms and conditions regarding rate of interest	Repayment date	Credit Security
Serbian Development Fund	Belgradee	1.752	1.405	3% per annum	25.10.2013	Guarantee of Raiffeisen Bank and 22 blank bills, corporate guarantee of KOPEX S.A.
PKO BP S.A.	Warsaw	100.000	87.156	WIBOR 1M + MARGIN	25.06.1011	Blank bill, endorsement in compliance with civil law, submission to enforcement up to 130 m. PLN
Santander Consumer Bank S.A.	Plac Solny 16 50-062 Wrocław	181.99	5	0	25.09.2008	Pledge
Fiat Bank Polska S.A.	Warsaw	25	4	Variable; on day of signing the agreement: 9.99%	19.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	4	Variable; on day of signing the agreement: 9.99%	19.08.2010	Registered pledge

Fiat Bank Polska S.A.	Warsaw	27	4	Variable; on day of signing the agreement: 9.99%	29.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	4	Variable; on day of signing the agreement: 9.99%	29.08.2010	Registered pledge
Fiat Bank Polska S.A.	Warsaw	27	4	Variable; on day of signing the agreement: 9.99%	29.08.2010	Registered pledge
Santander Consumer Bank S.A.	Wrocław	66	3	Variable; on day of signing the agreement: 10.49%	28.01.2010	Transfer of title to a vehicle
Volkswagen Bank Polska	Warsaw	32	6	Variable; on day of signing the agreement: 4.74%	12.05.2010	Transfer of title to a vehicle
Volkswagen Bank Polska	Warsaw	32	6	Variable; on day of signing the agreement: 4.74%	12.05.2010	Transfer of title to a vehicle
Elgor + Hansen	Chorzów		2.056	6.91% - 8.09%	2011	
OHR	Opawa		436	4.51% - 5.51%	2010	
PKO BP S.A.	Gliwice	85.000	45.391		30.06.2011	
Regional Fund for Environmental Protection and Water Management in Katowice	Katowice	329	329	Rediscount of bills, but no less than 3%. On day of signing the loan agreement the interest is 3%, in subsequent years the interest will be adjusted by bill rediscount rate effective on Jan. 1 in a given year	15.06.2012	Conventional mortgage of 376 thou. PLN to secure capital, and cap mortgage on real estate, transfer of liabilities due to real estate insurance agreement, power of attorney to access bank account
Total		**187.525**	**136.812**			

5.3. LIST OF CONTINGENT LIABILITIES

Contingent liabilities of Capital Group KOPEX S.A. as of 31.12.2008, including:

- Bills issued for the total amount of 978 296 thou. PLN acting as security for on-time payments of contractual liabilities and bank loans, including bills:
  a) For affiliated enterprises, totaling 822 thou. PLN
  b) For other enterprises, totaling 977 474 thou. PLN
- Guarantees and endorsements granted for a total of 980 865 thou. PLN, including:
  a) For affiliated enterprises, totaling 893 903 thou. PLN, including:
     - 893 903 thou. PLN – guarantees and endorsements granted to companies within the Capital Group due to credits and payments.
  b) For other enterprises, totaling 86 962 thou. PLN, including:
     - 62 142 thou. PLN – guarantees and endorsements granted partners of KOPEX S.A. by banks, mainly due to delivery guarantee, as well as on-time payments.
     - 24 820 thou. PLN – guarantees and endorsements on bills granted by other companies within the Group
- Other contingent liabilities related to possible claims of partners of KOPEX S.A. in case of changes in not legally binding court decisions, totaling 1 874 thou. PLN.

Real estate liabilities of Capital Group KOPEX S.A. as of 31.12.2008 total 366.005 thou. PLN, including:

- 306 166 thou. PLN – real estate mortgage upon real estate of the Capital Group which constitutes securitization of liabilities due to bank credits and liabilities due to banks, related to bank guarantees.
- 59 839 thou. PLN – pledge of current assets, movable goods and shares which constitutes securitization of liabilities due to bank credits, including:

- On fixed assets	12 848 thou. PLN
- On inventories	46 991 thou. PLN

5.4. REMUNERATION AND AWARDS PAID OR DUE TO MAAGEMENT BOARD AND EXECUTIVE SUPERVISORY BOARD OF THE ISSUER, AND INFORMATION ON THE VOLUME OF REMUNERATIONS AND AWARDS RECEIVED DUE TO FUNCTIONS FULFILLED IN GOVERNING BODIES OF SUBSIDIARIES, INDIRECT CUBSIDIARIES AND AFFILIATED ENTERPRISES FOR THE YEAR 2008 (NET)

THE ISSUER’S MANAGEMENT BOARD AS OF 31.12.2008

MANAGEMENT BOARD	
Surname and Name	in thou. PLN
JĘDRZEJEWSKI KRZYSZTOF	432
KOSTEMPSKI MARIAN	815
PARZYCH JOANNA	437
SOROKA TADEUSZ	482
TOTAL REMUNERATION	**2.166**

THE ISSUER’S SUPERVISORY BOARD AS OF 31.12.2008

SUPERVISORY BOARD	
Surname and Name	in thou. PLN
BAJDA IWONA	37
BARGIEŁ STANISŁAW	37
JĘDRZEJEWSKI DAMIAN	-
KALKUSIŃSKI ADAM	27
MISIUNA MARZENA	26
TOTAL REMUNERATION	**127**

Any and all agreements between the issuer and his management board members which stipulate that compensation will be paid in case of their resignation or dismissal from their position for no good reason, or when their dismissal results from takeover of the issuer.

The following agreements stipulating compensation in case of resignation or dismissal for no good reason have been concluded between the Issuer and the Management Board members of KOPEX S.A. :

- ➔ Ms. Joanna Parzych – Vice-President of the Management Board – monthly compensation paid for the period of 12 months for abstaining from competitive activities to the amount of 100% of average contractual remuneration from the last 3 months preceding the month in which notice was given. The Company may waive the Vice-President from prohibition on competition.

- → Mr. Tadeusz Soroka – Vice-President of the Management Board – monthly compensation paid for the period of 12 months for abstaining from competitive activities to the amount of 100% of average contractual remuneration from the last 3 months preceding the month in which notice was given. The Company may waive the Vice-President from prohibition on competition.

5.5. EVALUATION OF CAPACITY TO IMPLEMENT INVESTMENT PLANS IN 2009

In 2009 Group KOPEX is planning to implement projects whose total value is over 220 million PLN, including:

- Buildings, real estate, machines and equipment → 145 million PLN,
- Acquisitions and takeovers → 30 million PLN,
- New products and enterprises → 32 million PLN,
- Intangible assets → 15 million PLN,

The aforementioned will mainly be financed from the Group's own resources and by external financing.

5.6. INSURANCE CONTRACTS – AS OF 31.12.2008

→ Property insurance	- PZU S.A.
→ Insurance of mining equipment	- PZU S.A.
→ Business and property insurance	- AXA Insurance
→ Maintenance insurance	- TUiR WARTA
→ Insurance of medical expenses due to accidents for employees on business trips and on contracts abroad	- ERGO HESTIA
→ International CARGO insurance	- AIG Polska TU S.A.
→ Car insurance (civil liability, motor own damage, Assistance, Green Card)	- TUiR WARTA

5.7. SIGNIFICANT RISK AND THREAT FACTORS. CHARACTERISTICS OF EXTERNAL AND INTERNAL CONSIDERATIONS IMPORTANT FOR THE DEVELOPMENT OF THE CAPITAL GROUP

Major risk and threat factors have been presented in the following SWOT analysis:

STRENGTHS	WEAKNESSES
• The Company's strong position and brand both in Poland and abroad • Entering new sales territories which require advanced technologies • Geographical and business diversification of offered products and services • Constant cooperation with clients • Favourable ownership structure which ensures clear development strategy for the Capital Group • Access to production facilities which guarantee complex trade offer • Stable financial situation • Vast experience in implementing large investment projects all over the world • Diversified portfolio of products and services • Good knowledge of needs of foreign clients and capacities of Polish mining machines construction industry • Experience in obtaining finance and building trade finance for investment projects • Experience in successfully reducing foreign exchange risk	• Significant exposure to foreign exchange fluctuations • Dispersion of the Company's assets • Too low potential of human resource reserves on service projects implemented abroad • Significant dependence of income on economic situation of the mining industry
OPPORTUNITIES	**THREATS**
• Current price surge on global primary markets • Increase in interest in feasibility study projects in terms of extractive industry – which is an indication of major global investments approaching • Increase in interest in deliveries of mining machines and equipment and spare parts, e.g. in Romania, Middle Eastern countries, Argentina, China • Licences to sell electric energy, liquid fuels and strategic goods • Demand for mining services, also those related to salt and other minerals mining • Significant increase in quality of Polish industrial products and their price competitiveness • Increased openness of Polish companies on global markets • Increase in expenditure and requirements concerning environmental protection • Increase in prices of electric energy • Decrease in interest rates and therefore decrease in external financing costs	• Quick consolidation of main competitors of the Company • Marked lack of specialists in typical industrial professions • Generation gap among qualified miners in Poland • Consolidation of position of Polish and foreign competitors • Poor state support for Polish exporters • Changes in law • Changes in tax system • Possible loss of qualified employees • Increase in inflation rates • Increase in labour costs / remuneration costs • Increase in prices of electric energy • Increasing competition on Polish and global markets • Delays in execution of some contracts • High costs of import • High barriers accompanying entry into some markets • Increase in costs related to reconstruction of production facilities • Limitations in the use of production capacity • Current economic and financial crisis

A description of: management of liquidity risk, financial risk, foreign exchange risk and sensitivity to changes, as well as the risk of changes in interest rates, price risk, credit risk – all these have been presented in the financial statement in section: additional information.

In 2008 an unusual factor emerged which had influence on operations of the Capital Group, i.e. an unexpected weakening of Polish currency within just a few weeks.

Pursuant to the ‘Foreign exchange risk hedging and interest rate risk hedging strategy’ implemented by the Group in 2005, transactions hedging foreign exchange risk (with reference to foreign exchange rate used in offer/contractual calculation) are performed upon signing of a trade agreement, and in case of coal/electric energy trade – upon placement of an order for shipment/delivery of the goods.

The Group uses forward transactions as hedging instruments, and – though to a very limited extent – option structures.

The Capital Group hedges planned and actual currency supplies and is not engaged in speculative trading. Company KOPEX S.A. applies hedge accounting.

As of 31.12.2008 the Capital Group has the following open currency hedge positions:

- 212.851 thou. PLN (positions in USD translated into PLN),
- 366.295 thou. PLN (positions in EUR, translated into PLN).

Bank’s negative measurement of the said derivatives totaled 90.404 thou. PLN.

Another unusual factor, namely limitations in credit lines in banks did not affect the Company much, since the unused, multi-purpose credit lines which the Group has in banks allowed it and still allow it to smoothly finance its current activities.

5.8. DEVELOPMENT PERSPECTIVES FOR THE ISSUER AND THE CAPITAL GROUP

Development perspectives for Group KOPEX should be evaluated taking into account several issues which are related to development strategy and realization of goals defined by this strategy. Implementation of the strategy is the task of management boards of companies controlled by KOPEX S.A. and executives of KOPEX S.A. Operation formula of KOPEX S.A. has changed completely. Before the capital integration of companies which now comprise the Group KOPEX used its many years of experience in international trade of mining machines and services as well as the connections it had to look for products and services available in Poland which could be attractive for the company’s foreign business partners. Thanks to experienced engineers and sales staff, the company could actively integrate the usually disperse offer of particular Polish producers to create complete machine and equipment systems. Furthermore, KOPEX gained experience in organizing financing for complex product-and-service-based contracts. Now the company’s mission has significantly changed. KOPEX S.A. has become a company controlling other companies – producers of equipment for the extractive industry which have and actively develop their own products. The offer range has expanded by addition of mining services and electric energy trade. Owing to a very strong Technical Department and design departments in the companies it controls, KOPEX S.A. is able to actively stimulate development paths and directions, and to constantly update the products offered so as to meet requirements of present-day users of mining equipment. A very important factor connected with both domestic and foreign competitors of KOPEX is the scope of the company's potential offer. As the only industrial group in the world, KOPEX is capable of offering a complete cycle of construction of mining plants, starting from deposit analysis, through relevant technical and profitability studies of a given enterprise, preparation of the complete design of excavations and surface structure of mines, to the production, delivery and installation of mining machines, systems and equipment. The Company can potentially deliver the majority of machines uses for the mining and transport of minerals, as well as electric supply and distribution systems, security systems or systems monitoring operations of mining equipment. Our potential offer also includes technological systems for cleaning and enrichment of output. Therefore, both in terms of technology and finance, Kopex is capable of offering the so-called 'turn-key' systems, which is an especially attractive solution in countries which have only begun to develop modern mining.

The following areas have influence on development perspectives of Group KOPEX:

Creation of a uniform and coherent organizational structure of the Group

Effective management of the Group is to some extent difficult due to a large number and diversity of legal entities which currently comprise the Group KOPEX. On the other hand, however, if mutual relations between these entities are clear and logical, this in fact can be a major asset of the whole Group. Because of organizational variety and wide range of products offered by companies within the Group, as well as different approaches regarding operation of the companies – all these factors forced the Group's Management Board to take significant steps so as to standardize the situation. Therefore, a set of procedures was prepared the aim of which was to make uniform the majority of areas related to company operation. Next, implementation of the said procedures commences. First to commence was the process of implementing an integrated computer financial and accounting system in the most important entities within the Group. All material and delivery-related processes, as well as cooperation with financial institutions were subject to integration and centralization. The synergy effect which resulted from that was soon to be seen in costs of operation of the entire group and of companies comprising it. Software standardization was also applied in terms of design tools used by construction offices. Now, on the other hand, the process whereby which computer systems used for designing, creation of production technologies and materials sets are integrated with the financial and accounting system is in progress. Effects of this are considerable. These actions are geared to not only reducing and rationalizing the costs of operation of companies, but also to improving flexibility related to responding to new needs of recipients of machines and equipment. Last but not least, they are to ensure a more precise planning of costs of production and offer preparation. Many of the processes described above are in the implementation phase, nevertheless the effects can already be seen. The way group KOPEX, which is a very large economic entity, is perceived by financial institutions, suppliers of materials and potential clients is very different from the previous perceptions of it. The Group also experiences positive effects of change in perception of the group as a business partner. If these changes had not taken place, our successes such as the delivery of a longwall system for an Australian client would have been impossible. Another element of the consolidation is the transformation of particular companies into the so-called divisions, created on the basis of different competences and production areas. An example of this can be the integration of a group of producers of electric equipment – companies from group HANSEN (Germany, Poland, Czech Rep. and RSA) with Zakład Elektroniki Górniczej ZEG. S.A. in Tychy. All of them are controlled by KOPEX S.A.

Intensive technical development of products offered by the Group so as to meet requirements of global producers of coal and other minerals.

Regardless of the specifics and diversity of particular markets and potential recipients of products offered by KOPEX, the technical level of offer of different companies within the Group must be such so as to meet the highest expectations of particular recipients. This is certainly the best way to make a breakthrough in the current distribution of global market which is shared among leading providers of the equipment in question. Products offered by companies within Group KOPEX are already achieving the desired technical level, and in some respects they are even better than those offered by our foreign competitors. In order for the success to be achieved it is necessary to make considerable investments in infrastructure of the companies so that they can execute the said tasks. The majority of financial resources obtained from reverse takeover which was performed between KOPEX S.A. and ZZM S.A. was consciously and purposefully devoted to this, i.e. to providing additional finance for companies within the Group and thus enable them to dynamically develop their range of products and technical parameters. As a result of this, the scope of our technical offer is constantly developing – new products are being added and the old ones are being modernized and updated. In order to intensify these processes, we have created a new company named KOPEX Technology whose primary scope of activity is research and development for entities within the Group, and also looking for additional financial resources such as European funds to contribute to this development. Group KOPEX is a relatively young economic entity, which means that cementing our position among world's leading providers of mining machines and equipment must be based on relatively high expenditure on development of products, which will help us convince users to choose our offer and not products offered by recognized global producers. One area which is clearly connected with realization of the said goals is proper promotion and marketing, the aim of which is to spread information about Group KOPEX and its mission on majority of markets which can potentially become recipients of our products and services. The already-mentioned promotional action is currently intensified through publications and advertising in global mining magazines, as well as participation in global mining exhibitions and fairs.

Market expansion of Group KOPEX using features which distinguish the Group from its global competitors.

Group KOPEX is too large to narrow down its scope of activity to domestic market and to traditional recipients of Polish mining equipment. An important factor is the fact of operating in the field of investment goods which is a very specific field having specific requirements. Sale of these goods to locations situated at least several thousand kilometers away, and after-sale maintenance services of thus-sold products cannot be by any means performed from Poland. Because of that we seriously treat our offers submitted to clients abroad. A very important element in this respect is to make the Company's offer be seen as reliable in terms of what the client can expect from us with regard to after-sale services. This is done in two ways. One is to conduct a thorough study of companies offering given services and products and operating locally on a given market or to take control over such companies, especially if they could contribute the so-called added value, e.g. as a product which is not yet available in Poland in terms of parameters or solutions used. An example can be Australian company INBYE Mining Pty. Ltd. which has been taken over by the Group and which is a producer of top-quality push-plate conveyor systems. Thanks to activity of this company combined with financial possibilities of the Group, we have managed to win a tender to design and deliver a complete longwall system for a coal mine Caarborough Downs in Queensland, Australia.

This strategy for winning new markets is in fact the only serious way to achieve market successes. All major competitors of the Group use it and either own such local companies operating under laws of countries where their seat is, or make legal alliances with other already existing local entities which frequently offer complementary products.

Internal and external factors important for the development of Group KOPEX

An internal factor which is undoubtedly very important for further development of KOPEX is access to properly qualified executives. This applies both to companies comprising the Group and to KOPEX itself. Times when extractive industry and the broadly-defined industrial and technological field were intensively developing are long gone. The majority of technical and engineering staff having the right knowledge and equipment as well as sales staff are people who have been working for many years, sometimes people who are in the pre-retirement or retirement age group. There are of course young people obtained from the labour marker or other companies, but Group’s criteria for suitability are rather high.

The process of gaining professional experience, especially in areas which require interdisciplinary knowledge, is quite long and it may take several years before an employee is fully suitable for fulfilling the function he was given. However, because of the Group’s high requirements, we do not have many such candidates. At the same time, the need to educate future staff, equip them with practical knowledge of how companies operate, and teach them how the global mining equipment markets work is becoming a really urgent need. Therefore, the Group’s aim is to launch a proper action promoting the Group as an attractive employer, offering interesting jobs and possibility to gain professional experience on many global markets. We are preparing and implementing internship programs for students and university graduates; we have plans concerning marketing actions, as well as those regarding the sponsoring of schools offering training in fields which are needed by production plants, etc.

An interesting factor is related to KOPEX – so far an exporter of equipment and services – becoming more active on the domestic market. Of course companies comprising the Group have been present on the domestic market for many years, nevertheless KOPEX as a company of Group is becoming more active, too. The domestic market is becoming more and more interested in the complexity of our potential services or deliveries of equipment for two main reasons: The first one is related to a generation gap in Polish coal mining, caused by the implementation of a mining restructuring program in the 90s. Back then, when companies wanted to guarantee at least the minimum safety of extractive works, they would make redundant mainly young employees, those who were only beginning to gain experience in mining, and stick to older, more experienced employees. Later, when coal was again in high demand, mines would again hire staff to do mining jobs, but the older employees – who were supposed to be a guarantee of safety and expertise – were gradually beginning to retire (retirement age is lower in this field) and did not have many successors who could perform their duties. As a result the already-mentioned generation gap was created which is currently a serious problem for coal mines. Paradoxically, this is conducive to the growing interest of domestic clients in more complex and comprehensive solutions offered by KOPEX, especially since some of the specialists who took early retirement started working for Technical Department at KOPEX S.A.

The second aspect contributing to KOPEX becoming more active on the domestic market are better opportunities for financing and crediting some of the more expensive enterprises in Polish mining for which the most important goal now is to replace old technological systems for new solutions which significantly increase production capacity. Capital leasing and lease of particular machines and even mining systems are slowly becoming part of the offer in this area.

An external factor which facilitates the Group's development is economic development of many countries and the increased demand for energy which it entails. All sorts of global analyses indicate that despite technological progress, coal remains the primary source of energy. Certainly, combustion technologies, reduction of harmful products created while burning , or waste management are changing, nevertheless coal still needs to be mined using mechanical systems. Many countries which are intensively developing have their own coal resources, so the development of extractive industry in these countries seems to be the cheapest and most obvious way to increase the supply of electric energy. As many global analyses forecast, by the end of the century no alternative energy source which could take coal's domineering position will be found. What is more, further increases in the demand for coal are expected. The current global economic crisis will slow down the process a little, but judging by plans of the largest global *Mining Houses*, such as BHP Billinton, X Strata, ANGLO-AMERICAN, Rio Tinto or Peabody, new coal mines will be built all over the world during the period 2010-2020. Massive demand for energy is also noticeable in dynamically developing China, India and Far East countries.

Current financial crisis and credit policy of financial institutions and banks is a very important external factor. The crisis began during a period which is quite special for KOPEX – when the process of final consolidation of the Group as a coherent economic entity is still in progress. As previously mentioned, the Group operates in the investment goods segment, and the return on capital employed in production and implementations is spread in time. Execution of large investment projects, large both in terms of the scope of delivery and the value of the projects, entails expenditures representing at least 60% of costs of materials incurred in early phases of project implementation. Production processes can take up to six months, whereas payments are not made until delivery of finished products FOB. Part of the payment is always conditional upon meeting certain technical requirements or achieving certain operation standards by equipment which the client has already began to use. Collection of the payments in question can take up to two years. Therefore, the disproportion between the moment when over half of production costs need to be incurred and the moment when first significant receivables are paid is clear. When conducting this type of business operations, the process of financing such operations is of great importance. A more difficult access to crediting resources, as well as increased costs of crediting (guarantees, pledges, sureties) – all these make it much more difficult to operate on the market and have negative influence on price competitiveness of our offer. Due to the phenomena described above, the significance of foreign exchange risk increases, especially with reference to such extended time periods. It is therefore necessary to make use of financial instruments which help to reduce the said risk.

As mentioned before, one of the assets of KOPEX distinguishing it from both domestic and foreign competitors is a very complex offer – from design of a mine, to putting it into operation. And these are not just marketing declarations. Design and engineering agencies, both these subject to KOPEX and these associated with companies comprising the Group are already cooperating with foreign partners in terms of design of mines and technological systems. Such opportunities arose since a potential client's own engineering agencies were overloaded working on a large number of projects implemented in a relatively short period of time. This is at the same time an occasion to verify how professional designs prepared by us are. Agencies of KOPEX are at the same time implementing certain orders on their own. If the quality of the designs s satisfactory, we expect that a natural consequence will be the choice of KOPEX as the general contractor implementing the designed facility, and supplier of machines and services.

Further strengthening of the image of Group KOPEX as a reliable comprehensive designer and producer of entire mining systems will result in us receiving more and more complex tasks, which in turn will lead to a considerable increase in our financial turnover and capital employed. Cementing our position on current markets and conquering new markets will undoubtedly mean that it will be necessary to create service departments there, but how the Group will engage in this in terms of capital is not yet specified. Without a doubt, part of income will need to be invested in the market where the income was generated.

For the time being it is difficult to specify sources of finance and crediting for such activities. For sure current financial policy in Poland is not conducive to development of actions planned by the Group. However, if it turns out that Polish financial institutions do not support our plans, KOPEX will look for other solutions. Important international institutions, either related to our scope of activity or simply financial ones, are already interested in what the Group does. We do not exclude an option of obtaining the requisite finance by significant raising of capital by way of contributions made by strategic global partners interested in cooperation, or by issuance of additional shares.

As experience of the Group's main global competitors shows, other scenarios are also theoretically possible. An example can be a former German competitor Deutsche Bergbau Technik which is currently a part of a large American concern BUCYRUS. However in case of

Group KOPEX partnership based on synergy of combined capitals, markets and scopes of activity seems to be a more probable solution.

The Company's environment and main competitors

KOPEX is a recognized and traditional provider of services and systems for underground and surface mining. The Company's position and brand are known on many traditional mining markets, although the Company's currently undergoing a process of transformation – from an intermediary and trade partner to a company offering its own products, technologies and technical solutions. An intensive promotional campaign geared to conquering new markets and recipients, including the most prestigious global ones, is in progress. The Company is very flexible and is adjusting its offer in order to be able to compete on equal terms with the largest and most popular competitors. These are two American companies:

- **JOY GLOBAL** – concern producing mining equipment, listed on Wall Street. It was created from *JOY Mining Machinery* – American producer of mining shearer-loaders and machine assemblies for *continuous miner* systems, used in underground mining technologies of the Board-and-Pillar or Room-and-Pillar type. In the late 90s JOY Mining Machinery merged capital with *Harnish Weger* – American paper concern. Next it took over a British concern named *Longwall International* producing mining machines and operating all over the world since mid-90s. *Longwall International* (former *Meco*) comprised companies which were producing equipment for longwall mining, e.g. roof supports and conveyors. These were English *DOWTY* and *Gullick & Dobson*). This is how concern *JOY Global* was created which – in terms of production – offered virtually all of the most important mining machines for underground mining, using both technologies of automated longwalls and the room-and-pillar technology. This is the Group's main competitor on a global scale. Its share in installations on the Polish market is not large – in fact it is limited to several mining shearer-loaders and does not pose a threat to the Group's position in Poland, nevertheless its subsidiary – JOY Polska S.A. is engaged in production of subassemblies for shearer-loaders and push-plate conveyors, and it's mainly interested in Eastern markets (Russian Federation in particular).
- **BUCYRUS** (former DBT) – concern mostly based on German companies and German technologies. *Deutsche Bergbau Technik* was created as a result of business combination performed in the early 90s and affecting many companies – producers of machines for longwall mining. These were the following companies: *Hemscheidt, Westfalia Lünen* and *Halbach und Braun*, producing automated roof supports and mining conveyors. *Eickhoff* – German producer of very good mining shearer-loaders did not join the group due to

the fact that it is owned by a family having very old industrial traditions, dating the beginning of industrial era. Although it is a competitor of the Group (in particular of Zabrzańskie Zakłady Mechaniczne S.A. – main producer of shearer-loaders for the Group), there are markets and circumstances under which KOPEX cooperates with this company. In the late 90s DBT took over a British-American company *Long Airdox,* thus expanding its range of products by machines for the *continuous miner* system. It also took over company *Anderson* - English producer of shearer-loaders. In 2006 DBT was taken over by American concern BUCYRUS whose scope of activity comprises production of heavy construction and excavation equipment (e.g. caterpillar excavators, etc.) for surface mines. This is one of the main competitors of concerns Caterpillar and Komatsu.

Group FAMUR – Polish capital group created in 2005 by business combination of Polish producers of mining machines FAMUR from Katowice (mining shearer-loaders), FAZOS from Tarnowskie Góry (automated roof supports), NOWOMAG from Nowy Sącz (push-plate conveyors) and PIOMA from Piotrków Trybunalski (belt conveyors, rail transport systems). Group FAMUR is a competitor of Group KOPEX on the domestic market and on neighbouring markets, incuding the Czech Republic and Russian Federation.

Group GLINIK – Polish capital group from Gorlice. Producer of automated roof supports and push-plate conveyors. Domestic competitor in terms of machines produced. So far a strong competitor on the Russian market and other countries of the Commonwealth of Independent States.

Evaluation of competitors:

Concerns JOY GLOBAL and BUCYRUS are significant competitors of Group KOPEX. Both companies have long been dictating trends in the development of mining machines. Their main markers were countries famous for highly efficient mining systems and for using the most advanced mining technologies, i.e. USA, Australia and RSA. In the course of time they intensified their expansion to other markets – mostly China and Russia, but also Mexico, India, Brazil, Venezuela and other countries engaged in underground mining. Competing with the said companies is a major challenge for the Group since it cannot be limited to price competitiveness.

Mining longwall systems used on primary markets of these competitors are highly advanced mining systems, whose capacity is approx. 1 million tons a month, which corresponds to half of total annual capacity reached from several automated longwalls by an average Polish coal mine in the late 90s. The price of such ultramodern systems is a much less important factor than their efficiency and reliability. The enormous capacities that they offer compensate expenses incurred to purchase those machines much faster than in case of much cheaper systems, operating in conditions which do not allow such mining results. Therefore, the Management Board of Group KOPEX, management boards of companies within the Group and the Group's engineers and technologists put such emphasis on implementation of tasks described above in section 'Internal and external factors important for the development of Group KOPEX. Achieving the level allowing successful competition with the above-mentioned concerns was confirmed by tenders which KOPEX and its companies won and which were related to construction of a set of automated roof supports for Chinese SHENHUA Energy – the most technically advanced coal mine in China, so far using almost exclusively equipment provided by the said competitors. Another proof is a contract for the provision of au automated mining system for coal mine Carborough Downs in Australia (Queensland). Group KOPEX began to be perceived on markets which until then had been shared exclusively by JOY and BUCYRUSS as the third major partner who can be an alternative provider of advanced equipment. Development of our products is not restricted to following development paths established by those two competitors. In our latest products we have used technologies and solutions which are in many cases more innovative and more advanced that those used by those two American producers. Price competitiveness of our offer is just one of several aspects which determine and will determine our capacity to compete with JOY and BUCYRUSS on global mining technology markets. A 'third player' has appeared, which those two concerns are aware of, judging by current competition on global markets.

5.9. INFORMATION ON MAIN PRODUCTS, GOODS AND SERVICES OF THE CAPITAL GROUP

The following table presents product-based structure of income from sales generated by the Capital Group in 2008, and corresponding values for 2007.

IN THOU.PLN / %

ITEM	2008	STRUCTURE % [2]	2007	STRUCTURE % [4]	DYNAMICS % [2008/2007]
1	2	3	4	5	6
EXPORT OF GOODS AND MATERIALS	**187.112**	**9.4%**	**206.509**	**16.0%**	**90.6%**
MACHINES AND EQUIPMENT – UNDERGROUND MINING	20.505	1.0%	78.006	6.0%	26.3%
ELECTRIC AND ELECTRONIC MACHINES AND EQUIPMENT	11.671	0.6%	3.402	0.3%	341.3%
ELECTRIC ENERGY	94.921	4.8%	78.078	6.1%	121.6%
COAL	59.900	3.0%	46.889	3.6%	127.7%
CASTINGS	2	0.0%	1	0.0%	200.0%
OTHER GOODS	113	0.0%	133	0.0%	85.0%
EXPORT OF PRODUCTS	**456.825**	**23.1%**	**136.768**	**10.6%**	**334.0%**
MINING SERVICES	25.144	1.3%	34.189	2.7%	73.5%
MACHINES AND EQIPMENT – UNDERGROUND MINING	223.786	11.3%	47.692	3.7%	469.2%
MACHINES AND EQUIPMENT – SURFACE MINING	23.257	1.2%	11.655	0.9%	199.5%
MACHINES AND EQUIPMENT FOR INDUSTRY	16.063	0.8%	5.738	0.4%	279.9%
ELECTRIC AND ELECTRONIG MACHINES AND EQUIPMENT	120.102	6.0%	7.240	0.6%	1658.9%
CASTINGS	1.335	0.1%	416	0.0%	320.9%
OTHER PRODUCTS	47.138	2.4%	29.838	2.3%	158.0%
TOTAL EXPORT	**643.937**	**32.5%**	**343.277**	**26.6%**	**187.6%**
DOMESTIC: GOODS AND MATERIALS	**530.566**	**26.8%**	**193.272**	**15.0%**	**274.5%**
MACHINES AND EQUIPMENT – UNDERGROUND MINING	9.447	0.5%	4.440	0.3%	212.8%
MACHINES AND EQUIPMENT FOR INDUSTRY	-	0.0%	1.719	0.1%	0.0%
ELECTRIC AND ELECTRONIC MACHINES AND EQUIPMENT	-	0.0%	1.997	0.2%	0.0%
ELECTRIC ENERGY	428.653	21.6%	118.205	9.2%	362.6%
COAL	-	0.0%	658	0.1%	0.0%
CASTINGS	1.204	0.1%	596	0.0%	202.0%
OTHER GOODS	91.262	4.6%	65.657	5.1%	139.0%
DOMESTIC: PRODUCTS	**808.141**	**40.7%**	**753.681**	**58.4%**	**107.2%**
MINING SERVICES	164.535	8.3%	93.499	7.2%	176.0%
MACHINES AND EQUIPMENT – UNDERGROUND MINING	349.722	17.6%	509.034	39.5%	68.7%
MACHINES AND EQUIPMENT – SURFACE MINING	61.624	3.1%	42.667	3.3%	144.4%
MACHINES AND EQUIPMENT FOR INDUSTRY	34.190	1.7%	30.980	2.4%	110.4%
ELECTRIC AND ELECTRONIC MACHINES AND EQUIPMENT	114.072	5.8%	21.766	1.7%	524.1%
CASTINGS	23.706	1.2%	10.103	0.8%	234.6%
OTHER PRODUCTS	60.292	3.0%	45.632	3.5%	132.1%
DOMESTIC – TOTAL	**1.338.707**	**67.5%**	**946.953**	**73.4%**	**141.4%**
TOTAL SALES	**1.982.644**	**100.0%**	**1.290.230**	**100.0%**	**153.7%**
INCLUDING:					
PRODUCTS	**1.264.966**	**63.8%**	**890.449**	**69.0%**	**142.1%**
GOODS AND MATERIALS	**717.678**	**36.2%**	**399.781**	**31.0%**	**179.5%**

Total consolidated sales in 2008 stood at 1.982.644 thou. PLN. In comparison to a corresponding result from 2007, this means an increase of 53.7%. In the analysed period domestic sales of goods and materials increased by 174.5%, sales of products increased by 7.2%, while export sale of products offered by the Group went up by 234%.

Total export sale in 2008 amounted to 643.937 thou. PLN. In comparison to a corresponding result from 2007, the Capital Group recorded an increase of 87.6%. In terms of export sales in 2008, the most popular were machines and equipment for underground mining as well electric and electrical machines and equipment.

Income from sales on domestic market in 2008 totalled 1.338.707. In comparison to a corresponding figure from 2007, this gives an increase of 41.4% in the volume of sales.

5.10. COMMERCIAL OUTLETS OF THE CAPITAL GROUP

Presented below are the main commercial outlets of the Capital Group:

- Argentina – machines and equipment for underground mining,
- Australia – machines and equipment for underground mining, and mining services,
- Austria – machines and equipment for surface mining, and sales of coal and energy,
- Bangladesh – consulting services,
- Belarus – machines and equipment for underground mining,
- Bosnia – castings,
- Bulgaria – electric and electronic machines and equipment,
- China – machines and equipment for underground mining, and electric and electronic machines and equipment,
- Cyprus – machines and equipment for industry,
- Czech Rep. – mining services, machines and equipment for underground mining, electric and electronic machines and equipment, and sales of electric energy,
- France – mining services,
- Germany – mining services, machines and equipment for surface mining, machines and equipment for industry, electric and electrical machines and equipment, and sales of energy and coal,
- Hungary – machines and equipment for underground mining,
- Iceland – machines and equipment for industry,

- Indonesia – geological services, machines and equipment for underground mining,
- Iran – machines and equipment for underground mining,
- Italy – mining services,
- Macedonia – machines and equipment for industry and castings,
- Montenegro – machines and equipment for industry, and castings,
- Norway – machines and equipment for surface mining, and sales of coal,
- Panama – machines and equipment for industry,
- Poland – mining services, machines and equipment for underground mining, surface mining and other industries, electric and electrical machines and equipment, and sales of energy and castings,
- Romania – machines and equipment for underground mining, machines and equipment for industry, electric and electronic machines and equipment,
- RSA – machines and equipment for industry, electric and electronic machines and equipment,
- Russia – machines and equipment for underground mining, machines and equipment for industry, electric and electronic machines and equipment,
- Serbia – machines and equipment for underground mining, surface mining and industry,
- Slovakia – electric energy and coal,
- Slovenia – machines and equipment for industry,
- Spain – sales of coal and machines and equipment for industry,
- Sweden – machines and equipment for surface mining and industry,
- Turkey – mining services,
- USA – machines and equipment for industry,

The largest recipients of the Capital Group in 2008 are companies operating in the segment of sales of machines and equipment for mining industry, mining services or sales of electric energy. Sales reach recipients from over 40 different markets all over the world.

The share of one of the recipients exceeded 10% of the Group's total income from sales in 2008 – this was ENERGA TRADING S.A. – a company operating in the segment of sales of electric energy whose share in sales amounted to 15.5%. There are no formal relationships of this recipient with the Capital Group.

The Company's main suppliers in 2008:

KOPEX S.A. is to a large extent the central coordinator of supplies of materials for the entire Capital Group. The Group has a developed supply network mostly based on the domestic market. Part of supplies are realized within the Capital Group.

The Issuer's largest suppliers in 2008 in the segment of sales of machines and equipment, as well as electric energy trade and sales of coal are companies operating on the domestic market.
The share of one of the suppliers exceeded 10% of the Group's total income from sales in 2008 - this was ENERGA TRADING S.A. – a company operating in the segment of sales of electric energy whose share in sales amounted to 13.6%. There are no formal relationships of this recipient with the Capital Group.

5.11. CONTRACTS AND EVENTS IMPORTANT FOR OPERATIONS OF THE COMPANY AND THE CAPITAL GROUP

Presented below are some of the Issuer's most important contracts (concluded between 01.01.2008 and 31.12.2008):

- On June 14, 2008 the Issuer entered into an important contract with a Chinese partner (coal association Shenhua-Ningxia) for the provision of equipment comprising a system geared to improving safety and work conditions in companies subject to the coal association. Value of the contract totaled 85.000 thou. USD (183.600 thou. PLN). The contract shall become effective provided that relevant governmental authorities of both parties express their consent. Shall the parties fail to obtain consent of relevant governmental authorities within 85 days from signing of the contract, the parties will make a decision concerning the execution of the contract. On November 14 the Issuer was notified about consent to execute the contract expressed by governmental authorities of both parties.

  Contractual penalties:

  - 0.5%-1.5% of value of undelivered equipment for each week of delay, but no more than 5% of value thereof,
  - 500 USD for 1 week's delay in delivery of each set of technical documentation, but no more than 1% of value,
  - 0.75% value of equipment to be provided for commissioning for each week of delay in commissioning, but no more than 5% of value thereof,

  The client is entitled to withdraw from the agreement in the following cases:

  - Delays in delivery of equipment or technical documentation exceed 60 days,
  - Equipment delivered does not meet the minimum guaranteed technical requirements,
  - The seller fails to fulfill his obligations, does not remove defects and claims he has been notified of within 30 days,

- The seller will be engaged in activities which will result in the contract being impossible to be executed.

Either party is entitled to withdraw from the contract in case of bankruptcy, insolvency or liquidation of the other party. Other contractual provisions do not differ from those which are commonly used in agreements of this type. The contract in question was signed as a result of cooperation with Fabryka Maszyn FAMUR S.A. with whom the Company had entered into a cooperation agreement dated January 11, 2008 to obtain orders from the Chinese market. The contract is a continuation of a program geared to improving safety and work conditions in Chinese mines, which was initiated by KOPEX S.A. in December 2006.

The procedure of contract acceptation (OECD) which was run over time resulted in the Chinese partner having to purchase some locally produced machines and equipment and appealed to the Polish party to establish new technical conditions for roof supports to be delivered. The said change was accompanied by a change in original delivery deadlines. As of today, all contractual arrangements have been completed and in the middle of May 2009 the Management Board expects the signing of an Annex specifying the new conditions. The overall contractual value and subject of the contract will not change, however. It is also important that extension of the Polish-Chinese credit to be used for financing of the said contract was formally completed in May 2009.

Selected important agreements concluded by subsidiaries between 01.01.2008 and 31.12.2008:

- On April 2, 2008 the Issuer was notified about an important agreement dated April 2, 2008, concluded between INBYE MINING SERVICES Pty. Ltd. with its seat in Maitland (Australia) – indirect subsidiary of the Issuer and subsidiary of FMiU TAGOR (S.A.) (the Provider), and VALE AUSTRALIA HOLDINGS Pty. Ltd. with its seat in Brisbane (the Buyer). The subject of the agreement is delivery of equipment comprising a longwall system (mining shearer-loader, automated roof support and conveyors) as well as provision of related services. The value of the agreement is 131.297.820 AUD.
- On April 24, 2008 the Issuer was notified about an agreement – confirmation of a placed order – between Fabryka Maszyń i Urządzeń TAGOR S.A. with its seat in Tarnowskie Góry (indirect subsidiary of the Issuer) – the Contractor and INBYE MINING SERVICES Pty. Ltd. with its seat in Maitland (indirect subsidiary of the Issuer and subsidiary of FMiU TAGOR S.A.) – the Client. The subject of the agreement is production of 149 units for an

automated roof support, including supplementary assemblies. The value of the agreement is 34.033 EUR.

Furthermore, in the reporting period companies comprising the Capital Group concluded several trade agreements. The main ones include:

- Agreements concluded with Kompania Węglowa S.A. the subject of which is: lease of mining shearer-loaders, provision of an automated roof support, sale of spare parts for roof supports, coal breakers, provision of friction props, vibrating screens, as well as provision of specialist mining services; the total value of the agreements: approx. 77.300 thou. PLN,
- Agreement concluded with Katowice Coal Company worth 31.655 thou. PLN concerning provision of specialist mining services,
- Agreement concluded with KGHM Polska Miedź S.A. the subject of which is modernization of a belt conveyor. Value of the agreement: 5.565 thou. PLN,
- A number of agreements within the Capital Group, mainly for the provision of steel sheets and metallurgical materials, the total value of which is approx. 74.500 thou. PLN. Agreements concluded between companies comprising the Group were concluded on market conditions.

Trade agreements concluded after the reporting period:

- Agreements concluded with Kompania Węglowa S.A. the subject of which was mainly: lease of mining shearer-loaders, provision of automated roof supports, sales of spare parts and screeners, as well as provision of specialist mining and repair services; total value of the agreements: approx. 160.600 thou. PLN,
- A number of agreements concluded with Katowice Coal Company worth 17.463 thou. PLN, concerning mainly provision of specialist mining services, lease of a mining shearer-loader, provision of subassemblies of hydraulic powered equipment and friction props.

All important information for 2008 is available on the website of KOPEX S.A. at http://www.kopex.com.pl/1298.

Since November 14, 2007 (date of publishing a report for 3Q2007) in its reports concerning important events, including contracts, which are made available to public, KOPEX S.A. informs only about those contracts whose value (also total value) exceeds 100 million PLN. This stems from a regulation of the Minister of Finance dated February 12, 2009 on current and periodical information submitted by issuers of securities. Pursuant to the regulation in question, a company is obliged to publish information on important agreements if their value exceeds 10% of the Issuer's equity. When it comes to KOPEX, at the end of the fourth quarter of 2008, its equity totaled 1 billion 152 million 727 thou. PLN – mainly as a result of takeover of ZZM S.A. by KOPEX S.A. – which, if we take into account the 10% required by the Ministerial regulation, gives 115 million 272 thou. PLN.

5.12. INFORMATION ON IMPORTANT TRANSACTIONS MADE BY THE ISSUER OR HIS SUBSIDIARY WITH ENTITIES RELATED TO THE ISSUER ON CONDITIONS OTHER THAN MARKET CONDITIONS

To the best knowledge of KOPEX S.A, subsidiaries of the Issuer or his indirect subsidiaries did not conclude in 2008 any agreements with related entities on conditions other than market conditions.

5.13. EXPLANATION OF DIFFERENCES BETWEEN FINANCIAL RESULT INDICATED IN THE ANNUAL STATEMENT AND PREVIOUSLY PUBLISHED FORECASTS

KOPEX S.A. did not publish any forecasts concerning results for 2008.

5.14. INFORMATION ON CONTROL SYSTEM OF SHARE OPTION PROGRAMS

As of the date of this Statement, the Company does not have any incentive programs for employees based on shares of the Company.

5.15. INFORMATION ON NOMINAL VALUE OF ALL SHARES OWNED BY MANAGEMENT BOARD MEMBERS AND SUPERVISORY BOARD MEMBERS OF KOPEX S.A.

MANAGEMENT BOARD MEMBERS – as of the date of the report

Name and Surname	Function in KOPEX S.A.	Current ownership of shares of KOPEX S.A.	Nominal value of shares in PLN
Marian Kostempski	President of the Board	200.000	200.000
Tadeusz Soroka	Vice-President of the Board	0	0
Joanna Parzych	Vice-President of the Board	3.970	3.970
Krzysztof Jędrzejewski	Vice-President of the Board	44.596.675*	44.596.675*

*total ownership of shares of KOPEX S.A., including:

On February 6, 2009 District Court in Warsaw issued a Decision on the ascertainment of the acquisition of an inheritance of tragically killed Mr. Leszek Jędrzejewski by Mr. Krzysztof Jędrzejewski (brother of the deceased). The inheritance comprises 39.472.120 shares of KOPEX S.A., representing 58.36% of the share capital of KOPEX S.A. and entitle to the same number of votes at the general meeting. In total, Mr. Krzysztof Jędrzejewski holds:

a) Directly: 44.050.175 shares representing 65.13% of the share capital of the Company and entitling to 44.050.175 votes at the general meeting, which accounts for 65.13% of all votes,
b) Indirectly through KOPEX S.A. in Katowice: 276.500 shares representing 0.41% (0.409%) of the share capital and entitling to 276.500 votes at the general meeting, which accounts for 0.41% (0.409%) of all votes.
c) Indirectly through company PBP Puławy Development Sp. z o.o. with its seat in Poznań: 270.000 shares of company KOPEX S.A. in Katowice, representing 0.40% of the share capital of the Company and entitling to 270.000 votes at the general meeting, which accounts for 0.40% of all votes.

SUPERVISORY BOARD MEMBERS – as of the date of the reportz;

Name and Surname	Function in KOPEX S.A.	Current ownership of shares of KOPEX S.A.	Nominal value of shares in PLN
Marzena Misiuna	President of the Supervisory Board	-	-
Adam Kalkusiński	Vice-President of the Supervisory Board	-	-
Iwona Bajda	Secretary of the Supervisory Board	630	630
Stanisław Bargieł	Member of the Supervisory Board	-	-
Damian Jędrzejewski	Member of the Supervisory Board	-	-

5.16. INFORMATION ON AGREEMENTS WHICH CAN RESULT IN CHANGES IN DISTRIBUTION OF SHARES AMONG CURRENT SHAREHOLDERS

KOPEX S.A. does not have any information on agreements which can result in changes in distribution of shares among current shareholders.

5.17. INFORMATION ON ONGOING COURT PROCEEDINGS, ARBITRATION PROCEEDINGS OR PUBLIC ADMINISTRATION PROCEEDINGS

As of the date of the statement, neither the Issuer nor any of the companies comprising the Issuer's Capital Group are engaged in any court proceedings, arbitration proceedings or public administration proceedings the value of which represents at least 10% value of the Issuer's equity.

5.18. CHANGES IN MANAGEMENT RULES FOR CAPITAL GROUP

Changes in fundamental management rules for the Capital Group have been presented in point 3 herein.

5.19. INFORMATION ON AGREEMENTS WHICH KOPEX S.A. MADE WITH ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS

Entitled to audit financial statements of KOPEX S.A. for 2007 was company MW RAFIN Marian Wcisło Biuro Usług Rachunkowości i Finansów Spółka Jawna (MW RAFIN Marian Wcisło Accounting and Financial Services General Partnership) with its seat in Sosnowiec. A list of agreements concluded with this entity and its remuneration for 2007 is presented in the table below:

DATE OF AGREEMENT	SUBJECT OF AGREEMENT	NET VALUE (REMUNERATION) IN PLN
23.01.2007	Concerns issue prospectus	10.000.00
12.02.2007	Concerns issue prospectus	5.000.00
30.03.2007	Concerns issue prospectus	3.000.00
08.05.2007	Concerns issue prospectus	5.000.00
14.05.2007	Concerns issue prospectus	5.000.00
08.05.2007	Concerns semi-annual individual statement	10.500.00
08.05.2007	Concerns semi-annual individual statement	7.000.00
08.05.2007	Concerns annual individual statement	28.500.00
08.05.2007	Concerns annual consolidated statement	18.500.00
TOTAL		**92.500.00**

Entitled to audit financial statements of KOPEX S.A. for 2008 is Europejskie Centrum Audytu (European Audit Centre Ltd.) Sp. z o.o. with its seat in Krakow. A list of agreements concluded with this entity and its remuneration for 2008 is presented in the table below:

DATE OF AGREEMENT	SUBJECT OF AGREEMENT	NET VALUE (REMUNERATION) IN PLN
15.04.2008	Concerns semi-annual individual statement	9.600.00
15.04.2008	Concerns semi-annual individual statement	4.800.00
15.04.2008	Concerns annual individual statement	16.000.00
15.04.2008	Concerns annual consolidated statement	8.000.00
TOTAL		**38.400.00**

5.20. DECLARATION BY THE MANAGEMENT BOARD

The Management Board hereby declares that the Report on Operations of the Capital Group in 2008 presents a genuine picture of the development and achievements of the Capital Group, including a description of main threats and risks.

SIGNATURES OF MEMBERS OF MANAGEMENT BOARD OF KOPEX S.A.			
DATE	***NAME AND SURNAME***	***POSITION/FUNCTION***	***SIGNATURE***
28.04.2009	MARIAN KOSTEMPSKI	PRESIDENT OF THE BOARD	
28.04.2009	KRZYSZTOF JĘDRZEJEWSKI	VICE-PRESIDENT OF THE BOARD	
28.04.2009	TADEUSZ SOROKA	VICE-PRESIDENT OF THE BOARD	
28.04.2009	JOANNA PARZYCH	VICE-PRESIDENT OF THE BOARD	

OPINION OF AN INDEPENDENT CHARTERED AUDITOR

ON CONSOLIDATED FINANCIAL STATEMENT

To the Shareholders' Meeting and the Supervisory Board

We have audited a consolidated financial statement of Capital Group KOPEX S.A. with its seat in Katowice which consists of the following documents:

- Balance sheet as of 31.12.2008 with the closing balance of assets and liabilities totaling 3.232.871 TPLN;
- Consolidated profit and loss account for the period from 01.01.2008 to 31.12.2008 showing a net profit of 90.254 TPLN;
- Statement of changes in consolidated equity for the period from 01.01.2008 to 31.12.2008 showing an increase in equity by 46.822 TPLN;
- Consolidated cash flow account for the period from 01.01.2008 to 31.12.2008 showing an increase in cash by 14.722 TPLN;
- Additional information

The statement was prepared using the full consolidation method, proportional consolidation method or the equity method. Financial statements of 9 companies included in this statement whose share in the balance sheet total before consolidation exclusions is 8.29%, and in the financial result 2.19% were not audited by the chartered auditor; this is consistent with provisions of art. 64 of the Accounting Law.

Responsibility for preparing this consolidated statements rests upon the Management Board of the controlling company.

Our responsibility was to audit and express opinion on the reliability, accuracy and clarity of the consolidated financial statement.

The audit was conducted in compliance with:

1. Section 7 of Accounting Law dated September 29, 1994 (Journal of Laws dated 2002, issue 76, item 694);
2. Principles governing the work of a chartered auditor, issued by the Polish National Chamber of Statutory Auditors;
3. International Financial Auditing Standards.

We planned and performed the audit of the financial statement so as to obtain reasonable assurance allowing us to express an opinion on the said document. The audit included but was not limited to assessing the accounting principles (policies) used by the Company, and examining – mostly at random – the evidence and accounting records supporting the amounts and disclosures included in the financial statement as well as evaluating the overall financial statement presentation.

We believe that the audit provides a reasonable basis for expressing a credible opinion.

In our opinion, the consolidated statement which we have audited and which includes numerical data and verbal explanations:

1. presents in a credible and coherent way all information available on 31.12.2008 and important for the evaluation of the capital group's material and financial status, as well as its financial result for the business year which commenced on 01.01.2008 and ended on 31.12.2008,

2. was prepared, in all material respects, correctly, i.e. in compliance with the accounting principles following from International Accounting Standards, International Financial Reporting Standards and their interpretations published in the form of regulations of the European Commission; for matters unprovided for by the said Standards, the statement was prepared in compliance with provisions of the Accounting Law and executory regulations issued pursuant to the said Law,

3. is consistent with laws which the capital group is subject to, and which influence the contents of the financial statement.

The report on operations of the company is complete pursuant to art. 49 par. 2 of the Accounting Law and is compliant with the regulation of the Minister of Finance dated February 19, 2009 on current and periodical reporting requirements for issuers of securities. The information the Statement contains, complies with provisions of the said regulation.

Krakow, 28 April 2009

Europejskie Centrum Audytu Sp. z o.o.

…………………………………………………..	…………………………………………………..
Marcin Krupa	Roman Seredyński
Chartered Auditor	President of the Board
Identification No. 11142/8002	Chartered Auditor
	Identification No. 10395/7664

Capital Group KOPEX S.A.

SUPPLEMENTARY REPORT FOR OPINION ON CONSOLIDATED FINANCIAL STATEMENT DATED 31.12.2008

TABLE OF CONTENTS

GENERAL SECTION

1.1. Data identifying the Capital Group

1.1.1. Name of the Capital Group

Capital Group KOPEX S.A.

1.1.2. Registration of the controlling company in the National Register of Companies

The controlling company is registered with the name

KOPEX S.A.

In Register of Businesses of the National Court Register conducted by District Court Katowice-Wschód in Katowice, 8th Economic Division of the National Court Register under the KRS Number (National Court Register No.) 0000026782. The registration was performed on July 12, 2001. We have been presented with an excerpt from the register in question of March 23, 2009, with the last entry in the register dated February 20, 2009. According to information provided by the Company's Management Board, no events have taken place ever since which would require an entry in the register.

1.1.3. Official seat of the controlling company

The controlling company has its official seat in Katowice, postal code: 40-172, address: ul. Grabowa 1.

1.1.4. Statistics number (REGON) of the controlling company

Statistical Office in Katowice granted the controlling company the following statistics identification number:

271981166

1.1.5. Taxpayer Identification Number of the controlling company

Tax Office in Katowice granted the company the following taxpayer identification number:

634-012-68-49

1.1.6. Authorities within the controlling company

In the analysed period the following persons comprised the Management Board in the controlling company:

Mr. Tadeusz Soroka	- President of the Board until 23.06.2008
	- Vice-President of the Board since 23.06.2008
Mr. Marian Kostempski	- President of the Board since 23.06.2008
Ms. Joanna Parzych	- Vice-President of the Board
Ms. Krzysztof Jędrzejewski	- Vice-President of the Board since 01.04.2008

Cooperation of two Management Board members of 1 Management Board member and the commercial proxy is needed in order to issue statements on behalf of the Company.

After the balance sheet date no changes have been made in the Company's Management Board.

In the analysed period the following persons comprised the Supervisory Board in the controlling company:

Mr. Leszek Jędrzejewski	- until 18.11.2008
Mr. Andrzej Smutek	- until 31.03.2008
Mr. Sławomir Kozłowski	- until 21.04.2008
Ms. Marzena Misiuna	- since 21.04.2008
Mr. Adam Kalkusiński	- since 07.04.2008
Mr. Damian Jędrzejewski	- since 30.12.2008
Ms. Iwona Bajda	
Mr. Stanisław Bargieł	

In the analysed period the following persons held commercial power of attorney in the controlling company:

Ms. Joanna Węgrzyn	- joint procuration
Mr. Edward Fryżlewicz	- joint procuration
Ms. Iwona Bereska	- joint procuration
Ms. Iwona Pisarek	- joint procuration
Ms. Bożena Wolna	- joint procuration
Mr. Damian Kus	- joint procuration – to act on behalf of the Company together with one member of the Management Board – since 07.02.2008
Mr. Michał Niedbalski	- joint procuration – to act on behalf of the Company together with one member of the Management Board – until 15.08.2008

Between the balance sheet date and the date of the opinion changes took place in the commercial power of attorney. On January 28, 2009 the Company's Management Board passed resolutions on granting a joint procuration to act on behalf of the Company together with one member of the Management Board of KOPEX S.A. to Mr. Marek Mika and Mr. Jan Billik.

1.2. Legal bases

1.2.1. Memorandum of Association of the controlling company

The controlling company operates on the basis of its Memorandum of Association dated November 19, 1993, concluded in the presence of a notary public Ms. Teresa Janeczko in notary's office located in Warsaw, address: ul. Świętokrzyska 20, with the reference symbol of Register of Cases A 3997/93, including subsequent amendments therein.

1.2.2. Scope of activity of the controlling company

The primary scope of activity of the controlling company is:

- Excavations and geological and engineering drillings,

- General construction works in terms of mining structures and production plants,
- Wholesale of machines used in mining, construction and civil engineering

1.2.3. Share capital

Share capital of the controlling company did not change in the analysed period and totals 67.632.538.00 PLN. It consists of 67.632.538 shares, each with a nominal value of 1.00 PLN. Until the date of the opinion, share ownership structure changed.

Structure of share capital of KOPEX S.A. as of the date of the report	Number of shares	Nominal value	%
Mr. Krzysztof Jędrzejewski	44 320 175	44 320 175	65.53%
Ms. Anna Jędrzejewska	309 784	309 784	0.46%
CU OFE BPH CU WBK	3 789 840	3 789 840	5.60%
State Treasury	2 168 300	2 168 300	3.21%
Other shareholders	17 044 439	17 044 439	25.20%
	67 632 538	67 632 538	100%

1.3. Information about entities comprising the Capital Group

Entities included in the consolidated financial statement:

a) Controlling company:

KOPEX S.A.

b) Companies comprising the capital group:

- Kopex Equity Sp. z o.o.
- Autokopex Sp. z o.o.
- Kopex GmbH
- Kopex Engineering Sp. z o.o.
- Kopex-Famago Sp. z o.o.
- Kopex Construction Sp. z o.o.

- HSW Odlewnia Sp. z o.o.
- Zakłady Urządzeń technicznych WAMAG S.A.
- Poland Investments 7 Sp. z o.o.
- Kopex-Przedsiębiorstwo Budowy Szybów S.A.
- PBSz Inwestycje Sp. z o.o.
- Kopex-Comfort Sp. z o.o.
- KOPEX-EKO Sp. z o.o.
- Hansen Sicherheitstechnik AG
- Hansen & Reinders GmbH Polen
- Hansen & Reinders GmbH Tschechien
- Hansen & Reinders CS spol. s.r.o.
- Elgór + Hansen Sp. z o.o.
- Ostroj – Hansen Reinders spol. s.r.o.
- Hansen + Genwest (pty.) Ltd.
- Hansen China Ltd.
- Elgór + Hansen + SBS Sp. z o.o.
- OOO SIB – Hansen Leninsk
- TSOW – Hansen Ukraina
- Zabrzańskie Zakłady Mechaniczne S.A.
- Fabryka Maszyn i Urządzeń TAGOR S.A.
- DOZUT – TAGOR Sp. z o.o.
- Bremasz Sp. z o.o.
- Grupa Zarządzająca HBS Sp. z o.o.

- KOPEX MIN-MONT
- KOPEX MIN-FITIP
- KOPEX MIN-OPREMA
- KOPEX MIN-LIV
- Shandong Tagao Mining Equipment Manufacturing CO Ltd.
- Kopex Technology Sp. z o.o.
- ZZM – Maszyny Górnicze Sp. z o.o.
- ZEG S.A.
- BH ZEG Sp. z o.o.
- ZEG PCB Sp. z o.o.
- ZEG Energetyka Sp. z o.o.
- Autokopex Cars Sp. z o.o.
- PT KOPEX Mining Contractors
- INBYE Mining Services Maitland
- WS Baildonit Sp. z o.o.
- Anhui Long Po Electrical Corporation Ltd.
- Tiefenbach Polska Sp. z o.o.
- Odlewnia Staliwa Łabędy Sp. z o.o.
- Kopex Australia Pty. Ltd.

The Company did not include in its financial statement data of 6 subordinated entities. Three companies did not commence operations until the balance sheet date and therefore they did not prepare financial statements. Share capital of the said companies totals TPLN 1.097. Furthermore, KOPEX S.A. excludes from consolidation 1 company which is under bankruptcy proceedings, 1 company purchased in 2008 and classified as of the balance sheet date as held for sale, and one company whose capital assets total 10 TPLN and whose ownership structure as of the balance sheet date is not settled.

- Grupa ZZM-Kopex Sp. z o.o.
- PBSz Zakład Górniczy Sp. z o.o. under bankruptcy proceedings
- Kopex-Rus Sp. z o.o.
- EKOPEX Sp. z o.o.
- HYDRAPRESS S.A.
- KOPEX EKSEN

1.4. Information about consolidated financial statement for the previous business year

Consolidated financial statement for 2007 was audited by MW RAFIN Marian Wcisło Biuro Usług Rachunkowości i Finansów Sp.j. (MW RAFIN Marian Wcisło Accounting and Financial Services General Partnership). The auditor issued an opinion about the audited statement without any reservations.

The consolidated financial statement was accepted by a resolution of the Shareholders' Meeting dated August 27, 2008.

The consolidated financial statement was announced in the Business Monitor bulletin, issue 383 dated March 11, 2009.

1.5. Subject of audit

The subject of the audit was a consolidated financial statement for period between 01.01.2008 and 31.12.2008 which consists of the following documents:

- Balance sheet as of 31.12.2008 with the closing balance of assets and liabilities totaling 3.232.871 TPLN;
- Consolidated profit and loss account for the period from 01.01.2008 to 31.12.2008 showing a net profit of 90.254 TPLN;
- Statement of changes in consolidated equity for the period from 01.01.2008 to 31.12.2008 showing an increase in equity by 46.822 TPLN;
- Consolidated cash flow account for the period from 01.01.2008 to 31.12.2008 showing an increase in cash by 14.722 TPLN;

- Additional information

1.6. Data identifying the entity entitled to audit the consolidated financial statement

The audit was performed by Europejskie Centrum Audytu Sp. z o.o. (European Audit Centre Ltd.) with its official seat in Krakow, address: ul. Praska 6/5, entered in the list of entities entitled to audit financial statements under number 3115.

The basis for conducting the audit was an agreement dated April 15, 2008 and concluded with the Management Board of KOPEX S.A.. A chartered auditor was selected to audit the statement of Capital Group KOPEX S.A. pursuant to a resolution of the Supervisory Board dated February 26, 2008.

The chartered auditor who represents the entity entitled to audit the statement is Mr. Roman Seredyński, Identification No. 10395/7664, and the chartered auditor in charge of the audit is Mr. Marcin Krupa, Identification No. 11142/8002.

We hereby declare that both Europejskie Centrum Audytu Sp. z o.o. and the chartered auditor meet requirements which enable them to express an unbiased and impartial opinion on the audited statement. The fact of their impartiality has been confirmed in writing.

The audit was performed in April 2009 and completed on April 28, 2009.

No restrictions regarding the scope of the audit were identified. The auditors were provided with all requisite information and explanations. On April 28, 2009 Management Board of the controlling company confirmed in writing the completeness of the consolidated financial statement and disclosure of all contingent liabilities. The Board also informed about important events which took place after 31.12.2008 and before the date of the declaration.

FINANCIAL ANALYSIS OF THE CAPITAL GROUP

2. FINANCIAL ANALYSIS OF THE CAPITAL GROUP

2.1. General analysis of the consolidated financial statement

ASSETS	2008 TPLN	%	2007 TPLN	%	2006 TPLN	%
Intangible and legal assets	37 009	1.2	19 084	0.7	5 603	0.7
Goodwill on subordinated enterprises	1 176 883	36.4	1 127 695	43.3	28 692	3.6
Property, plant and equipment	562 912	17.4	415 912	16.0	264 332	33.6
Long-term receivables	1 493	0.0	3 687	0.2	4 701	0.6
Long-term investments	30 709	1.0	29 801	1.1	23 177	2.9
Deferred tax assets	44 988	1.4	24 061	0.9	17 697	2.3
Fixed assets	**1 853 994**	**57.4**	**1 620 240**	**62.2**	**344 202**	**43.7**
Inventories	514 298	15.9	332 189	12.8	117 581	14.9
Short-term receivables	499 146	15.4	441 770	17.1	239 281	30.4
Short-term investments	171 546	5.3	178 099	6.8	57 953	7.4
Prepayments and accruals	183 852	5.7	29 644	1.1	28 199	3.6
Current assets	**1 368 842**	**42.3**	**981 702**	**37.8**	**443 014**	**56.3**
Fixed assets held for sale	**10 035**	**0.3**	**0**	**0.0**	**0**	**0.0**
Assets	**3 232 871**	**100.0**	**2 601 942**	**100.0**	**787 216.0**	**100.0**

LIABILITIES	2008 TPLN	%	2007 TPLN	%	2006 TPLN	%
Share capital	67 633	2.1	67 633	2.6	3 267	0.4
Treasury shares	-400	0.0	0	0.0	0	0.0
Reserve capital	1 848 742	57.2	1 363 145	52.4	205 458	26.1
Revaluation capital reserve	-5 864	-0.2	45 346	1.7	45 833	5.8
Other reserve capitals	23 523	0.7	3 903	0.2	4 050	0.5
Currency translation differences	20 749	0.6	-683	0.0	-4	0.0
Profit (loss) from previous years	-10 589	-0.3	-3 426	-0.1	-13 345	-1.7
Net profit (loss)	90 254	2.8	500 713	19.2	64 278	8.2
Minority interest	63 155	2.0	73 750	2.8	47 319	6.0
Total equity	**2 097 203**	**64.9**	**2 050 381**	**78.8**	**356 856.0**	**45.3**
Deferred tax provision	36 301	1.1	23 851	0.9	31 583	4.0
Provision for retirement pension and similar benefits	19.003	0.6	16 618	0.6	13 508	1.7
Other provisions	34.039	1.1	38 905	1.5	26 991	3.4
Long-term liabilities	141 622	4.4	14 916	0.6	46 205	5.9
Short-term liabilities	855 434	26.5	451 594	17.4	306 685	39.0
Prepayments and accruals	49 269	1.5	5 677	0.2	5 388	0.7
Liabilities and provisions	**1 135 668**	**35.1**	**551.561**	**21.2**	**430.360**	**54.7**
Liabilities	**3 232 871**	**100.0**	**2 601 942**	**100.0**	**787 216**	**100.0**

Dynamics of profit and loss account in current prices

	2008 TPLN	%	2007 TPLN	%	2006 TPLN
Net income from sales of products, goods and materials	1 982 644	53.7	1 290 230	54.8	833 677
Costs of products, goods and materials sold	1 634 896	51.8	1 076 949	62.3	633 351
Gross result on sales	**347 748**	**63.0**	**213 281**	**25.2**	**170 326**
Costs of sale	30 499	-30.8	44 053	91.7	22 976
General administrative costs	152 923	61.3	94 796	29.1	73 456
Result on sales	**164 326**	**120.8**	**74 432**	**0.7**	**73 894**
Other operating income	43 224	-8.1	47 011	62.7	28 894
Other operating costs	32 621	107.7	15 708	3.3	15 206
Profit (loss) on operations	**174 929**	**65.4**	**105 735**	**20.7**	**87 582**
Financial income	35 532	-53.1	75 840	237.7	22 458
Financial costs	75 829	-13.0	87 181	304.5	21 551
Profit on sales of all or some of shares in subordinated enterprises	0	0.0	534.739	1 336 747.5	40
Excess of fair value of acquired net assets over cost of business combination	226	0.0	5 395	33 618.8	16
Profit before tax	**134 858**	**-78.7**	**634 528**	**616.6**	**88 545**
Income tax	30 442	-74.3	118 475	493.9	19 948
Share in net profits (losses) of subordinated enterprises valuated by the ownership rights method	89	-87.8	728	31.4	554
Minority profits (losses)	-14 251	-11.3	-16 068	229.7	-4 873
Net profit of the Group	**90 254**	**-82.0**	**500 713**	**679.0**	**64 278**

2.2. Selected financial ratios

		2008 TPLN	2007 TPLN	2006 TPLN
Balance sheet total **Net profit**	TPLN TPLN	3 232 871 90 254	2 601 942 500 713	787 216 64 278
Return on Assets (ROA) Net profit Total assets	%	2.79	19.24	8.17
Net profit margin Net income Revenue on sales	%	4.55	38.81	7.71
Return on equity Net income Equity	%	4.35	41.60	18.01
Current ratio Current assets Short-term liabilities		1.60	2.17	1.44
Quick ratio Current assets – Inventory Short-term liabilities		1.00	1.44	1.06
Receivable turnover Average trade receivables Income from sales	days	65	76	56
Liabilities turnover Trade liabilities Costs of operations	days	54	43	50
Inventory turnover Inventory Costs of operations	days	94	76	104

2.3. Interpretation of selected financial ratios

Analysis was conducted in current prices, taking into account data from three subsequent business years.

In terms structural analysis, we can say that fixed assets comprise 57.4% of the Group's assets, whereas current assets represent 42.6% of the said assets. The main item within fixed assets is goodwill on subordinated enterprises (36.4%), while in current assets that main item are inventories which as of the balance sheet date comprise 15.9% of the balance sheet total. Short-term receivables comprise 15.4% value of assets and are lower by 1.7. per cent. Asset structure of the Capital Group since 2007 has been on a similar level. Structure of financing of the Group's operations has been subject to small changes. The share of equity in total liabilities decreased by 13.9 per cent and in the analysed period stood at 64.9%.

When analyzing items within the profit and loss account, we can see an increase in both income from sale (by 53.7%), and in costs of products, goods and services sold (by 51.08%). This leads to an increase in gross result on sales (by 63%). General administrative costs went up by 61.3%, whereas costs sales dropped by 30.8%, which lead to a result on sales totaling TPLN 164.326. The financial result on sales is adjusted by income from other operations and losses from financial activities. Net profit (loss) of the capital group taking into consideration income tax, income from purchase on shares in subordinated enterprises amounts to TPLN 90.254 and is lower by 81.97% than financial profit (loss) calculated year by year.

Due to a decrease in the Group's net profit, profitability ratios also decreased in the analysed period. All of them, however, had positive values and are at a level which is commonly treated as optimal.

Liquidity ratios in the analysed period were subject to minor decline. Nevertheless, they can still be said to be optimal.

DETAILED SECTION OF THE REPORT

3. DETAILED SECTION OF THE REPORT

3.1. Accounting principles

The controlling company is in possession of current documentation describing accounting principles accepted by the Management Board of the controlling company and used in the Capital Group.

Subsidiaries comprising the Capital Group apply accounting principles which are consistent with the principles used by the controlling company.

Financial statements of entities included in the consolidated financial statement were prepared with reference to the same balance sheet date as in case of financial statement of the controlling company.

3.2. Basis for preparing the consolidated financial statement

Consolidated financial statement of the Capital Group was prepared in compliance with International Financial Reporting Standards. For matters which have not been provided for therein, the statement was prepared in compliance with provisions of the Accounting Law dated September 29, 2004, including subsequent amendments thereto, and executory regulations issued pursuant to the said Law, as well as requirements for issuers of securities officially listed on the stock exchange or applying for listing on the stock exchange.

The consolidated financial statement was prepared on the basis of consolidation documentation which included but was not limited to:

- Financial statements of affiliated enterprises,
- Adjustments and exclusions performed during consolidation, necessary in order to prepare the consolidated financial statement,
- Measurement of fair value of net assets of subsidiaries,
- Measurement of goodwill and excess of fair value of acquired identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

3.3. Consolidation method

The controlling company prepared the consolidated financial statement using the full consolidation method applied for financial statements of the following entities:

a) Controlling company:

KOPEX S.A.

b) Subsidiaries:

- Kopex Equity Sp. z o.o.
- Autokopex Sp. z o.o.
- Kopex GmbH
- Kopex Engineering Sp. z o.o.
- Kopex-Famago Sp. z o.o.
- Kopex Construction Sp. z o.o.
- HSW Odlewnia Sp. z o.o.
- Zakłady Urządzeń technicznych WAMAG S.A.
- Poland Investments 7 Sp. z o.o.
- Kopex-Przedsiębiorstwo Budowy Szybów S.A.
- PBSz Inwestycje Sp. z o.o.
- Kopex-Comfort Sp. z o.o.
- KOPEX-EKO Sp. z o.o.
- Capital Group HANSEN AG
- Zabrzańskie Zakłady Mechaniczne S.A.
- Fabryka Maszyn i Urządzeń TAGOR S.A.
- DOZUT – TAGOR Sp. z o.o.

- Bremasz Sp. z o.o.
- Grupa Zarządzająca HBS Sp. z o.o.
- KOPEX MIN-MONT
- KOPEX MIN-FITIP
- KOPEX MIN-OPREMA
- KOPEX MIN-LIV
- Shandong Tagao Mining Equipment Manufacturing CO Ltd.
- Kopex Technology Sp. z o.o.
- ZZM – Maszyny Górnicze Sp. z o.o.
- Capital Group ZEG S.A.
- Autokopex Cars Sp. z o.o.
- PT KOPEX Mining Contractors
- Kopex Australia Pty. Ltd.
- Kopex Comfort Sp. z o.o.

The equity method was applied in the consolidated financial statements with respect to the following entities comprising Capital Group KOPEX S.A.:

- WS Baildonit Sp. z o.o.
- Anhui Long Po Electrical Corporation Ltd.
- Tiefenbach Polska Sp. z o.o.
- Odlewnia Staliwa Łabędy Sp. z o.o.

The proportional consolidation was applied in the consolidated financial statement of Capital Group KOPEX S.A. with respect to the following:

- INBYE MINING SERVICES

3.4. Consolidation exclusions

During consolidation the Group's internal settlements concerning sales among different entities comprising the capital group, as well as other internal operational incomes and costs, and financial costs and incomes were included. Furthermore, subject to exclusion were results which were not generated by companies included in consolidation and recognized in the value of assets.

Data which served as a basis for the exclusions were obtained from accounting books of KOPEX S.A. and reconciled with information obtained from the subsidies.

3.5. Equity consolidation

The Group's share capital is the share capital of the controlling company.

Other items within the equity of the controlling company were calculated by adding to particular items within the equity of the controlling company corresponding items of equity of subsidiaries included in the consolidated financial statement, representing a percentage share of the controlling company in equity of the subsidiaries as of the balance sheet date.

Only these elements of equity of subsidiaries were added to equity of the Capital Group which were created after the date of the takeover.

3.6. Other elements of the consolidated financial statement and report on the Group's operations

Statement of changes in consolidated equity

Statement of changes in consolidated equity was prepared correctly, in compliance with International Financial Reporting Standards approved by the European Union.

Consolidated cash flow account

Consolidated cash flow account was prepared correctly. The audit showed its contents were related to the consolidated balance sheet, consolidated profit and loss account and the accounting books.

Additional information

Additional information which forms an integral part of the consolidated financial statement was prepared in compliance with International Financial Reporting Standards approved by the EU.

Report of the Management Board of the controlling company on operations of the Capital Group

Report on operations in the analysed business year presents data consistent with data included in the financial statement. Furthermore, it presents information pursuant to provisions of art. 49 of the Accounting Law and regulations of the Minister of Finance dated February 19, 2008 on current and periodical reporting requirements for issuers of securities.

3.7. Events after the balance sheet date

No events taking place after the balance sheet date and having significant influence in the balance sheet total or the volume of financial result for the analysed period were identified.

3.8. Conclusions drawn from the audit

Following the audit performed on the consolidated financial statement of Capital Group KOPEX S.A. the following conclusions have been drawn:

1. The consolidated financial statement for 2008 was prepared correctly, and the data it includes are consistent with corresponding balances and turnovers recorded in accounting books and consolidation documentation.

2. The consolidated financial statement was signed by authorized persons.

3. No events indicating the violation of applicable laws took place.

Results of the audit of the consolidated financial statement of Capital Group KOPEX S.A. for the business year 2008 were presented in the chartered auditor's opinion.

The opinion was issued without any reservations.

The report contains 27 pages signed by the chartered auditor.

Krakow, 28 April 2009

Europejskie Centrum Audytu Sp. z o.o.

…………………………………………………..	…………………………………………………..
Marcin Krupa	Roman Seredyński
Chartered Auditor	President of the Board
Identification No. 11142/8002	Chartered Auditor
	Identification No. 10395/7664