HMS Bergbau AG

coal illuminates life

Annual Report 2014

Group key figures

Balance sheet figures	31/12/2014 EUR thousand	31/12/2013 EUR thousand	31/12/2012 EUR thousand
Total assets	30,363	15,461	19,324
Non-current assets	1,596	223	5,467
Current assets	28,690	15,173	13,800
Shareholders' equity	3,329	2,703	6,679
Provisions	4,573	3,225	2,049
Liabilities	22,459	9,389	10,593

Cash flow figures	2014 EUR thousand	2013 EUR thousand	2012 EUR thousand
Cash flow from current operating activities	622	-1,552	-6,017
Cash flow from investment activities	-1,505	3,950	1,466
Cash flow from financing activities	0	0	1,497
Cash and cash equivalents at the end of the period	2,586	3,470	796

Income statement figures	2014 EUR thousand	2013 EUR thousand	2012 EUR thousand
Sales	128,235	118,283	89,846
EBIT *	773	-4,838	1,000
Net profit	609	-5,074	209

Finance Calendar

	Expected publication date
Start of the financial year	1 January 2015
Annual financial statements 2014	30 June 2015
Annual General Meeting	19 August 2015
Interim Report 2015	30 September 2015
End of the financial year	31 December 2015

** EBIT before non-recurring income and expenses*

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The English version of the annual report and the consolidated financial statements 2014 of HMS Bergbau AG is a one-to-one translation. The English version is not audited; in the event of variances, the German version shall take precedence over the English translation.

Letter to the Shareholders

Dear Ladies and Gentlemen,

Financial year 2014 was once again shaped by major events, which laid some key stepping stones for HMS Bergbau AG's position on the international coal market and for future company development. In a difficult year for global commodities trading, we could defy the challenging market climate and successfully continued our growth strategy.

HMS Bergbau AG continued to systematically pursue its strategy of investing in its own resources in 2014 in order to push forward vertical integration within the entire value chain from mining through to logistics and delivery, as well as to ensure that future supply covers the growing demand for energy. Furthermore, the Group plans to also mine its resources itself in future.

A major milestone towards the mining of own resources was achieved with the acquisition of Polish company Śląski Węgiel Żory – Suszec Sp. Z.o.o. in February 2014. The company, which now operates under the name Silesian Coal Sp. z. o. o., currently holds exploration licenses for the Orzesze and Studzionka-Mizerów regions in Silesia. With geological potential of significantly more than 2 billion tonnes, the regions offer solid mining reserves of roughly 672 million tonnes for the long-term mining of coking coal and steam coal.

Looking towards the planned approval of a mining licence before the end of 2015, HMS Bergbau AG began making initial required investments in June 2014 with the start of two exploratory drilling exercises in the Orzesze region. Based on these drills – and drawing on historical drilling results – the Company can apply for the mining licence in good confidence.

Aside from the development of project and subsequent coal production, we will guarantee marketing through our international coal trading structures and reinforce our position in the European market and abroad through our access to extremely high-quality coking coal. This also allows us to be more independent from other procurement channels. Exploration in the Silesian regions will have a positive, sustainable impact on the Company's sales and results from a current perspective.

In addition, our African subsidiary HMS Bergbau Africa PTY Ltd. also pressed ahead with the expansion of its international coal marketing activities in February this year by concluding a new coal marketing agreement with IchorCoal N.V., underlining our strength on the international coal market. HMS Bergbau AG is also continuing its cooperation with Vunene Mining Pty. Ltd., which holds a majority interest in IchorCoal, and in doing so guaranteeing access to other IchorCoal mining operations for exports and domestic sales outside of Eskom.

The cornerstone for our future growth and success as a business is the further expansion of our trading activities based on solid, long-term customer and supplier relationships and stable contributions to value.

Given the challenges faced throughout the entire commodities industry in 2014, financial year 2014 was extremely positive overall for HMS Bergbau AG. Against the backdrop of sluggish demand for commodities, falling commodity prices and a growing excess in supply, which brought a number of coal-exporting countries and mining companies around the world into difficulties, the key financial figures are a testament to how well HMS developed well in operational terms in 2014 despite all of these obstacles. Revenue increased by 8.4 %, from EUR 118.3 million in the previous year to EUR 128.2 million.

Earnings from ordinary activities rose by EUR 5.6 million, from EUR -4.8 million to EUR 0.8 million, despite the effects of the negative EBITDA from HMS Coal & Coke Trading GmbH, which was sold on 30 June 2014. Profit for the period also rose sharply, from EUR -5.1 million in the previous year to EUR 0.6 million as at 31 December 2014. With total assets of EUR 30.4 million (31 December 2013: EUR 15.5 million), the equity ratio stands at 11.0 % (31 December 2013: 17.5 %). Cash and cash equivalents stood at EUR 2.6 million as at the balance sheet date (31 December 2013: EUR 3.5 million). All told, we did not achieve the sales and earnings target forecasted in the previous year.

The start of financial year 2015 developed in line with expectations and the situation on the international coal market was restrained. As anticipated, incoming orders in the European market have remained low. However, there are opportunities for marketing American coking coal and coke products. Due to weak prices in Asia in recent months, customer markets are behaving with a high degree of caution. However, management continues to see considerable growth potential for overseas trade in Asia. Given the current market position and prospects provided by the exploration and planned mining in Poland and the long-term marketing agreement in Africa as well as rising sales in Southeast Asia, we continue to assume an increase in sales revenues in the next two financial years. Taking this anticipated positive trend into consideration, it remains our belief that EBITDA and net profit will be positive.

Berlin, June 2015

Heinz Schernikau
CEO

Steffen Ewald
CFO

Management & Supervisory Board

CEO

Heinz Schernikau is the CEO of HMS Bergbau AG and founded the Company in Berlin in 1995. He has been in the international coal trade since 1973 and his positions include advisor to the Board of leading coal producers in Asia and Europe. He has established extensive international contacts and places particular importance on achieving long-term business relationships, mutual trust and reliability.

CFO

Steffen Ewald is the CFO of HMS Bergbau AG. After graduating in business administration, Ewald began his career at a medium-sized, international power plant engineering company, rising through the ranks to become Commercial Manager. Before switching to HMS Bergbau AG, Ewald was responsible for Group Finance and Reporting at the German holding company of an international media corporation.

Supervisory Board

- Dr. Hans-Dieter Harig (Chairman)
- Dr. h.c. Michael Bärlein (Deputy Chairman)
- Michaela Schernikau (Member)

Report of the Supervisory Board

Dear Shareholders,

In financial year 2014, the Supervisory Board of HMS Bergbau AG carried out its tasks as stipulated by law and its Articles of Association and continuously monitored and advised the Management Board in its work. We regularly obtained comprehensive information on the current economic and financial position of the Group, its business performance, financial, investment and personnel planning as well as its strategic development at our regular meetings and through additional verbal and written reports submitted to us by the Management Board. This report pertains to the current earning situation, opportunities and risks, and risk management. The Supervisory Board discussed all fundamentally important decisions in depth with the Management Board. We assessed in detail any business transactions requiring our approval. The Supervisory Board voted on reports and proposals put forward by the Management Board if and when required by law or the Articles of Association.

Focal points of the meetings

The Supervisory Board of HMS Bergbau AG held eight meetings in financial year 2014. Subjects that were regularly discussed included the current business performance of the Company and its subsidiaries as well as its liquidity, net assets and financial position. All resolutions required by law and the Articles of Association were passed. The Management Board informed the Supervisory Board promptly about important matters between meetings. If necessary, resolutions were passed by circular resolution.

The strategic focus of the Group, company planning and the organisational structure, which has to be adjusted accordingly, including all resulting personnel changes in the Company and its subsidiaries, were again at the centre of the Supervisory Board's meetings in financial year 2014. We continued to successfully expand our international operations in Asia and Southern Africa during the year under review. In addition, the developments of the national and European coal markets were also discussed. This was associated with issues relating to the financing of local subsidiaries' commercial transactions, including the provision of the necessary guarantees by HMS Bergbau AG. In addition, the growth prospects of various investment projects in Poland and Africa were reviewed and corresponding acquisitions were approved if financially viable. A major milestone towards the mining of own resources was achieved with the acquisition of Polish company Śląski Węgiel Żory – Suszec Sp. Z.o.o. in February 2014. The company, which now operates under the name Silesian Coal Sp. z. o. o., currently holds exploration licenses for the Orzesze and Studzionka-Mizerów regions in Silesia.

The Management Board regularly informed us about the general market performance, price and earnings forecasts as well as intended measures. The Management Board also presented to and discussed with us potential future projects. Important transactions approved by the Supervisory Board are described in the company and group management report.

Personnel changes

The members of the Supervisory Board did not change in financial year 2014. The actions of Dr. Hans-Dieter Harig, Dr. h. c. Michael Bärlein and Michaela Schernikau in financial year 2013 were approved by the Annual General Meeting on 19 August 2014.

Annual financial statements 2014

The annual financial statements and consolidated financial statements of HMS Bergbau AG for financial year 2014 were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB). The Company's auditor in 2014, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, was appointed to audit the annual financial statements of HMS Bergbau AG and the consolidated financial statements, the company and group management report and the report of the Management Board on relationships with associated companies ("dependent company report") in financial year 2014.

The auditor audited the annual financial statements of HMS Bergbau AG as well as the consolidated financial statements and the company and group management report, including the accounting system, in accordance with the generally accepted German standards for auditing financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) and issued an unqualified audit opinion. The internal control system was also deemed to be effective.

All Supervisory Board members had access to the annual and consolidated financial statements, the company and group management report, the dependent company report and the corresponding audit reports in good time. We examined the documents and discussed them in detail at our meeting on 26 June 2015. Both the Management Board and auditor were present at the meeting and provided detailed answers to all questions placed by the Supervisory Board. The auditor also reported on the key points of the audit. Our own examination of the annual and consolidated financial statements as well as the company and group management report did not lead to any objections and we approved the audit results. After its final inspection of all documents, the Supervisory Board did not raise any objections and approved the annual financial statements of HMS Bergbau AG as at 31 December 2014 and the consolidated financial statements as at 31 December 2014, as prepared by the Management Board, at its meeting on 26 June 2015. The 2014 annual financial statements have therefore been prepared and approved in accordance with Section 172 of the German Stock Corporation Act (AktG).

On 26 June 2015, the Management Board proposed to carry HMS Bergbau AG's remaining net loss of EUR 832,446.44 forward to new account. We also examined and approved this proposal.

The dependent company report prepared by the Management Board indicates that HMS Bergbau AG did not incur any disadvantage from the legal transactions with associated companies stated therein and received appropriate compensation. This report was also audited by the auditor, who issued the following audit opinion:

"After dutifully examining and assessing the dependent company report, we confirm that the actual information provided therein is correct."

Our own audit of the dependent company report also did not lead to any objections and we therefore approved the auditor's audit. After finalising our own audit, we therefore did not raise any objections against the Management Board's declarations at the end of the dependent company report.

There were no conflicts of interest between the members of the Supervisory Board during the reporting period.

The Supervisory Board would like to thank the Management Board and all employees for their commitment in financial year 2014.

Berlin, June 2015

Dr. Hans-Dieter Harig

Chairman

Members of the Supervisory Board during the reporting period

- Dr. Hans-Dieter Harig,
  Chairman
- Dr. h. c. Michael Bärlein,
  Deputy Chairman
- Michaela Schernikau, Member

Investor Relations

General developments in the capital markets

In early 2014, the stock markets were subdued initially as a result of weak economic development figures, but – bolstered by a range of positive business figures – they soon recovered. The conflict between Ukraine and Russia had implications for the capital markets from March 2014. The resulting reciprocal economic sanctions imposed between the European Union, the USA and Russia saw uncertainty increase on the market, although only for a relatively short period.

The continuation of the low-interest policy played a major part in the German DAX cracking the 10,000-point mark midway through 2014. In the third quarter, the downturn in growth in Europe subsequently led to a decline in development, before falling oil prices in the final quarter injected some impetus into the stock markets. After a year of unsettled development, the German benchmark index, the DAX, rose slightly over the course of 2014, by some 4 % to 9,805 points at the close of December 2014.

As in previous years, demand for big caps was higher than for small caps in 2014. Trading volumes and liquidity continue to shape investor activity. The Entry Standard Index, in which HMS Bergbau AG shares are traded, closed the year down by 2.7 % compared with the beginning of the year and therefore performed much worse than the DAX.

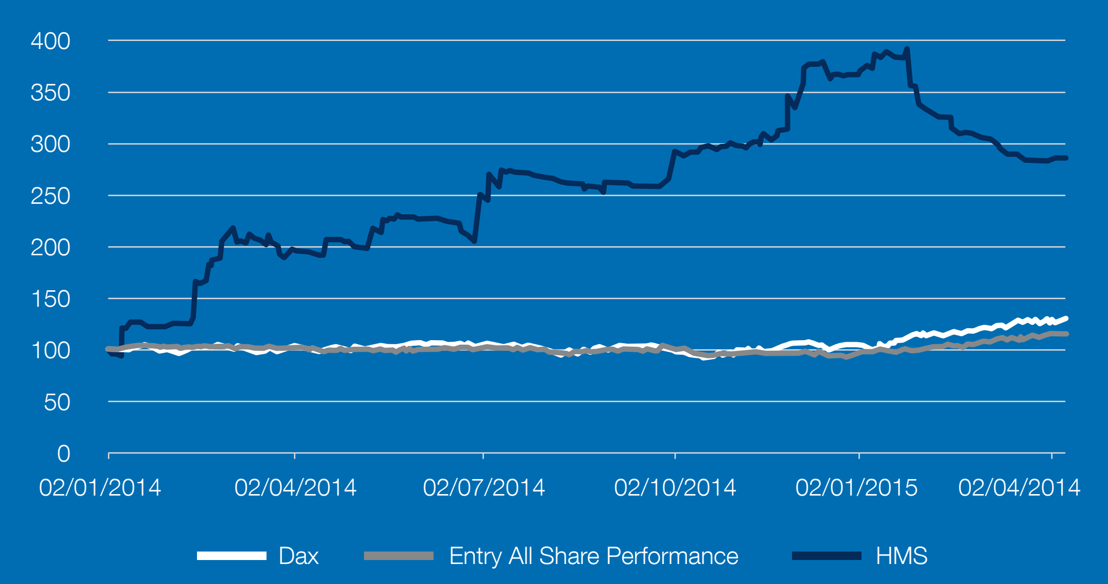
Bolstered by the ECB's announcement to purchase EUR 1.1 trillion of bonds, the DAX has rallied since the start of 2015 and reached new highs in the process. It rose by some 14 % in the first quarter of 2015 alone. Other indices showed similar development. The Entry All Share Performance Index, for example, has risen by 17 % since the start of the year.

HMS share performance

The HMS Bergbau AG share outperformed the DAX and the Entry Standard by a considerable margin in the course of 2014. The share price began the year at EUR 3.00, but rose by some 301.7 % by the final trading day of 2014 to close the year at EUR 12.05. Market capitalisation increased by EUR 13.9 million to EUR 51.4 million.

In the first quarter of 2015, the share price followed the coal price trend and made a transition into a lateral move after experiencing a brief rise. As at 31 March, it stood at EUR 9.08.

HMS share performance as of December 31, 2014

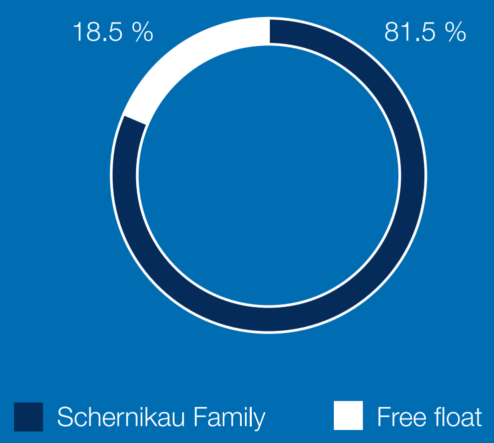


Shareholder structure

As at 31 December 2014, the share capital of HMS Bergbau AG comprised 4,370,000 shares with a nominal value of EUR 1.00 each and, as such, amounted to EUR 4,370,000. The Schernikau family holds 81.5 % of the shares, while 18.5 % are in free float.

As at 30 June 2014, HMS Bergbau AG held 248,307 own shares. However, these were sold over the course of the year, meaning that the Company currently does not hold any own shares.

Shareholder structure as at December 31, 2014



Annual General Meeting 2014

The 2014 Annual General Meeting was held on 19 August 2014 at the business premises of HMS Bergbau AG in Berlin. Items on the agenda included proposals to approve the Management Board's and Supervisory Board's actions and the appointment of the auditors for the annual financial statements, authorise the acquisition of own shares and utilise own shares, introduce a stock option programme and create contingent capital.

The shareholders of the Company unanimously approved all the proposals.

The 2015 annual shareholders' meeting will be held on 19 August 2015.

Investor relations activities

Aside from the publication of financial reports, the Company's Management Board also regularly informed shareholders promptly and comprehensively of important matters by means of corporate news. All capital-market-relevant information was published in both English and German and once again exceeded the requirements of the Entry Standards. In addition, the informative Company website also ensured transparency in shareholder communications. Moreover, the Management Board met with institutional investors, financial journalists and industry analysts on a regular basis to discuss the Company's business model and future prospects as well as other relevant capital market issues.

Key share figures as at 31 December 2014

Basic Information

ISIN/WKN	DE0006061104/606110
Stock symbol	HMU
Bloomberg symbol	HMU GY
Reuters symbol	HMUG.DE
Market segment / transparency level	Open Market / Entry Standard
Designated sponsor / listing partner	Oddo Seydler Bank AG
Investor Relations	GFEI Aktiengesellschaft
Share capital in EUR	4,370,000.00
Number of shares	4,370,000
Free float (in percent)	18.5 %

Performance data as at 31 December 2014 (in EUR)

Share price on 30 December 2013 (Xetra closingw price)	3.06
Share price on 30 December 2014 (Xetra closing price)	12.05
Peak price in 2014 (11 December 2014)	12.1
Low in 2014 (2 January 2014)	3.00
Market capitalisation at 31 December 2014	51,434,900

Group Management Report

HMS Bergbau AG, Berlin

Summary of Group Management Report Financial Year 2014

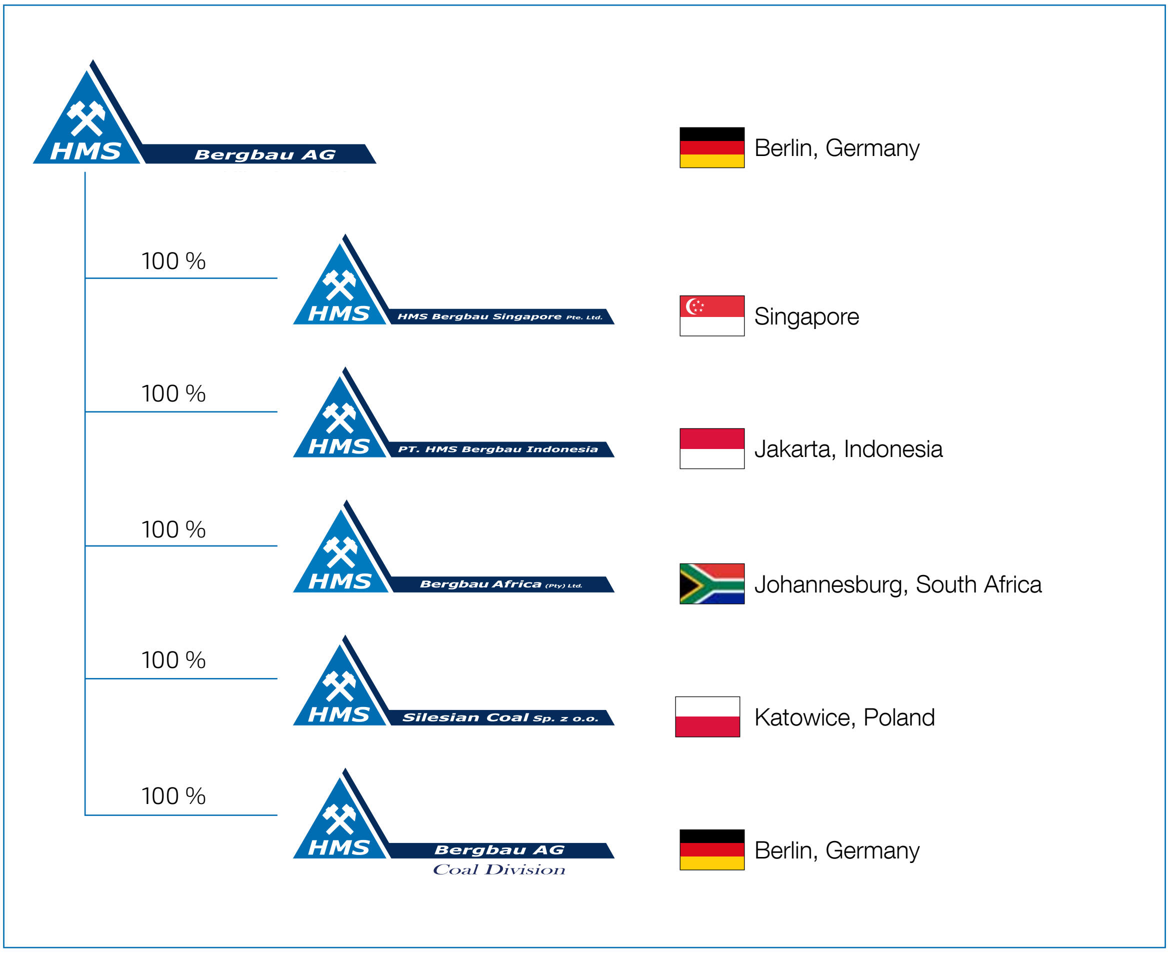
1. Overview

HMS Bergbau Group is a globally operating group that trades in coal and energy commodities worldwide, and supplies steam coal, coking coal and coking products to major international power plants, cement manufacturers and industrial consumers.

HMS Bergbau Group has an international network of longstanding business partners and focuses on building long-term, profitable business relationships with international producers and consumers. HMS Bergbau AG acquired a Polish company in February 2014, thereby continuing to expand its international operations and focus on international growth, which is also evident from the Group subsidiaries founded in previous years, i.e. HMS Bergbau Africa (Pty) Ltd., HMS Bergbau Singapore Pte Ltd. and HMS Bergbau Indonesia.

Overall, 2014 proved to be a positive year for HMS Bergbau Group. Against the backdrop of reserved demand for commodities, decreasing prices for commodities, and in particular, the drop in coal prices by up to 22% (API 4), the 8.4% revenue increase generated by HMS Bergbau Group in 2014 is based on considerably expanded tonnage.

The following table shows the HMS Bergbau Group structure and its subsidiaries as of 31 December 2014:



The 51% investment in HMS Coal & Coke Trading GmbH, Woltersdorf (Berlin) was sold as at 1 July 2014. In the first half of 2014, the company contributed EUR 3.8 million in revenue to HMS Group, but also generated EUR 698 thousand in start-up losses. The parties have agreed not to disclose details regarding the purchase price of EUR 1.00.

Our strategy of observing long-term developments on the global commodity markets without losing sight of current trends continues to be based on the following fundamental factors:

1.1 Price developments

Highly volatile prices can result in fluctuating margins along the entire value chain. In order to effectively compensate for these market fluctuations, value can be optimised through the vertical integration of mining, handling and transport when taking into account current and future price increases.

1.2 Internationalisation of the markets

The commodities markets are continuing to grow closer together as a result of global trade and improved logistics. At the same time, market transparency is increasing thanks to trading platforms and index-based trading activities, resulting in increased competition.

1.3 Vertical integration

Investing in our own resources is essential in order to ensure that future supply meets the growing demand for energy and to cover the value chain from mining through to logistics and delivery to consumers. Investments in exclusive marketing agreements are economically viable for HMS.

Therefore, our long-term strategy of vertical integration is based on the following pillars:

Strong trade business

The basis for our future growth and success as a business is the further expansion of trading activities based on solid, long-term customer and supplier relationships and stable contributions to value.

Growth

We aim to generate adequate growth, which will result from sustainable increases in earnings, by means of vertical integration and the competitive advantages arising from it. This includes, in particular, expansion on the European coal market through the acquisition of Polish company Śląski Węgiel Żory – Suszec Sp. Z.o.o. in February 2014 and renaming Silesian Coal. After the balance sheet date, the Group concluded a cooperation agreement in March 2015 with Polish company Jastrzębska Spółka Węglowa S.A. (JSW) regarding the use of mining infrastructure as well as a new coal marketing agreement with Ichor Coal N.V. in February 2015.

Company culture

HMS Bergbau Group sets itself apart from its competitors with its qualified international personnel that serve as the drivers of our specific strategy and “live” the Group-wide corporate culture characterised by highly professional and ethical standards.

2. Business and economic environment

2.1 Global economy

In accordance with the upward moving growth trend of the global economy that has been in place since mid-2013, the Kiel Institute for World Economy (Institut für Weltwirtschaft, IfW) forecasted global growth of 3.6 % at the beginning of 2014.

Global economic development ran into difficulty, however, in the first half of the year, which persisted into the third quarter. According to the IfW, this was due to the almost stagnant global trade, geopolitical crises and consistently expansive monetary policy. The persistently weak performance of emerging markets, i.e. average declining growth rates of 3.7 % instead of the 4.5 % forecast at the beginning of the year, also contributed to the deterioration of the global economy.

The global economy began to recover in the final quarter of the year as a positive reaction to falling oil prices and the shift in exchange rates, resulting in global economic growth of 3.5 % in 2014.

For 2015, the IfW forecasts a gradual strengthening of the global economy’s development. Experts are currently predicting growth rates of 3.7 %.

Experts currently forecast 1.3 % growth in the eurozone in 2015. Germany is expected to do better than average in 2015; its growth is forecast at 1.8 %.

2.2 Germany

As reported by the IfW in December 2014, the German economy was able to recover in 2014, following the economic boom forecast at the start of the year and the surprising weak development during the summer months. Price-adjusted gross domestic product (GDP) was 1.5 % higher than in the previous year. 2011 was the last year in which GDP had stronger growth rates (3.0 % in 2011); the increase in 2012 was only 0.7 %.

While the initial phase of weak development was caused by muted investments and dampened export expectations due to the conflict in Ukraine, the increasing momentum towards the end of 2014 was the result of low oil prices, rising private consumption and increasingly also investments.

As in the previous year, private consumption in financial year 2014 was an important growth driver. As a result of higher net income and the drastic drop in oil prices, purchasing power and with it private consumption expenditure rose by a price-adjusted 1.1 %, while government spending increased by 1.0 %. The experts from IfW Kiel were also able to account for a 3.0 % increase in gross fixed capital investment as a result of low interest rates.

On average in 2014, German foreign trade proved itself robust in a difficult international environment. According to the German Federal Statistical Office (Destatis), German exports were up by 3.7 % year on year, while imports rose by 2.1 %.

On the production side of gross domestic product, most business services were able to contribute to the recovery of the German economy. Economic output for construction, in particular, increased considerably by 2.7 % in 2014, due in part to the extremely mild weather during the winter months. Industry (excluding construction), which accounts for a good quarter of total gross value, was also able to make notable gains of 1.1 %. Most service branches also developed positively. The price-adjusted gross value for all business services was 1.4 % higher than in the previous year.

The number of persons in employment reached a record level in 2014 for the eighth consecutive year (42.7 million). The 0.9 % increase in employment is a continuation of the positive trend that has been in place since 2006. Labour productivity (price-adjusted gross domestic product per employment hour) was up 0.1 % year on year; labour productivity (price-adjusted gross domestic product per person in employment) was up 0.6 %.

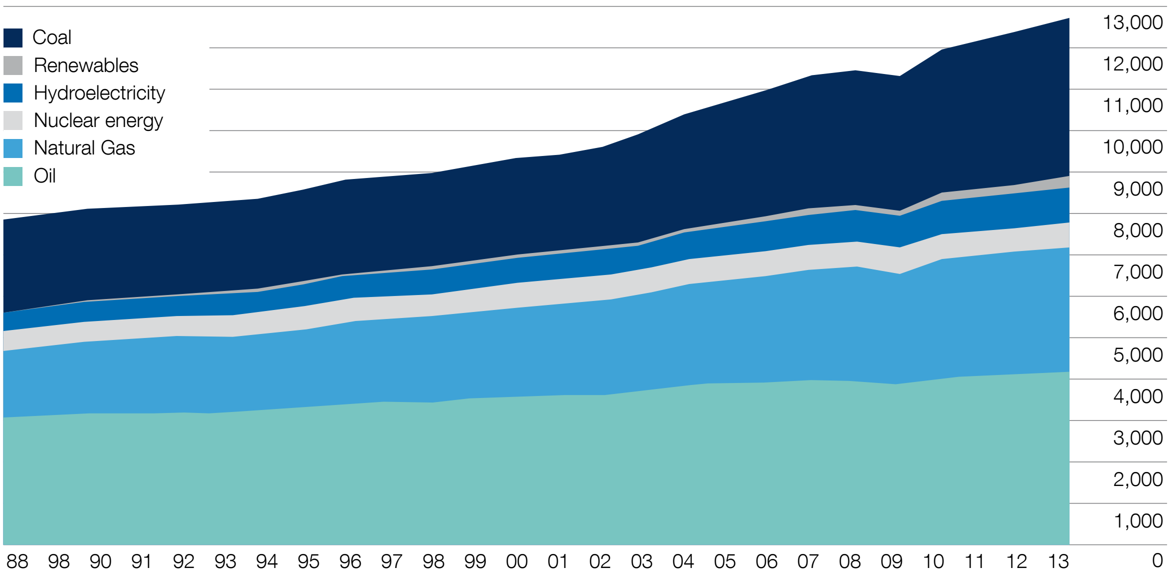
General government closed the year with the second highest financing surplus since German reunification. According to preliminary calculations, the surplus amounted to EUR 11.9 billion. Federal and local governments as well as social security funds each generated surpluses, with only the state governments reporting minor deficits. When measured as gross domestic product at current prices, the surplus ratio of general government was +0.4 %. General government thus reported a more than balanced budget for the third year in a row.

2.3 Global primary energy consumption

Global primary energy consumption increased at a below average rate of 2.3 %. With the exception of North America, growth in all regions was below average. Consumption of all fuels, except for oil, nuclear fuel and renewable commodities, increased at a slower than average rate. Accounting for 31 % of global primary energy consumption, oil remains the dominant commodity, even though it lost market shares for the 14th consecutive year. In contrast, the share of hydro power and other renewable fuels in power generation reported record high shares in primary energy. Industry in emerging markets was responsible for the major increase (approximately 80 %) in global energy consumption, even though growth in these countries was below average at 3.1 %. OECD consumption grew at an above-average rate of 1.2 %. Stable US growth of 2.9 % was a major contributor to OECD growth. Consumption in the EU and Japan decreased by 0.3 % and 0.6 %, respectively. At 5 %, Spain recorded the greatest decline in energy consumption. As in previous years, coal consumption continued to increase its share in the global energy mix in the current reporting period.

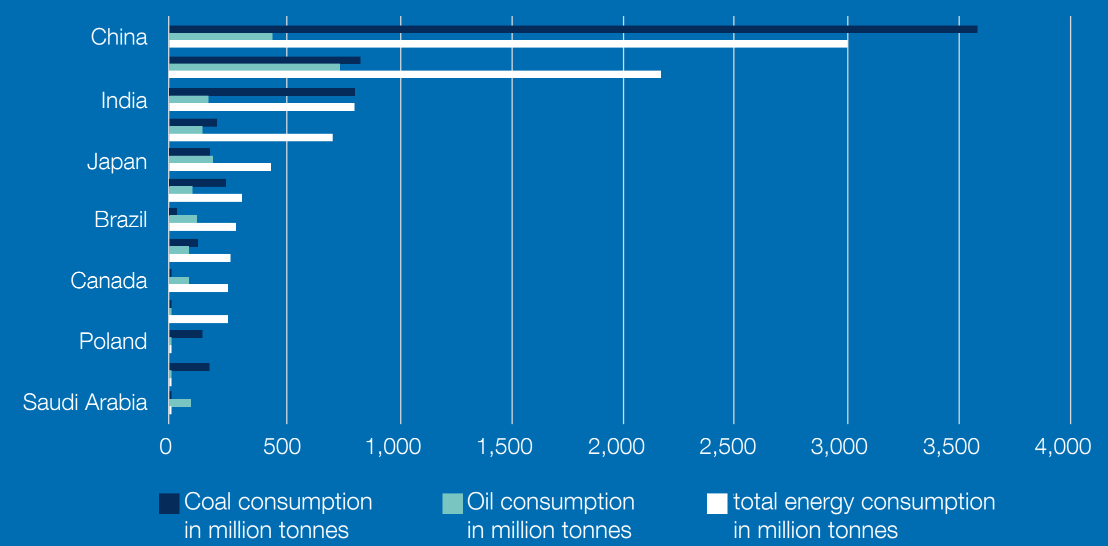
Primary energy consumption worldwide

Million tons of oil equivalent



Source: BP Statistical Review of World Energy 2014, © 2014 BP p.l.c.

Energy consumption and demand for commodities according to consumers 2013



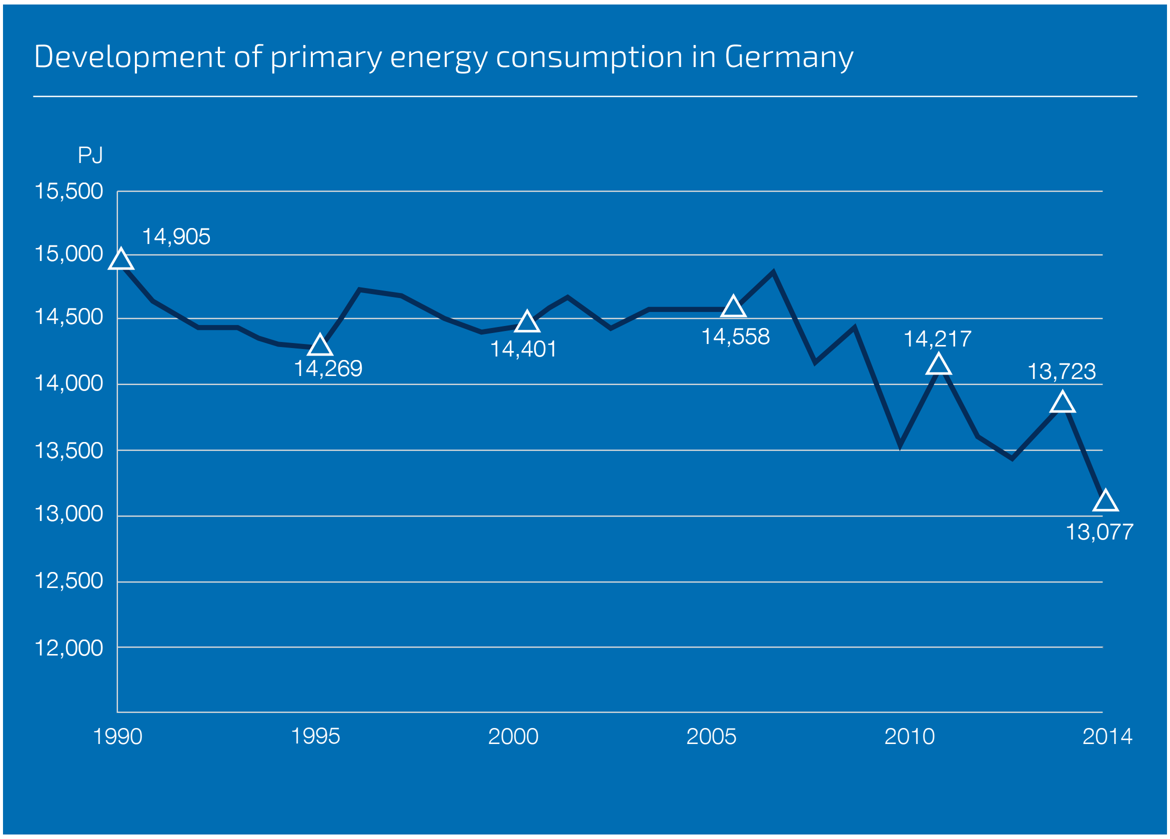
Source: Global Energy Statistical Yearbook 2014 (figures from 2013)

The current World Energy Outlook 2014 from the International Energy Agency (IEA) forecasts global energy consumption to increase by 37 % between 2013 and 2040. According to this report, global demand is only expected to increase by 1 % per year starting in 2025, which is lower than the average rate of increase recorded in the past two decades, i.e. 2 % per year. This decrease is related to price and policy impacts as well as structural changes in the service sector and industry. Energy consumption in Europe, North America, Japan and South Korea will remain low, while Asia's share of global energy demand will rise quickly up to 60 %. China will likely be the largest oil consumer by 2030 (2013: 480 million tonnes) and overtake the US, currently holding the top spot (2013: 738 million tonnes) but whose oil consumption will decrease in the future. According to IEA forecasts, the energy mix in 2040 will almost equally be divided among four areas (oil, gas, coal and low CO_2 emitting energy sources). The demand for gas will increase by more than 50 % beginning in 2040.

Growth rates in the global demand for coal will be much lower compared to the last 30 years, i.e. 0.5 % per year according to IEA estimates. In 2040, this will amount to an estimated 6,350 million tonnes of coal equivalents. Growth in the demand for coal is being capped by new environmental protection policies in the major markets – USA and China – but also in Europe. Coal consumption however will increase rapidly in India. In 2040, 70 % of global coal production will be consumed by China, India, Indonesia and Australia alone, which further emphasises the importance of Asia for the global coal trading and pricing.

2.4 Primary energy consumption in Germany in 2014

According to preliminary figures issued by the Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen e.V. – AG Energiebilanzen), energy consumption in Germany in 2014 decreased considerably by 4.7 % year on year – due to the mild weather conditions – and is thus at the lowest level since German reunification. Accordingly, energy consumption in Germany totalled 13,077 petajoules (PJ), or 446.2 million tonnes hard coal units (HCU). This trend was observed for all fuels, except for renewable energies.



Source: Pressedienst AG energy balance sheets January 2015

Mineral oil consumption decreased moderately by 1.3 % to 4,577 PJ, or 156.2 million tonnes HCU. Demand for light heating oil fell by 14 % and heavy heating oil by 8 %. This decrease in sales of heating oil due to weather conditions stood in contrast to the increase in sales of petroleum (+5 %) and all fuels, i.e. diesel (+4 %), petrol (+2 %), aviation fuel (+1 %). The proportion of mineral oil in total energy consumption amounted to 35.0 % (previous year: 33.8 %).

Natural gas consumption also fell by nearly 13 % to 2,674 PJ, or 91.2 million tonnes HCU.

Temperatures during the heating period were considerably milder than in the previous year, which also contributed to this development. The proportion of natural gas in total energy consumption decreased from 22.3 % to 20.5 %.

Consumption of hard coal decreased in 2014 by approximately 8 % to 1,647 PJ, or 56.2 million tonnes HCU. This development is mainly due to the increase in the use of renewable energies for electricity and heating generation. The proportion of hard coal in total energy consumption decreased to 12.6 % in 2014 (previous year: 13.0 %).

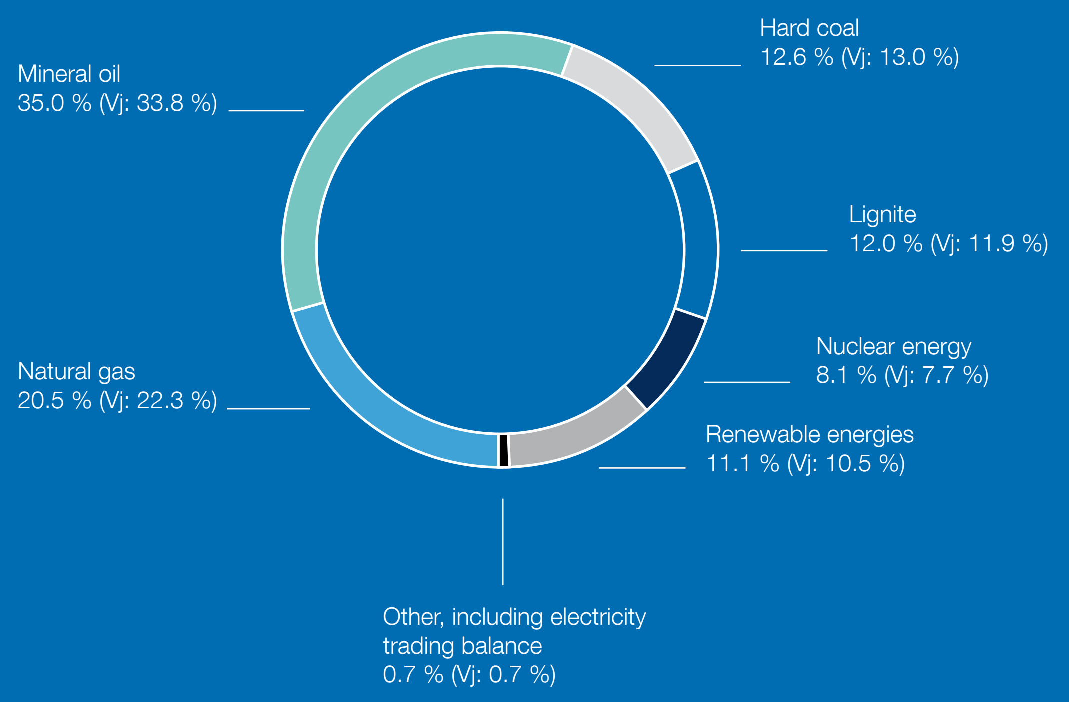
The steel industry, in contrast, increased its demand for coke and coal by approximately 1 % to 17.8 million tonnes. Consumption of lignite fell by nearly 4 % to 1,572 PJ (53.6 million tonnes HCU). Following a number of power plant inspections, lignite power generation sank by 3 % year on year. The proportion of lignite in total energy consumption amounted to 12.0 % in 2014 (previous year: 11.9 %).

The share of nuclear power in the total energy balance remained nearly unchanged as no further power plants were removed from the network in 2014. At the same time, the share in the energy mix increased to 8.7 %.

The use of renewable energies increased by only 0.5 % to 1,453 PJ (49.6 million tonnes HCU), increasing their share in total consumption slightly to 11.1 % (previous year: 10.5 %). While wind and hydro power recorded a year-on-year increase of 8.2 % and a drop of 11 % respectively, the use of photovoltaics increased significantly by 12.6 %. With regard to other fuels, there were no changes in comparison to the previous year.

The electricity trading balance closed with a slightly lower export surplus year on year (+0.2 million tonnes HCU/ -34.1 TWh).

Primary energy mix in Germany in 2014



Source: AG Energiebilanzen, 03/2015

2.5 Decrease in carbon dioxide emissions

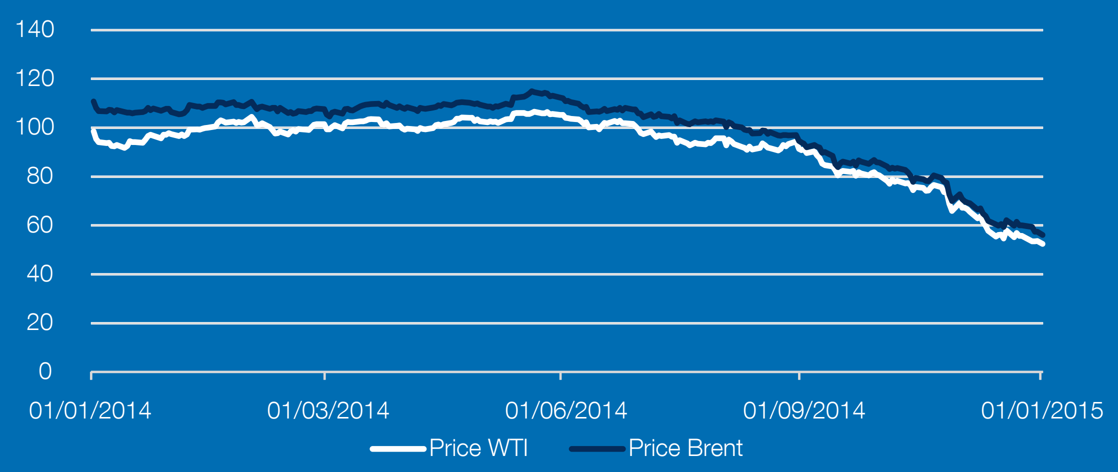
According to the information provided by consultants McKinsey & Co. (Energy Transition Index Germany 2020), following the increase in greenhouse gas emissions over the past two years, carbon dioxide emissions in Germany decreased considerably for the first time by 3.3 % to 920 million tonnes in 2014 as a result of lower demand for energy due to mild weather.

2.6 Developments in crude oil prices

In the first half of 2014, oil prices remained on par with prices recorded in 2011 to 2013. In the second half of 2014, however, the situation changed completely. Despite numerous geopolitical tensions (such as the Ukraine crisis or the ISIS conflict in oil-producing countries Libya and Iraq), there was a significant oversupply on the global oil market caused by the boom in fracking and shale oil production in the USA and a simultaneous reduction in the global demand for oil. As OPEC did not undertake any countermeasures, crude oil prices fell under massive pricing pressure and decreased from USD 113 in July to under USD 60 per barrel at year end, according to Tecson.

West Texas Intermediate (WTI, an American crude oil) opened the year at USD 98.71 a barrel and closed at USD 53.81, a decrease of approximately 45.5 %. A barrel of Brent Crude oil (North Sea crude oil) traded at USD 110.91 at the beginning of the year. By the end of 2014, Brent Crude saw a decline of about 48 % to USD 57.56 a barrel.

Price development of WTI and Brent 2014 (in USD)



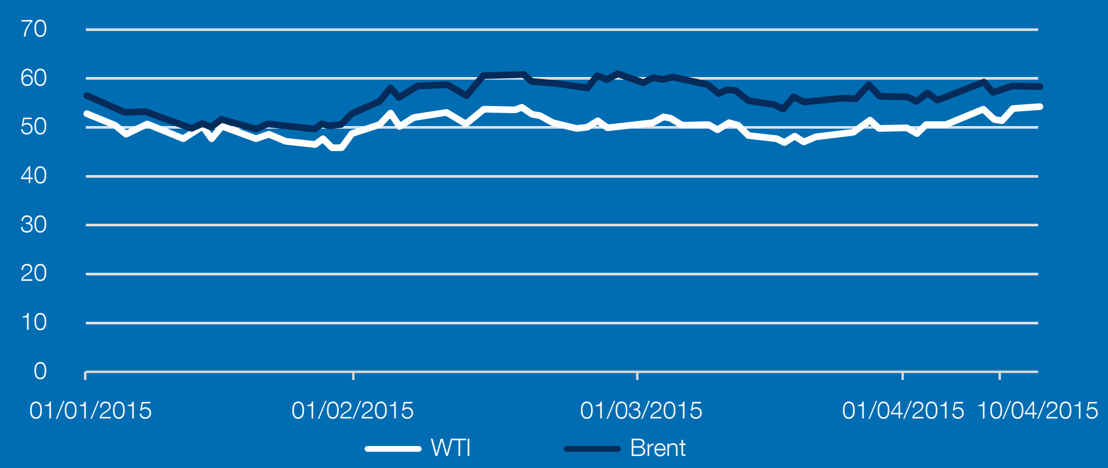
Source: finanzen.net/rohstoffe/oelpreis/historisch/ SIX Financial Information

According to estimates by crude oil experts at Citigroup published in January 2015, oil price development in 2015 could take a downwards turn to USD 20 per barrel. This bold forecast on oil prices is based on the extremely high output worldwide and full deposits. The International Energy Agency (IEA) speaks of a "tremendous" oversupply. Following significant decreases in oil prices in January and March 2015, there was slight recovery in oil prices in April 2015. Brent, the North Sea oil, traded at USD 65.47 on 29 May, following an all-time low of USD 45.50 at the beginning of the year. By 29 May, American WTI had climbed to USD 60.31 after reaching its all-time low of USD 44.39 at the end of January.

Shale oil producers in the USA continued to increase their output. Brazil and Russia produced crude oil at record levels. Saudi Arabia, Iraq and Iran will decrease oil prices for their customers in Asia, according to Edward Morse, Head of the commodities department at Citigroup. Morse believes that oil may soon be as cheap as USD 20. Head of the International Energy Agency, Maria van der Hoeven, agrees with this bold forecast for oil prices. "For this year in particular, we have been observing an extremely well supplied market with low growth levels in demand," said van der Hoeven in an interview with financial TV channel CNBC.

At present, oil prices have been able to recover slightly. According to dpa/Handelsblatt, traders are discussing a countermove on the oil market, after prices fell under extreme pressure following an unexpected severe increase in US oil reserves. Crude oil deposits in the major global economies reached a new record high during the week leading up to Easter. With 10.9 million barrels, this increase in reserves was the most significant in 14 years and much higher than expected.

Crude oil prices to the start of 2015

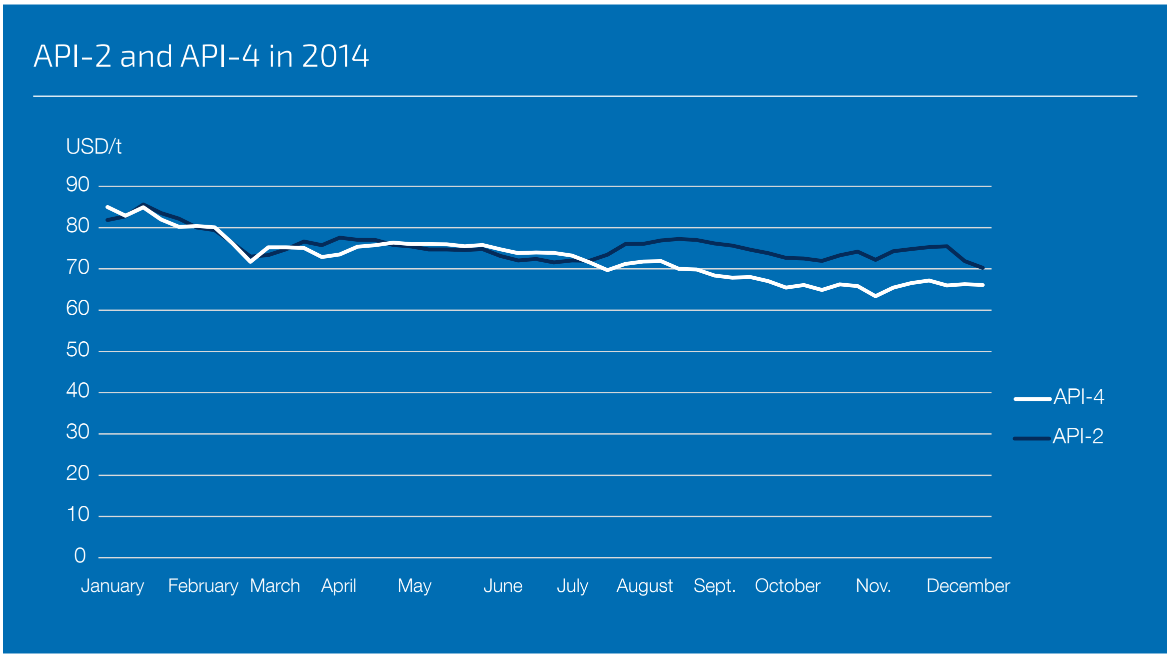


Source: finanzen.net/rohstoffe/oelpreis/historisch/ SIX Financial Information

2.7 Coal prices

2014 proved to be a difficult year for the other fuels and coal industry. The muted demand for fuel on the global market, the growing oversupply, the corresponding price erosion over the past two years and, above all, the lack of recovery in Chinese import demand, which in fact only diminished further, caused major difficulties for commodity-producing countries and mining companies dependent on coal exports worldwide. While coal-producing countries with low production costs, such as Colombia and Indonesia, were able to withstand this development, the Polish coal industry did not fare well. Wages and production costs that rose during the boom years for coal resulted in major losses for the Australian and South African coal industries in 2014.

The decline is clearly reflected in the two main coal price indices API 2 and API 4. Accordingly, the API 2 index recorded a 14.2 % drop in coal prices, from USD 81.86 per tonne at the beginning of the year to USD 70.28 per tonne at the end of 2014. The API 4 coal price index opened the year at USD 84.99 per tonne and closed 2014 at USD 66.09 per tonne, a decline of 22.2 %.



Source: Argusmedia.com /HMS Bergbau AG

2.8 Trade

HMS Bergbau Group's successful international trading in coal is characterised by stable, trustful relationships with customers and suppliers.

HMS Bergbau Group's main customers include power plant operators, steel and cement manufacturers. We also supply industrial companies such as glassworks, paper factories and waste processing plants.

Our customers include private companies as well as government entities originating from Asia, Europe, the Middle East and Africa.

HMS Bergbau Group cooperates with reliable renowned coal-producing companies, largely based in Russia, Poland, Indonesia, South Africa, as well as North and South America. In addition to this, we represent numerous international coal-producing companies. In this role, HMS Bergbau Group handles all their coal marketing in selected markets. HMS is also partner for the global distribution of IchorCoal production.

HMS Bergbau AG acquired 100 % of the shares in Silesian Coal Sp. Z o.o., with its registered office in Katowice, Poland. The objective of the acquisition is to expand market shares in European coal production and coal trading as well as to enhance our independence from other procurement channels.

2.9 Vertical integration

We intend to secure a reliable supply for consumers in the long term by accessing resources and coal through marketing agreements with international suppliers. In addition to this, HMS Bergbau Group also intends to reduce its resources in the future. This strategy was pursued consistently in 2014.

With the conclusion of a new coal marketing agreement in February 2014 with Vunene Mining Pty. Ltd, which is the majority shareholder in South African company Ichor-Coal Group, HMS Bergbau Group extended the existing cooperation and also gained access to additional mining operations of IchorCoal for export and domestic sales not associated with Eskom (largest power supplier in Africa). The extension and expansion of the agreement regarding export marketing of the mining activities for the entire IchorCoal Group strengthens HMS Bergbau Group's position on the international coal market.

Wholly-owned Group subsidiary Silesian Coal Sp. Z.o.o., owner of exploration licences for the Orzesze region located in Silesia, plans to connect the Orzesze reserves to power plants and coke coal by using the infrastructure available at the neighbouring Krupinski mine, which belongs to the JSW Group. With this development, HMS Bergbau Group intends to cover another step along the value chain. It would enable cost-effective extraction of a reserve of over 650 million tonnes with a relatively minor investment volume. This step would produce sustainable competitive advantages in the European market for HMS.

2.10 Logistics

HMS Bergbau Group offers its customers and business partners a complete spectrum of services, from the timely supply of commodities to the organisation of the entire transport and logistics process. The portfolio of services offered by our highly professional and experienced teams covers shipping on demand, the organisation of domestic store transport, harbour procedures, warehousing management, coal processing and technical monitoring.

For example, HMS Group organises all logistics needs for its partners in South Africa, from transport by rail to port handling and thus ensures a high level of supply security for its suppliers and customers.

2.11 Research and development

The global effort to reduce greenhouse gases in order to minimise climate change continues to pose a long-term challenge to the energy industry. HMS Bergbau AG's management remains convinced that introducing a marketable form of CCS technology (technology to capture and store waste carbon dioxide from fossil fuel power plants or industrial plants) and adapting power plants accordingly could enable German coal-fired power plants to cut CO_2 emissions by approximately 80 % by 2050. There is no alternative in the long term. However, in the current and anticipated medium-term legal environment, there is no way to store CO_2 in an economically feasible way. For this reason, in financial year 2012 HMS Bergbau AG sold its shares in the HMS Bergbau AG Oil & Gas Division, which had already embarked upon a project to investigate an appropriate aquifer structure. HMS continues to be interested in the development of environmentally reasonable technologies.

2.12 Employees

International competition for qualified employees remained high. In its pursuit of long-term employment relationships between staff and HMS Group, the Company's management continues to focus on ongoing employee development, together with highly specialised and continuing training. In keeping with this strategy, we have hired additional employees, particularly in the Asian and South African market, and are planning to continue hiring. Risks resulting from employee fluctuation are accounted for with succession and substitute planning. We conducted training for employees, particularly for those new to the Company.

3. Results of Group operations

Results of operations of HMS Group in financial year 2014 compared to the previous year were as follows:

	31/12/2014 EUR thousand	%	31/12/2013 EUR thousand	%	Change EUR thousand	%
Revenues	128,235	100.0	118,283	100.0	9,952	8.4
Total performance	**128,235**	**100**	**118,283**	**100**	**9,952**	**8**
Cost of materials	122,515	96	114,864	97	7,651	7
Personnel costs	2,311	2	2,156	2	155	7
Depreciation and amortisation	123	0	1,263	1	-1,140	-90
Other operating expenses						
./. other operating earnings	2,387	2	4,368	4	-1,981	-45
Taxes (excluding income taxes)	3	0	2	0	1	65
Tax expenses	127,339	99	122,653	104	4,686	4
Operating result	**896**	**1**	**-1,370**	**-4**	**5,266**	**>100**
Earnings from investment and financial result	-126		-470		344	73
Earnings before income taxes	**770**		**-4,840**		**5,610**	**0**
Extraordinary expenses	223		223		0	>100
Income taxes	62		11		51	>100
Annual result	**609**		**-5,074**		**5,683**	**>100**

Revenues are influenced by the strong trade business in Asia and Africa. The rise in revenues and the simultaneous fall in prices is solely margin-related and mainly due to the significant increase in traded volumes in Africa. Approximately 97 % of the Group's volumes were traded in Asia and Africa in 2014. Despite falling prices, the materials usage ratio rose slightly as against the previous year. This development was due in part to securing prices for long-term contracts.

Personnel costs increased year on year due to HMS Coal & Coke Trading GmbH, which had been included until 30 June 2014, as well as new hires in South Africa. The significant decline in depreciation and amortisation was the result of the book value write-down of the harbour operations in Indonesia in 2013, which was an extraordinary and non-recurring effect. Other expenses, less other earnings, resulted primarily from legal and consulting expenses, vehicle and travel expenses, delivery costs, occupancy costs as well as money transfer costs. The significant year-on-year decline was mainly due to the special effects that arose in 2013 and were not incurred in 2014. The financial result includes the net balance, amounting to EUR 525 thousand, of interest expenses on pension obligations and income from the pledged plan assets. HMS Coal & Coke Trading GmbH was sold for EUR 1.00 effective 30 June 2014. HMS Coal & Coke Trading GmbH negatively affected operating consolidated net earnings by some EUR 602 thousand. The deconsolidation resulted in gains of EUR 240 thousand.

4. Group net assets

Net assets of HMS Group compared to the previous year were as follows:

	31/12/2014 EUR thousand	%	31/12/2013 EUR thousand	%	Change EUR thousand	%
Assets						
Non-current assets	1,596	5	223	1	1,373	>100.0
Inventories	0	0	295	2	-295	-100
Receivables	20,637	68	9,207	60	11,430	>100
Cash and cash equivalents	2,586	9	3,469	22	-883	-25
Other assets	5,544	18	2,267	15	3,276	>100
	30,363	100	15,461	100	14,902	96
Capital						
Shareholders' equity	5,721	19	5,095	33	626	12
Own shares	-2,392	-8	-2,392	-16	0	0
Difference from capital consolidation	0	0	144	1	-144	-100
Non-current liabilities	3,863	13	2,778	18	1,085	39
Current liabilities	23,172	76	9,836	64	13,335	>100.0
	30,363	100	15,461	100	14,902	96

The increase in fixed assets is mainly due to investments of approximately EUR 1.2 million that Silesian Coal Sp. Z.o.o. invested in the development of the Orzesze hard coal field; these investments are reported under “deposits paid / plant under construction”. Receivables relate primarily to trade receivables from customers in Asia. The year-on-year increase is substantially related to the balance sheet date. Other assets are mainly comprised of receivables from current loans to business partners and VAT.

Non-current liabilities include pension obligations. Current liabilities are mainly comprised of liabilities to suppliers and liabilities from trade financing transactions. The year-on-year increase is substantially related to the balance sheet date.

5. Group financial position

Cash and cash equivalents developed as follows in financial year 2014:

	2014 EUR thousand	2013 EUR thousand
1. Cash flow from current operating activities	**622**	**-1,552**
2. Cash flow from investment activities	**-1,505**	**3,950**
3. Cash flow from financing activities	**0**	**0**
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents affecting payment	-883	2,398
Other changes in cash and cash equivalents	0	275
Cash and cash equivalents at the start of the period	3,469	796
Cash and cash equivalents at the end of the period	2,586	3,469
5. Composition of cash and cash equivalents		
Cash and cash equivalents	2,586	3,469

The increase in cash flow from current operating activities is primarily a reflection of the much improved annual result. The reduction in cash flow from investment activities is due mainly to the investments made by Silesian Coal sp. Z.o.o. in the development of the Orzesze hard coal field.

6. Information on the consolidated financial statements of HMS Bergbau AG

HMS Bergbau AG is the parent company of HMS Group. HMS Bergbau AG remains responsible for the central control functions – strategy, finance, accounting/controlling – and all important trading activities. A significant share of trade agreements are conducted via this company. In other words, the activities of HMS Bergbau AG largely determine the situation of the entire HMS Group. The annual financial statements of HMS Bergbau AG are prepared in accordance with German Commercial Law (HGB) and the German Stock Corporation Act (AktG). The following table provides an overview:

	31/12/2014 EUR thousand	%	31/12/2013 EUR thousand	%	Change EUR thousand	%
Revenue (= Total performance)	60,522	100	55,372	100	5,150	-
Cost of materials	57,954	96	53,779	97	4,175	8
Personnel costs	1,259	2	1,238	2	21	2
Depreciation and amortisation	39	0	18	0	21	>100.0
Other operating expenses						
./. other operating earnings	-63	0	1,775	1	-1,838	<-100
Taxes (excluding income taxes)	2	0	2	0	0	27
Tax expenses	59,191	98	56,812	100	2,379	4
Operating result	**1,331**	**2**	**-1,440**	**0**	**2,770**	**>100**
Earnings from investment and financial result	76		-1,333		1,409	>100.0
Earnings before income taxes	**1,408**		**-2,773**		**4,179**	**>100**
Extraordinary expenses	-223		-223		0	0
Income taxes	-145		0		-21	<-100
Net profit	**1,040**		**-2,996**		**4,158**	**>100.0**

6.1 Results of operations

Ordinary trading activities are a major influence on results of operations of HMS Bergbau AG. The rise in revenue was generated by a considerable increase in margins, despite a simultaneous fall in prices. Local companies and HMS Bergbau AG are increasingly trading in the strongly developing markets in Asia and Africa. Thus, 97 % of revenue is generated in Africa and Asia. Both the cost of materials ratio and the personnel costs ratio were on par with the previous year. Other expenses less other income are mainly due to delivery costs, the recharging of other Group company services, vehicle and travel expenses, legal and consulting expenses, as well as money transfer costs. The significant year-on-year fall was the result of special effects, some of which counteracted each other in both years. The impairment losses on the loans to the Indonesian HMS company (EUR 1,362 thousand) recognised in the previous year were reversed due to positive economic developments in financial year 2014. The financial result includes the net balance, amounting to EUR 525 thousand, of interest expenses on pension obligations.

6.2 Net assets

	31/12/2014 EUR thousand	%	31/12/2013 EUR thousand	%	Change EUR thousand	%
Assets						
Non-current assets	5,125	22	4,076	40	1,049	26
Receivables	14,253	62	6,750	36	7,503	>100
Cash and cash equivalents	406	2	1,949	3	-1,543	-79
Other assets	3,393	15	1,311	1	2,082	>100.0
	23,178	100	14,086	100	9,092	65
Capital						
Shareholders' equity	9,092	39	7,929	53	1,163	15
Own shares	-2,392	-10	-2,392	-12	0	0
Non-current liabilities	3,863	17	2,778	9	1,085	39
Current liabilities	12,616	54	5,771	50	6,845	>100.0
	23,178	100	14,086	100	9,092	65

As HMS Bergbau AG engages in trading activities, its net assets are mainly influenced by receivables from customers as well as current trade payables and liabilities to banks. Changes are largely related to the balance sheet date. Furthermore, net assets are influenced by shares in the associated companies and the loan to the Indonesian HMS company. Current liabilities comprise liabilities to suppliers as well as liabilities from trade financing transactions.

6.3 Financial position

The financial position of HMS Group is significantly influenced by HMS Bergbau AG; please refer to the details we have provided in this context.

6.4. General statement

Our financial performance indicators, the Executive Board uses these to manage the Company, are sales, gross margin and EBITDA; these are monitored constantly. We significantly exceeded the sales increase forecasted in the previous year in terms of the entire HMS Group; sales revenues were increased from EUR 118,283 thousand to EUR 128,235 thousand. HMS AG's revenue rose from EUR 55,372 thousand to EUR 60,522 thousand. The Group's gross margin climbed from 2.9 % in 2013 to 4.4 % in 2014. HMS AG's gross margin also increased, from 2.9 % to 4.2 %. At EUR 1,022 thousand (previous year: EUR -3,105 thousand), Group EBITDA was up considerably, but was negatively impacted by EBITDA of EUR -527 thousand recorded by HMS Coal & Coke Trading GmbH, which was sold effective as at 30 June 2014. HMS AG's EBITDA (EUR 1,147 thousand; previous year: EUR -1,456 thousand) is influenced by the impairment losses on the loans to the Indonesian HMS company (EUR 1,362 thousand). All told, we exceeded the revenue and earnings targets forecasted in the previous year.

7. Events after the balance sheet date

There were no events of particular significance for the net assets, financial position and results situation, which occurred after the close of the financial year.

8. Risks and opportunities

The Management Board of HMS Bergbau AG is responsible for Group risk management, which is integrated into all operational processes at HMS Group. Future opportunities and risks are identified, classified, evaluated, controlled and monitored as part of business operations. It is and remains our policy to only enter into risks if they also bring with them significant opportunities for generating earnings. If possible, risks should be minimised or transferred to third parties. Opportunities are assessed for their earnings potential. The following sections describe opportunities and risks that could have a significant impact on the Company's net assets, financial position and results of operations:

8.1 Price fluctuations

In the HMS Group's traditional business – trade in coal using back-to-back contracts and index- or fixed-price-based purchasing and sales agreements – there are no effects on contractually agreed margins for the individual transactions. Where the back-to-back principle is deviated from, as is the case in relation to the purchase and sale side for heating value calculation, price risks may arise. We evaluate such risks on a daily basis as part of our risk management system, taking into account current forward prices and expected volatility. In the context of the expansion of our trading activities in Asia, we continue to hold to the principle of avoiding significant risk positions in purchasing and sales and excluding these risks at the contract stage. The management of HMS Bergbau AG will not alter its policy of aiming to realise solely back-to-back transactions.

8.2 Financial risks

Exchange rate and interest rate fluctuations can have a significant impact on HMS Group's earnings. The Company's financial risk management therefore aims primarily to hedge currency risks via currency forwards without entering into speculative transactions. Furthermore, we attempt to eliminate currency differences in financing, purchasing and sales. All Group companies are obliged to assess and, where necessary, hedge all exchange rate risks. Changes to interest rates, or in other words risks from interest-bearing liabilities, as well as a risk premium and currency-specific differences are accounted for as financing costs and included in the assessment of each transaction. If deemed appropriate in the long term in a risk management context, and

8.3 Credit rating of business partners and counterparty risk

Credit risks arise from our business relationships with customers, and increase on account of the ongoing growth in the proportion of our business partners located in Asia. In this context, the implemented risk management aims to obtain adequate collateral for vulnerable transactions or to insure receivables where financially practicable. Furthermore, we secure payment promises in advance of deliveries by using letters of credit. Failure or partial failure to deliver on the part of suppliers may also give rise to risks which cannot be transferred completely to the purchaser. Our risk management policies attempt to address these risks appropriately by deploying staff in the regions to examine individual terms and specifications of contracts in detail.

8.4 Political risks

The expansion of our business to the Asian market exposes us to a higher level of legal and political risk from, for example, attempts to exert political influence, disruptions to the supply chain, civil disturbances or economic policy strategies that may have detrimental effects on business. We include risks from environmental and other geographical influences in these considerations. Furthermore, uncertainties arise from the existing legal framework, which is and will remain subject to ongoing change. In the Asian market in particular, the excellent opportunities for business go hand in hand with an increased level of risk. The Company's risk management responds to individual risks by attempting to draw up corresponding contractual arrangements or eliminate the risks by consulting with experienced local partners. Realistically, it is never possible to completely eliminate such risks.

8.5 Investment risks

The Company's risk management attempts to identify potential negative impacts on its business at an early stage by means of continuous monitoring of the marketing strategy and of the status of its implementation in order to respond to such risks accordingly by adjustments to the strategy.

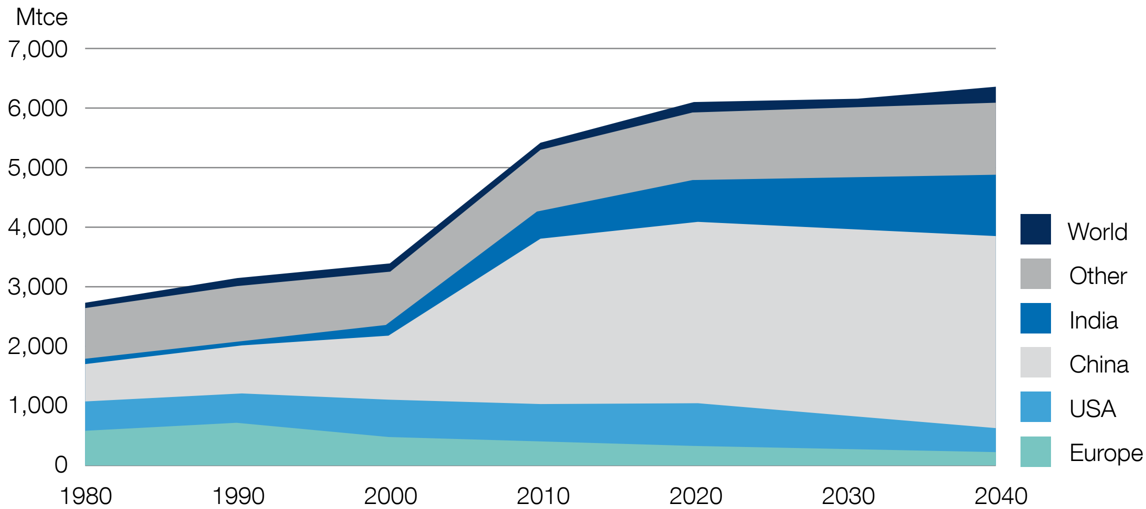
8.6 Risks and opportunities resulting from Company strategy

As they carry considerable opportunities and risks, decisions on investments and acquisitions are examined on the basis of an assessment and approval process. Experts are also consulted in certain cases. The Management Board of HMS Bergbau AG makes the final decision and, to the extent that these are significant, obtains the approval of the Supervisory Board. We take particular care to exhaustively investigate and weigh up risks and opportunities when entering into long-term agreements. The main factors to examine are the size of the reserve, logistics infrastructure, the financial situation, legal requirements, management and the political landscape. Our risk management system includes measures such as obtaining expert advice and reports. In the Trade division, we are able to identify opportunities and risks at the earliest possible stage by intensively monitoring and analysing markets and competitors. Overall, the risk management system puts HMS Group in a position to mitigate the above risks and utilise any resulting opportunities.

9. Forecast report

Compared to other energy sources, coal continues to have the largest reserves and resources in the world. Figures compiled by the German Federal Institute for Geosciences and Natural Resources (BGR) for Energiestudie 2014 (Energy Study 2014) indicate that reserves are sufficient to last a further 120 to 200 years, depending on the type of coal and global economic developments. It is an established fact that the remaining coal reserves are sufficient to cover expected demand for many decades to come. Scientific and market analyses show that the percentage of coal in global energy production will continue to rise at an above-average rate. According to the IEA (International Energy Agency), hard coal is set to remain the most commonly used commodity for the industrial production of electricity. The chart below illustrates how the growth of industry, particularly in Asia but later also in Africa, is compensating the global decline in coal-generated electricity. The largest driver of this development is the growing world population, which is set to reach 8.2 billion by 2030, and certainly lead to rising energy consumption. The share of coal in global electricity production will rise from 40 % today to 45 % in 2030. Over the next 50 years, a primary energy matrix without coal is unimaginable.

Global coal demand by region



Source: World Energy Outlook 2014, International Energy Agency

The steady rise in global energy consumption seen in recent years, with coal being the primary energy source, will continue in the years ahead. Coal prices are likely to proceed on an upward trend in the future, driven by the exponential growth in industrial demand from the Pacific region and current developments in public opinion on nuclear power. The management of HMS Bergbau AG expects the Pacific region to continue growing in importance as a large sales market. HMS Group is therefore increasingly focusing its strategic orientation on Asia. It is the opinion of management that Indonesia will become one of the most important mining markets besides South Africa in the coming years as it has excellent resources, favourable mining conditions and a central location in the Pacific region. We see significant growth potential here, particularly for securing large coal resources in order to remain a reliable partner in volatile markets. By securing our own resources, we are aiming to guarantee supply in the long term for our end customers in the Asian market. We anticipate rising prices in the global market. Securing our own resources, and consequently expanding the value chain to include all steps from production to end customer sales, therefore both play an essential part in strengthening our market position in the long term. Especially in the light of the German government's decision to switch off the country's nuclear power plants and the current difficulties in realising the transition to renewable energies, we do not expect demand for fossil fuels to decline in Europe. Coal-generated electricity is a flexible form of energy supply and will retain its significance, in Europe and elsewhere. Germany significantly increased its coal imports in 2014. Our efforts in Europe continue to focus on renewing expired contracts and concluding new contracts with European power plant operators as well as expanding and consolidating our market position in niche products, such as coking coal and coke products. In Africa and Asia, we are focussing on building long-term relationships with suppliers and customers in order to share in the increasing importance of both regions in the world coal trade. In financial years 2015 and 2016 in particular, our principal task remains to regain market share in Europe while pushing ahead with the expansion of our business in Asia and Africa. At the same time, we need to adhere to our strategy of expanding the value chain, particularly by means of entering into and realising exclusive marketing and cooperation agreements as well as developing internal capabilities.

The beginning of financial year 2015 continues to progress well. As anticipated, incoming orders in the European market have remained low. However, there are opportunities for marketing American coking coal and coke products. Due to weak prices in Asia in recent months, customer markets are behaving with a high degree of caution. Management continues to see considerable growth potential for overseas trade in Asia. Successful shipments were sent to Africa in 2014 as a result of marketing agreements. Management expects this agreement to generate significant deliveries in the future in order to increase sales revenues and margins. Management anticipates a slight increase in sales revenues and also expect vertical integration in our commercial transactions to lead to marginally higher gross margins. The estimated positive trend means that the annual result for financial year 2015 is expected to be on par with that of 2014, in spite of the elimination of the one-off effect from the reversal of the impairment losses recognised on the loan.

10. Main features of the remuneration system

The Supervisory Board decides upon the remuneration system for the Management Board of HMS Bergbau AG, including all material contractual elements, and reviews it regularly. It also determines remuneration for individual Management Board members. Management Board remuneration comprises fixed elements along with variable, performance-related components. Fixed remuneration is paid as a monthly salary, regardless of performance. Management Board members also receive additional non-cash benefits, which mainly consist of the private use of a company car and are taxable. Performance-related remuneration is dependent on the Company's annual result and the personal performance of the Management Board member in question. The remuneration of the Chief Executive Officer also includes pension commitments.

11. Hedges

No hedges were entered into in the reporting period.

12. Closing statement in accordance with Section 312 (3) of the German Stock Corporation Act (AktG)

HMS Bergbau was not dependent on any other companies within the meaning of Section 312 (3) AktG in the reporting period.

13. Forward-looking statements

The management report includes forward-looking statements that reflect the current opinion of HMS Group's management with regard to future events. Any statement contained in this report reflecting or building upon intentions, assumptions, expectations, forecasts and underlying assumptions is a forward-looking statement. These statements are based upon plans, estimates and forecasts that are currently available to HMS Group's management. They therefore only refer to the point in time at which they were made. Forward-looking statements are naturally subject to risks and uncertainties, which could result in actual developments differing significantly from these forward-looking statements or events implied or expressed therein. HMS Group does not assume any responsibility for such statements and does not intend to update such statements in view of new information or future events.

Berlin, June 26, 2015
The Management Board

Heinz Schernikau
CEO

Steffen Ewald
CFO

Consolidated Balance Sheet as of December 31, 2013

Assets

	EUR	31/12/2014 EUR	31/12/2013 EUR
A. Non-current assets			
I. Intangible assets			
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	12,376.00		15,902.00
2. Property, plant and equipment	205,952.95		0.00
		218,328.95	**15,902.00**
II. Property, plant and equipment			
1. Technical equipment and machinery	0.00		0.00
2. Other equipment, office and factory equipment	183,486.44		206,829.20
3. Deposits paid / plant under construction	1,158,550.56		0.00
		1,342,037.01	**206,829.20**
III. Financial assets			
Investments in associated companies		35,801.21	0.00
		1,596,167.17	**222,731.20**
B. Current assets			
I. Inventories			
1. Goods	0.00		295,180.50
		0.00	**295,180.50**
II. Receivables and other assets			
1. Trade receivables	20,636,815.28		9,206,832.80
2. Other assets	5,466,730.12		2,201,671.02
		26,103,545.40	**11,408,503.82**
III. Cash-in-hand and bank deposits			
Cash-in-hand and bank deposits		2,586,180.44	3,468,924.95
		28,689,725.84	**15,172,609.27**
C. Prepaid expenses		**77,008.55**	**65,683.22**
		30,362,901.57	**15,461,023.69**

Shareholders' equity and liabilities

		31/12/2014	31/12/2013
	EUR	EUR	EUR
A. Shareholders' equity			
I. Subscribed capital		**4,121,693.00**	**4,121,693.00**
II. Capital reserve		**3,375,014.97**	**3,375,014.97**
III. Profit reserves			
1. Statutory reserve	5,112.92		5,112.92
2. Other profit reserves	273,158.45		273,158.45
		278,271.37	**278,271.37**
IV. Consolidated net profit/loss	**-4,566,110.96**		**-5,470,248.94**
V. Difference in equity due to currency conversion	**119,657.59**		**332,916.35**
VI. Minority equity	**0.00**		**65,136.78**
		-4,446,453.37	**-5,072,195.81**
		3,328,525.97	**2,702,783.53**
B. Difference from capital consolidation		**0.00**	**144,303.04**
C. Provisions			
1. Pension provisions and similar obligations	3,862,810.68		2,777,524.36
2. Tax provisions	353,321.83		4,849.88
3. Other provisions	356,980.70		442,637.82
		4,573,113.21	**3,225,012.06**
D. Liabilities			
1. Liabilities to banks	2,238,027.14		21,204.12
2. Trade payables	16,986,190.92		8,746,683.84
3. Other liabilities	3,235,124.70		621,037.10
		22,459,342.77	**9,388,925.06**
E. Deferred income		**1,919.62**	**0.00**
		30,362,901.57	**15,461,023.69**

Consolidated Income Statement 2014

		2014 EUR	2013 EUR
1.	Revenues	128,234,655.76	118,282,754.82
2.	Changes in inventories	0.00	0.00
3.	Other operating earnings	452,760.33	416,515.39
		128,687,416.09	118,699,270.21
4.	Cost of materials		
	Costs for raw materials and supplies and for goods purchased	-122,154,240.24	-114,727,848.20
	Cost for services purchased	-361,137.38	-135,788.97
		-122,515,377.62	-114,863,637.17
5.	Personnel costs		
	a) Wages and salaries	-1,710,273.08	-1,671,114.32
	b) Social security costs and pension support costs	-600,412.76	-485,014.44
		-2,310,685.84	-2,156,128.76
6.	Depreciation and amortisation		
	Amortisation of intangible assets and depreciation of property, plant and equipment	-122,722.89	-1,262,904.54
7.	Other operating expenses	-2,839,787.69	-4,784,383.62
8.	Income from investments of associated companies	339.46	0.00
9.	Other interest and similar earnings	576,496.18	285,721.73
10.	Interest and similar expenses	-702,599.75	-755,798.31
11.	**Earnings from ordinary activities**	**773,077.94**	**-4,837,860.46**
12.	Extraordinary expenses	-222,748.32	-222,748.32
13.	Income taxes	62,159.98	-11,358.09
14.	Other taxes	-3,295.36	-2,302.66
15.	**Net profit / loss**	**609,194.24**	**-5,074,269.53**
16.	Gain / loss carried forward	-5,470,248.61	-469,487.69
17.	Profit or loss attributable to minority interest	294,943.40	73,508.28
18.	**Consolidated net loss**	**-4,566,110.97**	**-5,470,248.94**

Consolidated Cash Flow Statement 2014

	2014 EUR tousand	2013 EUR tousand
1. Cash flow from current operating activities		
Net earnings for the period	609	-5,074
Depreciation and amortisation on non-current assets	123	1,263
Depreciation and amortisation on current assets	0	0
Change in provisions	1,348	1,176
Change in special items for investment grants	0	0
Earnings from the disposal of subsidiaries	-272	0
Other non-payment related expenses / earnings (FX)	285	963
Loss dueto the disposal of assets	12	0
Change in inventories, trade receivables and other assets	-14,411	782
Change in inventories, trade payables and other liabilities	12,928	-1,199
Cash inflow and outflow from extraordinary items	0	0
Other	0	538
	622	**-1,551**
2. Cash flow from investment activities		
Cash inflow from the disposal of property, plant and equipment	120	692
Cash outflow for investments in property, plant and equipment	-1,377	-103
Acquisition of shares in consolidated subsidiaries, less acquired cash	-213	0
Cash inflow from the disposal of intangible assets	0	3,362
Cash outflow for investments in intangible assets	0	0
Cash outflow (-) for investments in associated companies	-35	0
Cash inflow (+) from the sale of consolidated companies	0	0
	-1,505	**3,951**
3. Cash flow from financing activities	**0**	**0**
4. Cash and cash equivalents at the end of the period		
Changes affecting payment	-883	2,400
Changes in exchange rates, basis of consolidation and measurement	0	274
Changes in cash and cash equivalents from the change in the basis of consolidation	0	0
Cash and cash equivalents at the start of the period	3,469	796
Cash and cash equivalents at the end of the period	**2,586**	**3,470**
5. Composition of cash and cash equivalents		
Cash and cash equivalents	2,586	3,469
Current liabilities	0	0
Cash and cash equivalents at the end of the period	**2,586**	**3,470**

Consolidated Statement of Changes in Shareholders' Equity 2014

	Parent company				
	Subscribed capital common shares	Capital reserve	Accumulated other consolidated net earnings		Group's share
			Generated consolidated shareholders' equity	Balancing item from currency conversion	
	EUR	EUR	EUR	EUR	EUR
31/12/2012	4,121,693.00	3,375,014.97	-191,216.32	-626,858.68	6,678,632.97
Changes in the basis of consolidation					0.00
Other changes				959,775.03	959,775.03
	0.00	0.00	0.00	959,775.03	959,775.03
Total consolidated net loss	0.00	0.00	-5,000,761.25	0.00	-5,000,761.25
31/12/2013	4,121,693.00	3,375,014.97	-5,191,977.57	332,916.35	2,637,646.75
Changes in the basis of consolidation					0.00
Other changes				-213,258.76	-213,258.76
	0.00	0.00	0,00	-213,258.76	-213,258.76
Total consolidated net earnings / loss	0.00	0.00	904,137.98	0.00	904,137.97
31/12/2014	4,121,693.00	3,375,014.97	-4,287,839.59	119,657.59	3,328,525.97

	Minority interest		Consolidated shareholders' equity
	Minority interests	Shareholders' equity	
	EUR	EUR	EUR
	0.00	0.00	6,678,632.97
	138,645.06	138,645.06	138,645.06
			959,775.03
	138,645.06	138,645.06	1,098,420.09
	-73,508.28	-73,508.28	-5,074,269.53
	65,136,78	65,136.78	2,702,783.53
	229,806.62	229,806.62	229,806.62
			-213,258.76
	229,806.62	229,806.62	16,547.86
	-294,943.40	-294,943.40	609,194.57
	0.00	0.00	3,328,525.96

Statement of Changes in Non-Current Assets as of December 31 , 2014

	Cost						
	01/01/2014	Currency conversion	Change in the basis of consolidation	Additions	Disposals	Reclassifi-cations	31/12/2014
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets							
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	30,629.29	0.00	-22,393.08	11,589.08	0.00	0.00	19,825.29
2. Goodwill	0.00	0.00	252,187.29	0.00	0.00	0.00	252,187.29
	30,629.29	0.00	229,794.21	11,589.08	0.00	0.00	272,012.58
II. Property, plant and equipment							
1. Leasehold improvements on external property	-3,539.54	0.00	0.00	0.00	0.00	0.00	-3,539.54
2. Technical equipment and machinery	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other equipment, office and factory equipment	486,464.89	16,837.16	-95,267.67	252,795.59	155,225.89	0.00	505,604.07
4. Deposits paid / plant under construction	0.00	0.00	0.00	1,158,550.56	0.00	0.00	1,158,550.56
	482,925.35	16,837.16	-95,267.67	1,411,346.15	155,225.89	0.00	1,660,615.10
	513,554.64	**16,837.16**	**134,526.54**	**1,422,935.23**	**155,225.89**	**0.00**	**1,932,627.68**

	Accumulated amortisation and depreciation							Book values	
	01/01/2014	Currency conversion	Change in the basis of consolidation	Additions	Disposals	Reclassifi-cations	31/12/2014	31/12/2014	31/12/2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR thousand
	14,727.29	0.00	-13,208.08	5,930.08	0.00	0.00	7,449.29	12,376.00	16
	0.00	0.00	0.00	46,234.34	0.00	0.00	46,234.34	205,952.95	0
	14,727.29	0.00	-13,208.08	52,164.42	0.00	0.00	53,683.63	218,328.95	16.00
	-3,539.54	0.00	0.00	0.00	0.00	0.00	-3,539.54	0.00	0
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	279,635.69	4,049.37	-21,220.71	70,558.47	10,905.19	0.00	322,117.63	183,486.44	207
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,158,550.56	0
	704,540.00	4,049.37	-21,220.71	70,558.47	10,905.19	0.00	318,578.09	1,342,037.01	207
	719,267.29	**4,049.37**	**-34,428.79**	**122,722.89**	**10,905.19**	**0.00**	**372,261.72**	**1,560,365.95**	**223.00**

Notes to the Consolidated Financial Statements

HMS Bergbau AG, Berlin

Financial Year 2014

I. General information

The consolidated financial statements of HMS Bergbau AG for financial year 1 January to 31 December 2014 were prepared in accordance with German commercial law and the additional regulations of the German Stock Corporation Act (AktG), applying the relevant regulations of the German Accounting Law Modernisation Act (BilMoG).

The financial year of the Group and all companies included in the consolidated financial statements corresponds to the calendar year.

In accordance with Section 297 (1) of the German Commercial Code (HGB), the balance sheet, income statement, notes as well as cash flow statement and statement of changes in shareholders' equity were presented separately.

The income statement was prepared using the total cost method.

II. Basis of consolidation

1. Information on all Group companies

All German and foreign associated subsidiaries were included in the consolidated financial statements.

Name	Headquarters	Share in %	Shareholders' equity EUR thousand	Annual result EUR thousand
HMS Bergbau AG Iron Ore Division	Berlin	100	11	-3
HMS Bergbau Africa (Pty) Ltd.	Johannesburg	100	582	682
HMS Bergbau Singapore (Pte) Ltd.	Singapore	100	584	124
PT. HMS Bergbau Indonesia	Jakarta	100	-3,806	879
Silesian Coal Sp. z. o. o	Katowice	100	-149	-174
Masawu Coal (Pty) Ltd.	Johannesburg	49	1	1
Carbo-KH (inactive)	Kemrowo	33.3	–	–

The shares in Silesian Coal were acquired in 2014.

2. Investments

The parent company holds direct or indirect shares in the following investments:

- Carbo-KH, Kemerovo, Russia (inactive)
- Masawu Coal (Pty) Ltd.

The shares in Masawu Coal (Pty) Ltd. were acquired in 2014.

III. Consolidation principles

The annual financial statements of the consolidated subsidiaries were prepared on 31 December 2014, the same balance sheet date as the parent company.

The annual financial statements of the German subsidiaries were all prepared in accordance with German commercial law and the accounting and valuation principles of HMS Bergbau AG.

The annual financial statements of the foreign subsidiaries were prepared in accordance with the applicable laws of each country. They were reconciled with the financial reporting standards of the parent company. The balance sheet and income statement structure was adjusted to match that of the parent company.

The consolidated financial statements were prepared on the balance sheet date of the parent company.

1. Capital consolidation method

Pursuant to Section 301 (1) no. 1 HGB (old version), the capital of the fully consolidated companies for subsidiaries acquired prior to 1 January 2010 was consolidated on the date of acquisition according to the book value method by offsetting acquisition costs with the subsidiary's equity share at the time of acquisition or its initial consolidation. For subsidiaries acquired after 1 January 2010, the capital was consolidated on the date of acquisition according to the revaluation method pursuant to Section 301 (1) HGB. Shareholders' equity is measured at an amount equivalent to the present value of the assets, liabilities, accruals and deferrals, and special items included in the consolidated financial statements; this amount is to be reported at the time of acquisition.

2. Date of initial consolidation

The date on which capital must be consolidated, within the meaning of Section 301 (2) HGB, is offset is always the date of foundation by the parent company. The capital of subsidiaries established before the financial year is therefore also consolidated according to the value of the company at the time it was founded. Any profit and loss generated by the subsidiaries before 1 January 2010 was included in and offset against the profit reserve of the parent company. This did not result in a difference within the meaning of Section 301 (1) HGB (old version) for these companies.

Companies acquired after 1 January 2010 are included pursuant to Section 301 (2) HGB at the time the company became a subsidiary.

3. Company acquisitions and disposals

100 % of the shares in Silesian Coal were acquired in early February 2014; the company was then included in the consolidated financial statements of HMS AG as a subsidiary. The acquired company currently holds exploration licenses for the Orzesze and Studzionka-Mizerów regions. The acquired equity amounted to EUR -40 thousand as at the date of acquisition. The purchase price for the acquisition of shares, including incidental acquisition costs, amounted to EUR 213 thousand. This resulted in goodwill of EUR 252 thousand, which will be amortised over a period of five years. The development of the Orzesze region started in 2014. A total of some EUR 1.2 million was invested in 2014.

All shares in HMS Coal & Coke Trading GmbH were sold for a purchase price of EUR 1.00 effective 30 June 2014. The deconsolidation resulted in deconsolidation gains of EUR 240 thousand. The HMS Bergbau AG Coal Division was also deconsolidated during the financial year.

4. Debt consolidation

Mutual receivables and liabilities between the consolidated companies are offset and eliminated when consolidating the company's debt. Potential differences from the consolidation of intragroup receivables and liabilities denominated in foreign currencies are recognised in equity without affecting income.

5. Consolidation of costs and earnings, elimination of intercompany profits

Intragroup sales are offset against corresponding intragroup expenses.

Expenses and earnings from other business transactions between consolidated companies are also offset.

Intercompany profits from intragroup deliveries and services did not arise.

IV. Currency conversion principles

The consolidated financial statements are prepared in euros, the functional and reporting currency of the parent company.

In accordance with Section 308a sentence 1 HGB, the balance sheets of foreign subsidiaries are converted at the spot exchange rate prevailing on the balance sheet date and their income statements at the average annual rate in accordance with Section 308a sentence 2 HGB. Shareholders' equity is converted at the historical rate.

Differences arising from currency conversion for assets and liabilities are recognised in equity without affecting income.

Differences between the net annual income results from the conversion of income statement items were reported under consolidated net earnings as costs or earnings.

V. Accounting and valuation principles

Accounting and valuation

The consolidated financial statements comply with the applicable regulations of Section 298 HGB.

Intangible assets are valued at cost less scheduled amortisation.

Items of property, plant and equipment are recognised at cost less straight-line depreciation over their expected useful lives.

Receivables and other assets are recognised at nominal value or fair value as at the balance sheet date.

Defined benefit obligations are calculated according to the projected unit credit method, using the “2005 G” mortality tables compiled by Prof. Klaus Heubeck, assuming a fluctuation and salary trend of 0 %, a discount rate of 4.53 % (previous year: 4.88 %) and a pension trend of 2.0 % (previous year: 2.0 %). In financial year 2010, due to the first-time application of the German Accounting Law Modernisation Act (BilMoG), the amount allocated for pension provisions, calculated in accordance with actuarial principles, came to EUR 3,341 thousand, which will be spread over a period of 15 years pursuant to Article 67 (1), sentence 1, of the Introductory Act to the German Commercial Code (EGHGB). EUR 1,115 thousand of this sum was allocated as at 31 December 2014. The remaining amount, which comes to EUR 2,226 thousand, will be recorded to pension obligations, in an annual amount of EUR 223 thousand until the year 2024.

Tax provisions and other provisions take into account all discernible risks and contingent liabilities and are recognised to the amount of the settlement value, i.e. including expected increases in prices and costs.

Liabilities are recognised at their settlement value.

The conversion of business transactions concluded in foreign currencies is carried out using the spot exchange rate in accordance with Section 256a HGB.

VI. Notes on the consolidated balance sheet

The statement of changes in non-current assets shows the development of individual non-current assets.

As in the previous year, all receivables and liabilities have remaining terms of less than one year.

After offsetting against the claims from the assets serving purely for settling obligations, which had a fair value of EUR 1,532 thousand as at the balance sheet date, pension obligations amounted to EUR 3,863 thousand.

Deferred taxes arise largely from the difference in valuation of the provision for pensions and from the valuation of the loss carry-forward assessed as utilisable in the future. The calculation of the temporary differences uses the corporation and business tax rates for the financial year of 30.18 %. Calculation of taxes as at 31 December 2014 once again, as on the previous year's balance sheet date, resulted in a deferred tax asset surplus. The company has exercised the option in Section 274 HGB not to capitalise the tax relief calculated.

The subscribed capital in the amount of EUR 4,370,000.00 is comprised of 4,370,000 common bearer shares with a nominal value of EUR 1.00 each.

The capital reserve is attributable to the difference between the nominal value and the issue price.

Liabilities to banks amounted to EUR 2,238 thousand as at the balance sheet date (previous year: EUR 21 thousand) and all had terms of less than one year.

VII. Notes on the consolidated income statement

Revenues of EUR 128,235 thousand were generated in the financial year, mainly from the trade in coal products such as steam coal, coking coal and anthracite. Broken down by region, sales were generated in Asia (49 %), Africa (48 %) and Europe (3 %).

Material costs are attributable to the global purchase of steam coal, coking coal and anthracite.

Other operating earnings primarily include currency conversion gains (EUR 219 thousand) and earnings from release of badwill from capital consolidation (EUR 144 thousand).

Other operating expenses result primarily from legal and consulting expenses (EUR 454 thousand), vehicle and travel expenses (EUR 751 thousand), delivery costs (EUR 446 thousand), occupancy costs (EUR 271 thousand), currency conversion (EUR 382 thousand) as well as money transfer costs (EUR 178 thousand).

The financial result includes the net balance, amounting to EUR 525 thousand, of interest expenses on pension obligations and income from the pledged plan assets.

Extraordinary expenses include 1/15th of the addition of pension provisions resulting from the change in valuation pursuant to Section 253 (1) sentence 2 HGB.

VIII. Other information

1. Members of the Management Board and Supervisory Board

During the last financial year, the company's transactions were conducted by the Management Board, whose members are as follows:

- Herrn Heinz Schernikau, CEO,
- Herrn Bernd Sagemann, CFO (from 15 April 2014 until 20 August 2014),
- Herrn Steffen Ewald, CFO (since 1 March 2015)

The total remuneration of the Management Board in financial year 2014 – excluding additions to pension provisions – was EUR 307 thousand (previous year: EUR 387 thousand).

During the financial year, the Supervisory Board was composed of the following members:

- Herr Dr. Hans-Dieter Harig; engineer, retired, Chairman,
- Herr Dr. h.c. Michael Bärlein; Rechtsanwalt, Berlin, Deputy Chairman,
- Frau Michaela Schernikau; businesswoman, Managing Director, Berlin.

In the financial year, Dr. Hans-Dieter Harig was also a member of the Supervisory Boards of the following companies: E.ON Generation GmbH, Hanover, as well as Rheinkalk GmbH, Wülfrath.

In the financial year, Michaela Schernikau was also a member of the Supervisory Boards of the following companies: HMS Bergbau AG Iron Ore & Metals Division, Berlin; HMS Bergbau AG Coal Division, Berlin; and S+O Mineral Industries AG, Frankfurt am Main.

2. Remuneration of members of the Supervisory Board

In 2014, the members of the Supervisory Board received remuneration of EUR 83 thousand for their activities in 2012 and 2013. A corresponding allocation to provisions of EUR 50 thousand was taken into account for the remuneration for 2014.

3. Other financial obligations

On 31 December 2014, the Group's purchase obligations from traded contracts amounted to EUR 14,627 thousand, all relating to 2015.

Additional other financial liabilities largely arise from rental and leasing agreements. The maturities of liabilities are as follows:

Up to 1 year	EUR 194 thousand
Between 1 and 5 years	EUR 389 thousand
More than 5 years	EUR 0 thousand

4. Contingent liabilities

The Group had no contingent liabilities within the meaning of Section 251 HGB as at the balance sheet date.

5. Auditor's fee

The fee for the audit of the annual financial statements was EUR 55 thousand (previous year: EUR 60 thousand). The auditing firm did not carry out any other services for the company.

6. Annual average number of employees

The average number of people employed during the financial year from 1 January to 31 December 2014 was 28.

7. Types of shares

HMS Bergbau AG has share capital worth EUR 4,370,000.00 , divided into:

4,370,000 common bearer shares at a nominal value of EUR 1.00 each.

8. Authorised capital

On the balance sheet date, HMS Bergbau AG still had EUR 2,135,000.00 in authorised capital.

Berlin, June 26, 2015

Heinz Schernikau	Steffen Ewald
CEO	CFO

Auditor's report

We have audited the consolidated financial statements prepared by HMS Bergbau AG, Berlin, comprising the balance sheet, the income statement, the notes to the consolidated financial statements, the cash flow statement, and the statement of changes in equity, together with the group management report for the financial year from 1st January to 31st December 2014. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law is the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB ("Handelsgesetzbuch": German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with [German] principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements [and supplementary provisions of the partnership agreement/articles of incorporation and bylaws] and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with [German] principles of proper accounting. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks relating to future development.

Berlin, June 26, 2015

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

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Notes

Notes

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updated: June 2015