Consolidated financial statements 2009

The English version of the consolidated financial statements 2009 of HMS Bergbau AG is a one-to-one translation of the audited consolidated financial statements 2009 of HMS Bergbau AG. The English version is not audited; in the event of variances, the German version shall take precedence over the English translation.

HMS Bergbau AG
Berlin

Management report

Financial year 2009

1 OVERVIEW

HMS Bergbau AG is one of the leading independent coal trading companies in Germany. Our core business is the international purchasing and selling of coal products. We supply major power plants and other industrial customers worldwide. HMS Group mainly operates in Eastern Europe and Asia. We handle the entire transport logistics chain for customers and we are in the process of accessing our own raw materials resources. HMS Group also develops environmental technologies, particularly in the field of subterraneous CO_2 storage (CSS process).

The following table shows the HMS Group structure:

	HMS Bergbau AG	Berlin, Germany
100%	HMS Bergbau Polska Sp. z o.o.	Katowice, Poland
100%	HMS Niwka Coal Production Sp. z o.o.	Katowice, Poland
100%	PT. HMS Bergbau Indonesia	Jakarta, Indonesia
51%	HMS Bergbau AG Oil & Gas Division	Berlin, Germany
100%	HMS Bergbau AG Iron Ore & Metals Division	Berlin, Germany
100%	HMS Bergbau AG Coal Division	Berlin, Germany
25.1%	KGHM HMS Bergbau AG	Berlin, Germany

Our business model takes into consideration current trends and especially long-term developments in the international raw materials markets. It is based on:

- **Price developments**: Highly volatile price developments can result in fluctuating margins at all stages of the value added chain. Vertical integration can provide long-term competitive advantages, particularly when taking into account expected future price increases. Market fluctuations can also be effectively counteracted.

- **Internationalisation of the markets**: The raw materials markets are continuing to grow closer as a result of international trade and improved logistics. This also increases competition.

- **Investment requirements**: Vertical integration means investing in our own resources to ensure that future supply covers the growing demand for energy.

Our strategy of vertical integration, i.e. covering the entire value added chain from mining to logistics to customer deliveries, therefore rests on the following basic principles:

- **Strong trade business:** The foundation for our future growth and success as a business is the further expansion of our trade with solid and strong contributions to value.

- **Growth:** We aim to sustainably increase earnings and generate long-term competitive advantages through adequate growth as part of our vertical integration strategy.

- **Company culture:** HMS company culture is defined by being performance-oriented and at the same time increasing HMS Group’s positive image as an employer. We aim to secure and strengthen our position in the competition for finding qualified staff.

2 BUSINESS AND ECONOMIC ENVIRONMENT

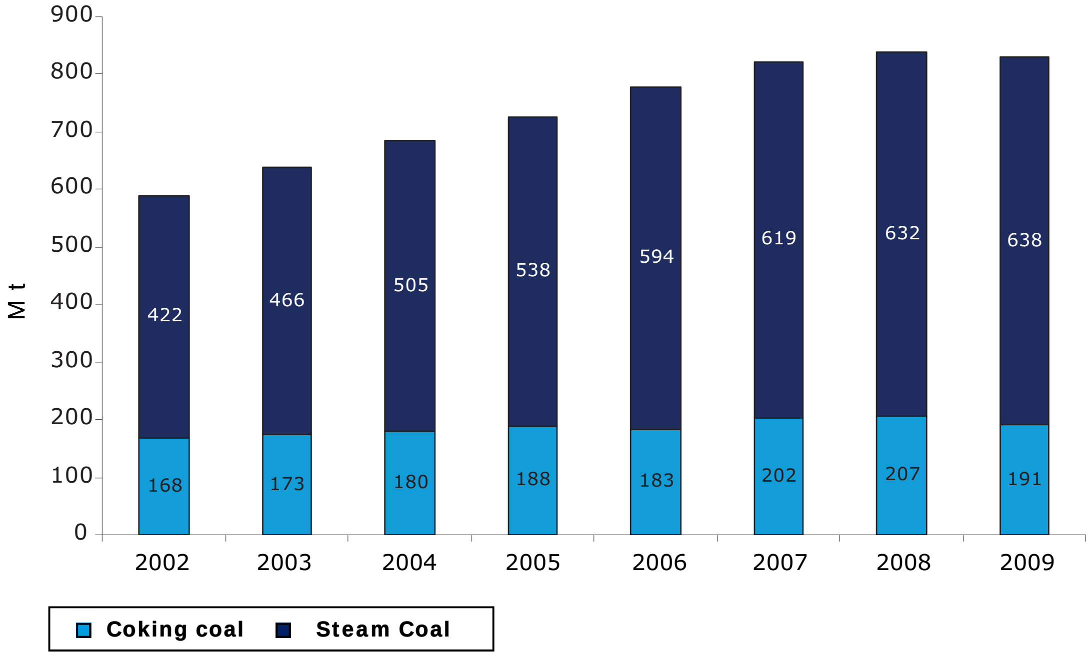
The global financial and economic crisis in financial year 2009 was a major challenge for HMS Group, like for many other companies. Intensive competition, economic slumps, fluctuating demand and increased financing costs did not just prove to be a big challenge to our operations but we also had the added responsibility to the economy and society as a whole to ensure a reliable supply of raw materials.

International market

International coal output went up by 100 to 150 million tonnes in 2009. According to first projections, around 6 billion tonnes of coal were mined in 2009. While coal output increased in China, India, Australia and Indonesia, it decreased in the USA and Russia. The net balance however was positive.

In 2009, seaborne coal trade dropped slightly for the first time in many years by 1.2% from 839 million to 829 million tonnes. While steam coal trade continued to grow by almost 1% from 632 million tonnes to 638 million tonnes despite the global economic crisis, the trade in coking coal fell by 16 million tonnes (7.7%) from 207 million tonnes to 191 million tonnes. Lower demand in the Atlantic market, particularly in steam coal, was offset by healthy demand from Asia.

Development of global seaborne coal trade 2002 - 2009



Source: Verein der Kohleimporteure (VDKI), Schreiben zum Neujahresempfang, 15.01.2010, Hamburg

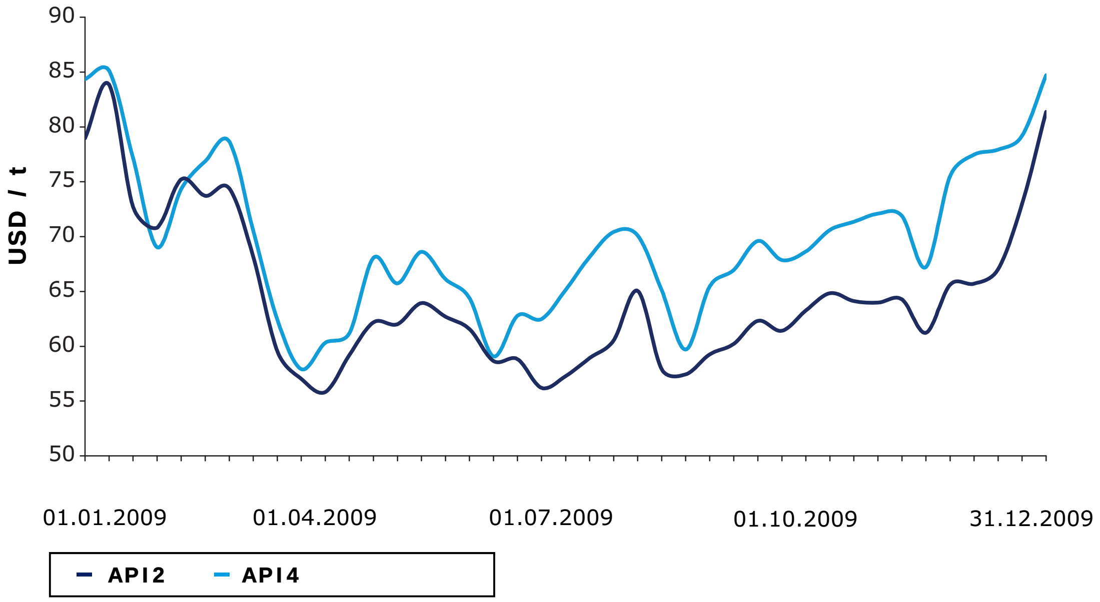
Russia, South Africa, Columbia and the USA are the most important exporters for the Atlantic market, and Indonesia, Australia and South Africa for the Pacific market. In 2009, Japan was the most important importer world wide, followed by South Korea, Taiwan, India, China and the two European countries Great Britain and Germany. For some years now, the majority of trade has been shifting from the Atlantic to the Pacific market. Traditional suppliers in the European market such as South Africa and Russia started exporting to the Pacific in 2009.

According to calculations by the Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen), hard coal consumption in Germany dropped by 7% to around 453 million tonnes HCU in 2009 due to the recession (1 kg HCU is the equivalent of the amount of energy released when burning one kilogram hard coal. 1 kg HCU = 7,000 kcal = 29.3076 MJ = 8.141 kWh; a tonne of HCU corresponds to these figures multiplied by 1,000). Hard coal was the worst affected as it is mainly used as an industrial source of energy. In 2009, hard coal consumption in Germany went down by 18% from 61.4 million tonnes to 50.3 million tonnes. Imports to Germany therefore decreased considerably as well in 2009. Germany imported a total of 38.3 million tonnes hard coal in 2009, almost 10 million tonnes (22%) less than in the previous year. Due to the overall economic situation, individual import volumes also dropped significantly in 2009. More than ever it became apparent that one of the effects of the global financial and economic crisis in 2009 was that customers were becoming increasingly cautious about entering into new agreements. All in all, the coal market slumped considerably in 2009, resulting in fewer sales and unused transport and logistics capacities.

Coal prices (API2 – DES ARA) in 2009 were around 50% – a considerable amount – down on top prices in 2008. At the same time, freight rates fell, remaining between USD 10 to USD 20 per tonne for the benchmark route Richards Bay to Rotterdam.

Compared to the previous year, the market was not quite as volatile in 2009. Coal prices (API2 – CIF ARA price) in 2009 fluctuated between the top price of USD 85.13 per tonne at the beginning of January to the lowest price of USD 57.91 per tonne at the beginning of March. The following chart shows the price developments of the two most important price indices API2 and API4 during 2009. In the first quarter of 2010, the upward trend indicated in the fourth quarter in 2009 continued.

API2 and API4 prices in 2009



Source: Argusmedia.com

Developments in the international coal market have fully confirmed HMS Group's principle of not taking on any risky coal transactions. Although other competitors managed to generate considerable profit with this strategy in the past, they also suffered huge losses. By employing a "back to back" policy, i.e. entering into purchasing and sales agreements at the same time, and by consistently selecting reliable business partners, HMS, on the other hand, did not suffer any loss of performance in financial year 2009. We fundamentally believe in long-term, reliable and strong cooperation and manage to avoid losses to a large extent in return. We did notice the effects however of our customers' reluctance to enter into new agreements.

Trade

In 2009, HMS Group's trading volumes decreased due to the general economic environment. The number of spot transactions dropped in particular. They had provided steady earnings in previous years and the Company plans to increasingly engage in them again in the future. The Group company HMS Polska developed steadily in financial year 2009 with its activities in the Polish market. We already noticed in 2008 that some Polish customers did not honour their agreements as soon as the markets started slumping. In 2009, we therefore focused our operations on selecting the right contractual partners in Poland. This will remain the focus of local management in 2010 as well. We also deliberately worked on reducing Polish inventories, which are required due to specific local market conditions, to their absolute minimum.

HMS Group plans to continue expanding its trade in hard coal in the coming years with focus on:

- Germany, the Benelux countries and Scandinavia with supplies being sourced from Russia, Poland, South Africa, Indonesia, Columbia and the USA,
- Poland with supplies being sourced from Russia,
- India with supplies being sourced from South Africa and Indonesia, and
- China with supplies being sourced from Indonesia and Russia.

We are planning to expand our international trading activities locally in the Indian market via our representation in Mumbai, India, which we established together with our local partner Growell Resources & Management Pvt. Ltd. Growell was founded in 1992 by Ashok Gandhi and has since been successfully trading in raw materials, chemicals and fertilisers. The goal of this cooperation is to simplify imports to India and provide better service to our Indian customers. Both partners contribute their value added chains and therefore their expertise. While Growell has a wide-spread network of large customers and SMEs within the local industry, we are going to provide our know-how of coal sourcing from Indonesia and South Africa as well as of international logistics processes. We are confident that together we will have a much stronger presence in the quickly growing global coal import market.

We also plan to develop the sale of coal from own resources in future.

Raw materials production

We consistently continued implementing a strategy of accessing our own raw materials reserves in 2009. We are continuing negotiations with various suppliers in Indonesia to secure access to exclusive marketing rights of reserves by entering into joint ventures or cooperations or to obtain new licenses, thus ensuring that the Group has sufficient raw materials at its disposal in the long term.

The application for a license for reopening a Polish mine, submitted in 2008, is looking positive. We expect to receive this mining license in 2010. As there were delays, particularly due to difficulties in revoking a license for a small part of the licensed region, it was not possible to keep to the original schedule. It should be possible to increase production in Poland to approximately 2.1 million tonnes per year within three to four years after receiving the license.

In the reporting period, HMS Niwka Coal Productions Sp. z o.o. in turn only carried out preliminary work for this project.

Logistics

The Logistics division is particularly important for transporting coal from HMS Group's own reserves to customers in future while maintaining the best-possible control over the entire process and for processing acquired coal by sifting, sorting or mixing it to suit customers' requirements. In financial year 2009, HMS Group started developing a long-term cooperation with a local partner in Poland. Together, both companies process coal to customers' specifications at a logistics centre in Silesia and mainly sell it to South Poland. HMS' main responsibility is to supply different typs of coal. We are aiming to enter into other cooperation agreements – in other areas of Poland as well.

In Indonesia, HMS Group acquired a harbour, thus further implementing its long-term strategy and continuing to expand the value added chain production – logistics – trade. Amongst the reasons for this investment are also increasing control over the logistics chain, the possibility of processing coal to suit the requirements of the market and generating long-term earnings from the logistics business in third-party coal.

Research and development

The global environmental drive for reducing greenhouse gases is a long-term challenge for the energy industry. HMS Bergbau AG Oil & Gas Division, Berlin, started a project for the subterraneous storage of CO_2 in the State of Mecklenburg-Vorpommern to close the technological cycle of coal combustion. Although the German government has indefinitely postponed passing a law on CSS technology, we are convinced that there will be no other alternative in the long run. We will therefore continue exploring the subject of CO_2 storage on our own accord. At present, we are examining the suitability of the aquifer structure in which the CO_2 is to be stored.

Another current development project of HMS Group is the search for copper, together with the Polish company KGHM, the eighth-largest copper producer and second-largest silver producer in the world. HMS Bergbau AG holds 25.1% in the joint company KGHM HMS Bergbau AG, founded in June 2009. The Company has received a license for prospecting for copper in the State of Sachsen. It currently plans to produce a detailed assessment of available reserves.

Employees

HMS Group participates intensively in the international competition for qualified employees. We therefore aim for long-term employment relationships between staff and HMS Group. Company management continues to focus on on-going employee development – together with highly specialised and continuing training – to reach the Company's strategic goals. Suitable new employees have already been hired with plans for more in the future. Risks resulting from employee fluctuations are accounted for with planning for successors and substitutes. An employee training concept was developed and implemented, particularly for new employees.

3 RESULTS OF OPERATIONS

Results of operations of HMS Group in financial year 2009 compared to the previous year were as follows:

	2009		2008		Change	
	€ thousand	%	€ thousand	%	€ thousand	%
Sales = Total performance	**73,709**	**100**	**167,821**	**100.0**	**-94,112**	**-56.1**
Cost of materials	70,041	95	160,283	95.5	-90,242	-56.3
Personnel costs	990	1	1,380	0.8	-390	-28.3
Depreciation	64	0	40	0.0	24	60.0
Other operating costs ./. other operating earnings	2,173	3	4,652	2.8	-2,479	-53.3
Taxes (excluding income taxes)	20	0	2	0.0	18	>100.0
Operating costs	**73,288**	**99**	**166,357**	**99.1**	**-93,069**	**-55.9**
Operating earnings	**421**	**1**	**1,464**	**0.9**	**-1,043**	
Earnings from investments and financial result	-125		-337		212	62.9
Earnings before income taxes	**296**		**1,127**		**-831**	**-73.7**
Income taxes	193		491		-298	-60.7
Minority interests	21		32			
Annual result (excluding minority interests)	**124**		**668**		**-533**	**-79.8**

Coal prices in 2009 were around 50% – a considerable amount – down on prices in the previous year, significantly reducing sales year on year. At the same time, volumes decreased due to the economic situation, which growing volumes in Poland were not able to completely offset. The increase of the materials usage ratio is mainly due to our business in Poland, where positive margins from drop shipping were offset by losses from the reduction of inventory levels. This effect was not compensated by the reduced materials usage ratio in the business of the parent company, which was the result of commissions accounting for a larger percentage of total business.

Staff costs went down despite hiring new employees in the divisions Asia Trade and finances due to the remuneration system for the Management Board being adjusted to reflect the Group's business developments; for financial year 2009, Management Board members did not receive any performance-related bonuses.

Other expenses less other earnings decreased, mainly as a result of lower selling costs as well as lower legal and consulting costs in connection with the Company’s IPO in 2008. This drop however is offset by significant one-off expenses in connection with the expansion of the Group’s international activities, which had a negative effect on net earnings for the period. Especially €0.2 million in expenses for reopening the Polish mine impacted earnings.

Changes in the financial result are reflected in the Company using its credit line for financing trade. Only HMS Bergbau AG incurred significant income tax expenses.

4 NET ASSETS

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

	31.12.2009		31.12.2008		Changes	
	€ thousand	%	€ thousand	%	€ thousand	%
Assets						
Fixed assets	393	1.4	447	1.9	-54	-12.1
Inventories	459	1.6	6,055	25.6	-5,596	-92.4
Receivables	16,652	59.2	9,539	40.3	7,113	74.6
Cash and cash equivalents	2,279	8.1	5,090	21.5	-2,811	-55.2
Other assets	8,335	29.6	2,519	10.7	5,816	>100.0
	28,118	**100.0**	**23,650**	**100.0**	**4,468**	**18.9**
Capital						
Equity	7,137	25.4	6,918	29.3	219	3.2
Non-current liabilities	2,552	9.1	3,953	16.7	-1,401	-35.4
Current liabilities	18,429	65.5	12,779	54.0	5,650	44.2
	28,118	**100.0**	**23,650**	**100.0**	**4,468**	**18.9**

The significant drop in inventories, comprising €0.2 million in prepayments made for coal deliveries and inventories with a book value of €0.3 million, is due to the sale of inventories in Poland. The remaining inventories amount to approximately 3,100 tonnes and are therefore sufficient to cover the Polish market and its special requirements. HMS Bergbau AG also recorded a considerable decrease in prepayments. At the end of 2009, these came to €0.2 million (previous year: €3.5 million).

Receivables all related to trade receivables from power plant operators in Germany and customers in Poland. On the balance sheet date, an € 8.3 million receivable from a local Polish customer was secured with reservations of title to the delivered coal. Other collaterals were also employed in 2010, such as a supplier of HMS Polska providing a guarantee for said receivable. The significant rise year on year is mainly due to a larger number of deliveries in the fourth quarter and the sale of the majority of Polish inventories shortly before the end of 2009.

Other assets primarily include a receivable from exercising an option, which secured HMS Group's asset positions in connection with its 10% investment in IMCM, which has been sold in the meantime. This receivable was paid in 2010. Plan assets for pension obligations are also recognised in this item.

Non-current liabilities include pension obligations and a €1.5 million promissory note loan, which matures in 2012. The Company has current liabilities to suppliers and to banks for financing trade. The increase corresponds to the change in trade receivables.

5 FINANCIAL POSITION

Cash and cash equivalents developed as follows in financial year 2009:

	2009 € thousand
1. Cash flow from current operating activities	-2,881
2. Cash flow from investment activities	-46
3. Cash flow from financing activities	80
4. Cash and cash equivalents at the end of the period	
Changes of cash and cash equivalents affecting payment	-2,847
Cash and cash equivalents at the beginning of the period	5,090
Changes to cash and cash equivalents from exchange rates	36
Cash and cash equivalents at the end of the period	2,279
5. Composition of cash and cash equivalents	
Cash and cash equivalents	2,279

The negative cash flow from current operating activities reflects the high volume of receivables at the end of the year, which are expected to be paid in 2010, but for which the Company has already paid suppliers in financial year 2009. We have made it our goal in financial year 2010 – particularly for our subsidiaries – to reduce net working capital (current assets less current liabilities) and therefore reduce the amount of tied current assets. At the same time, one-off expenses in connection with the expansion of the Group's international activities had a negative impact on the cash flow from operating activities.

The Company's capital resources are planned to be increased again so that it will be possible to carry out the plans for expanding HMS Group and implementing its strategic goals.

6 INFORMATION ON THE FINANCIAL STATEMENTS OF HMS BERGBAU AG

HMS Bergbau AG is the parent company of HMS Group. It is responsible for the central control functions – strategy, finance, accounting/controlling – and all important trading activities. The majority of trade agreements are conducted via the Company; the activities of HMS Bergbau AG are therefore a key factor for the situation of the entire HMS Group.

The annual financial statements of HMS Bergbau AG, which are audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and issued with an unqualified audit opinion, are published in the electronic Federal Gazette (Bundesanzeiger).

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 :

	31.12.2009		31.12.2008		Changes	
	€ thousand	%	€ thousand	%	€ thousand	%
Assets						
Fixed assets	677	3.5	370	2.2	307	83.0
Inventories	173	0.9	3,507	20.5	-3,334	-95.1
Non-current receivables	1,357	7.0	3,280	19.1	-1,923	-58.6
Current receivables	15,455	79.9	5,083	29.6	10,372	>100.0
Cash and cash equivalents	1,652	8.5	4,901	28.6	-3,249	-66.3
Other assets	27	0.1	8	0.0	19	>100.0
	19,341	**100.0**	**17,149**	**100.0**	**2,192**	**12.8**
Capital						
Equity	7,204	37.2	6,823	39.8	381	5.6
Non-current liabilities	2,548	13.2	3,953	23.1	-1,405	-35.5
Current liabilities	9,589	49.6	6,373	37.2	3,216	50.5
	19,341	**100.0**	**17,149**	**100.0**	**2,192**	**12.8**

	2009 € thousand	%	2008 € thousand	%	Changes € thousand	%
Sales = Total performance	**56,346**	**100**	**159,427**	**100**	**-103,081**	**-65**
Cost of materials	53,894	96	154,662	97	-100,768	-65
Personnel costs	882	2	1,303	1	-421	-32
Depreciation	32	0	34	0	-2	-6
Other operating costs ./. other operating earnings	958	2	2,247	1	-1,289	-57
Taxes (excluding income taxes)	1	0	1	0	0	0
Operating costs	**55,767**	**100**	**158,247**	**99**	**-102,480**	**-65**
Operating result	**579**	**1**	**1,180**	**1**	**-601**	
Earnings from investments and financial result	-3		-1		-2	<-100
Earnings before income taxes	**576**		**1,179**		**-603**	**-51**
Income taxes	195		353		-158	-45
Annual result	**381**		**826**		**-445**	**-54**

Net assets

As HMS Bergbau AG engages in trading activities, its net assets are mainly influenced by receivables from customers and current trade liabilities to banks.

Net assets are also impacted by implementing the central control functions and pursuing the Group's strategic goals, but also to a large extent by a high amount of other assets – €6.0 million in other receivables from exercising an option within the scope of securing the Company's activities in Indonesia, a total of €1.3 million in assets from the reinsurance of pension obligations, and €0.5 million in other receivables from the financing of a prepayment for property rights, which are to be acquired in connection with the reopening of the Polish coal mine. The receivable from exercising the option was repaid in 2010.

Non-current liabilities pertain to pension provisions and a promissory note loan of €1.5 million.

The equity ratio of HMS Bergbau AG was 37.2% on 31 December 2009.

Financial position

The financial position of HMS Bergbau AG also reflects the Company's functions. Current liabilities to banks of €5.7 million were incurred as a result of trade financing within the scope of current operating activities and €3.0 million in promissory note loans are available for strategic projects. Receivables within the Group mainly result from loans used for financing subsidiaries.

Results of operations

Ordinary trading activities are a major influence on results of operations of HMS Bergbau AG. Reduced gross profit was partially offset by lower operating expenses, especially legal and consulting costs in connection with the Company's IPO in 2008 and selling costs such as commissions. Staff costs went down at the same time, mainly due to lower performance-based remuneration for financial year 2009 being paid. The hiring of new staff partially offset this effect. The materials usage ratio decreased as the Company carried out a larger percentage of commission business than in the year before. Subsidiaries did not transfer any profits or losses in 2009; earnings from investments and financial result were mainly generated by interest expenses in connection with trade financing.

7 EVENTS AFTER THE BALANCE SHEET DATE

We are not aware of any other events of particular importance for the Company's net assets, financial position and results of operations after the balance sheet date.

8 RISKS AND OPPORTUNITIES

The Management Board of HMS Bergbau AG is responsible for the Group risk management. It is integrated in all operational processes at HMS Group. Future opportunities and risks are identified, classified, evaluated, controlled and monitored as part of business operations. It is our policy to only assume 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 significant impact on the Company's net assets, financial position and results of operations:

Price fluctuations

Price fluctuations do not affect the margins of transactions in the case of typical "back to back" business and when entering into index-based purchasing and sales agreements, which account for the majority of our transactions. If, on the other hand, fixed prices are agreed upon, e.g. in the case of small numbers of spots, price risks could occur. We evaluate such risks on a daily basis as part of our risk management system, taking into account current forward prices and expected volatility. The Company will stand by its principle of not assuming any significant risks when purchasing or selling goods and services. We will continue our attempts to realise genuine "back to back" transactions with top rated suppliers and customers.

Financial risks

Exchange rate and interest rate fluctuations can have a significant impact on HMS Group's earnings. Financial risk management, i.e. mainly the use of currency futures for hedging currency risks, is carried out by the individual Group companies under the supervision and control of HMS Bergbau AG. The Group companies must evaluate and if necessary hedge all currency risks. Changes to interest rates, 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. Variable interest rates are exchanged for fixed interest rates, if this is sensible in the long term with regard to risk management.

Business partner credit rating

Credit risks arise from our business relationships with customers and suppliers. They have at times increased as a result of the financial and economic crisis. Our risk management aims at keeping these within reason from an economical point of view. If we discern any risks, we obtain corresponding collaterals. Receivables are insured if economically viable.

Risks and opportunities resulting from Company strategy

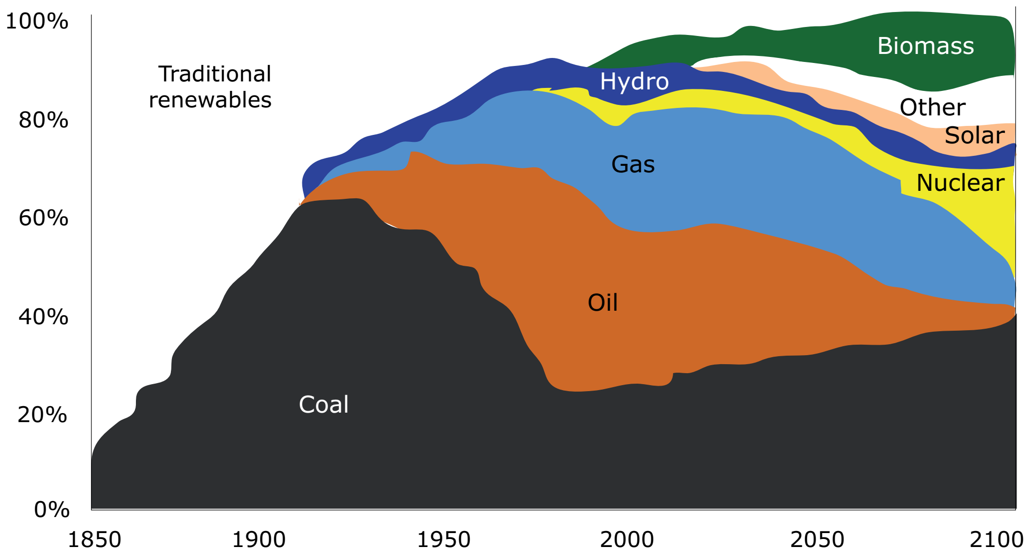
Decisions on investments and acquisitions are made by employing an assessment and approval process, as they carry considerable opportunities and risks. Experts are also consulted in certain cases. The Management Board of HMS Bergbau AG makes the final decision and if necessary obtains the approval of the Supervisory Board. Opportunities and risks of potential acquisitions must be thoroughly assessed and evaluated, particularly in the future Raw Materials Production division. The main factors to examine are the size of the reserve, logistics infrastructure, financial situation, legal requirements, management and political situation. Our risk management system implements measures such as obtaining expert advise and reports. In the Trade division, we are able to recognise opportunities and risks at the earliest possible stage by intensively monitoring and analysing markets and competitors.

Overall, the risk management system places HMS Group in a position to mitigate the above risks and utilise any resulting opportunities.

9 FORECAST REPORT

Compared to other energy sources, coal has the largest reserves and resources in the world. According to calculations by the Federal Institute for Geosciences and Natural Resources (Bundesamtes für Geowissenschaften und Rohstoffe – BGR), coal amounts to around 54% (721 Gt HCU) of non-renewable energy reserves and around 82% (14,856 Gt HCU) of resources. 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 rise far above average.

According to the IEA (International Energy Agency), demand for hard coal will increase by 61% between 2006 and 2030. The largest driver of this development is the growing world population, which is going to reach 8.2 billion by 2030. Energy consumption will outgrow the global population, as consumption per head is expected to rise. The share of coal in global power production will go up from 40% today to 45% in 2030. Over the next 50 years, a primary energy matrix without coal is unimaginable. The following chart shows the growing importance of coal compared to other energy sources.

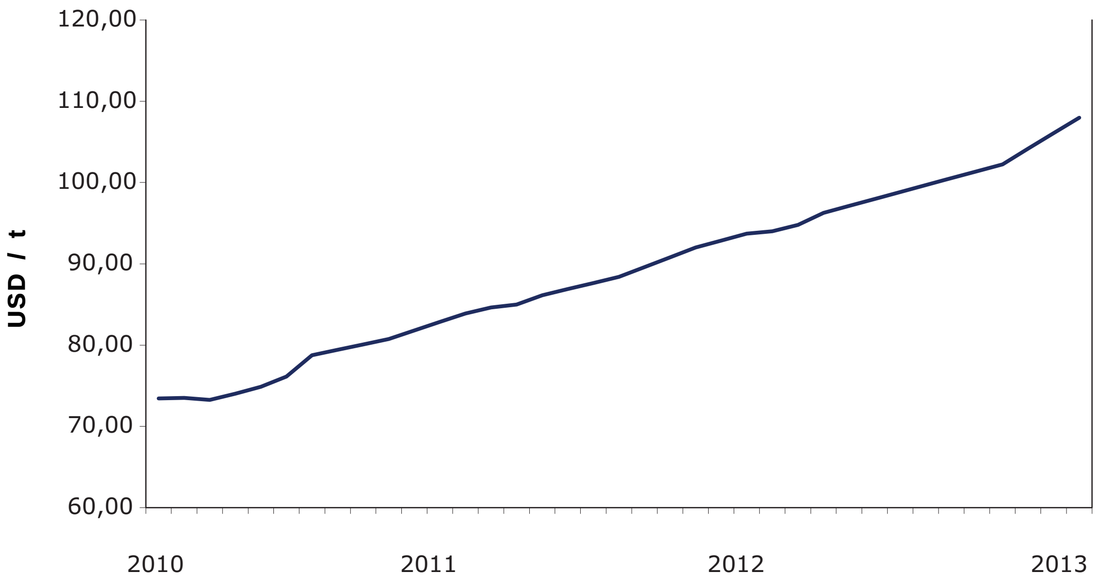


Source: Economics of International Coal Trade or the Renaissance of Steam Coal; Dissertation Lars Schernikau

The development of global energy consumption in recent years, with coal being the fastest growing primary energy source, will continue in the years ahead. Significantly increasing demand from the Pacific region and a slowly recovering demand in Europe will lead to rising coal prices in the coming years. Industrialisation, population growth, electrification of rural areas and considerable dependency on coal as an energy source for power production, especially in India and China, are steeply pushing up demand in the region. In China alone, 90 GW new power plant capacities will join the grid, the majority of which will be generated from coal. We expect the Pacific region to continue growing in importance as the largest sales market. HMS Group is therefore increasingly focusing its strategic orientation on Asia. In our opinion, Indonesia will become one of the most important mining markets in the coming years as it has excellent resources, favourable mining conditions and a central location in the Pacific region. We can see significant growth potential – particularly for securing large coal resources and developing our own transshipment centres. By securing our own resources, we are aiming to guarantee supply in the long term for our customers in the Asian market. We anticipate rising prices in the global market. Securing our own resources, and consequently the expansion of the value added chain to include all steps from production to end customer sales, therefore play an essential part in strengthening our market position in the long term.

The price hikes in coming years are reflected in today's futures prices on the API2 Index (CIF ARA):

Price development of ARA Coal futures



Source: European Energy Exchange EEX, EEK.com, Marktdaten, Quartals-Futures ARA Coal

The European economy is expected to recover slightly in 2010 and 2011. We therefore anticipate that industrial production, ergo coal consumption, is going to slowly recover as well. We are concentrating our efforts on concluding new long-term agreements with European power plant operators, especially in Germany and Poland. The main focus in financial years 2010 and 2011 remains on further strengthening our market position and determinedly implementing our future projects. In Asia and Poland, this mainly includes developing our own production.

The beginning of financial year 2010 has been extremely positive. Incoming orders were at their highest in five years, exceeding total volume of the previous year straight away in the first months. HMS Group benefited, amongst other things, from improving market conditions, European coal imports and its strategic Group structure. The recently concluded agreements with a large German power plant operator for the delivery of steam coal were particularly important. Initial trading volumes for this partner amount to around 400,000 tonnes. We were also able to enter into an exclusive agreement with a coal producer in Indonesia. This long-term contract secures a significant annual trading volume of steam coal for HMS Group. This is another major step in securing large, high-quality coal resources. We continue to see considerable growth potential in Indonesia.

In 2010, we secured our own, strategically important, logistics in Indonesia with a harbour project – we acquired a harbour in South Kalimantan. It improves our control over the logistics chain, makes it possible to process coal to suit the requirements of the market and also provides the opportunity to generate long-term earnings from logistics business. We invested €6.3 million in this project.

Considering the Group’s development in Germany, Poland, India, Pakistan and Indonesia, we are extremely positive about the coming financial years. We expect rising sales in financial years 2010 and 2011, due to economies of scale and price effects, and a higher gross margin. The anticipated positive trend should also have a positive effect on Group EBITDA. We intend to further improve HMS Group’s capital resources to be able to develop our strategic goals.

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 regularly reviews it. It also determines remuneration for individual Management Board members.

Management Board remuneration comprises fixed, variable and performance-related components. Fixed remuneration is paid as a monthly salary, irregardless of performance. Management Board members also receive additional non-cash benefits. They mainly consist of the private use of a company car and accident insurance; both are taxable. Performance-related remuneration is dependent on the Company’s annual result and personal performance of Management Board members. One Management Board member received share options within the scope of the conditional capital 2009/I decided on by the Annual General Meeting. Relevant targets and a waiting period of four years were agreed.

The remuneration of the Chief Executive Officer also includes pension commitments.

11 STATEMENT IN ACCORDANCE WITH SECTION 312 (3) OF THE GERMAN STOCK CORPORATION ACT (AKTG)

According to the knowledge available to HMS Bergbau AG at the time of carrying out a legal transaction with an associated company, it received appropriate compensation for each legal transaction and neither implemented measures nor refrained from implementing measures neither on behalf of nor in the interest of the controlling company or an associated company during the reporting period .

12 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. Those statements are based upon plans, estimations 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 naturally are 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 and does not intend to update such statements in view of new information or future events.

Berlin, June 2010

Heinz Schernikau	Sebastian Giese
CEO	CFO

Consolidated balance sheet as of 31 December 2009

Assets		31.12.2009	31.12.2008
	EUR	EUR	EUR
A. Non-current assets			
I. Intangible assets			
1. Licenses, industrial property rights, similar rights and values and licenses in such rights and values	220.00		360.00
		220.00	**360.00**
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land	242,525.38		259,522.61
2. Other equipment, office and factory equipment	139,344.40		150,678.00
3. Advance payments and assets under construction	3,654.60		0.00
		385,524.38	**410,200.61**
III. Financial assets			
Investments in associates	7,631.51		35,548.39
		7,631.51	**35,548.39**
		393,375.89	**446,109.00**
B. Current assets			
I. Inventories			
1. Finished goods and products	282,090.83		5,210,732.88
2. Advance payments	176,844.76		843,777.18
		458,935.59	**6,054,510.06**
II. Receivables and other assets			
1. Trade receivables	16,651,359.97		4,830,737.10
2. Receivables from associates	0.00		4,708,157.61
3. Other assets	8,232,597.60		2,421,283.75
		24,883,957.57	**11,960,178.46**
III. Cash and cash equivalents		**2,278,513.18**	**5,090,288.19**
		27,621,406.34	**23,104,976.71**
C. Accruals and deferrals		**102,585.43**	**97,959.79**
		28,117,367.66	**23,649,045.50**

Shareholder's equity and liabilities		**31.12.2009**	**31.12.2008**
	EUR	**EUR**	**EUR**
A. Shareholder's equity			
I. Subscribed capital		**4,000,000.00**	**4,000,000.00**
II. Capital reserve		**1,951,000.00**	**1,910,200.00**
III. Profit reserves			
1. Statutory reserve		5,112.92	5,112.92
2. Other profit reserves		1,173,158.45	364,666.05
IV. Consolidated net profit		**-16,447.11**	**668,064.18**
V. Difference in equity due to currency conversion		**4,634.16**	**-31,302.50**
VI. Minority interests		**19,054.00**	**531.00**
		7,136,512.42	**6,917,271.65**
B. Provisions			
1. Pension provisions and similar obligations	1,051,827.36		952,661.00
2. Tax provisions	20,447.24		43,791.00
3. Other provisions	476,713.10		672,753.51
		1,548,987.70	**1,669,205.51**
C. Liabilities			
1. Liabilities to banks of which with a remaining term of up to 1 year €13,989 thousand (previous year: €8,828 thousand)	15,438,494.52		11,755,871.13
2. Trade payables of which with a remaining term of up to one year €3,030 thousand (previous year: €2,714 thousand)	3,029,642.27		2,713,995.81
3. Other liabilities of which to shareholders € 0 thousand (previous year: € 0 thousand) of which from taxes €25 thousand (previous year: €421 thousand)	963,730.75		592,340.57
		19,431,867.54	**15,062,207.51**
D. Accruals and deferrals		**0**	**360.83**
		28,117,367.66	**23,649,045.50**

Consolidated income statement 2009

		2009	2008
	EUR	EUR	EUR
1. Sales		73,708,606.91	167,821,078.85
2. Other operating earnings		1,369,757.52	3,428,746.55
		75,078,364.43	171,249,825.40
3. Cost of materials			
a) Costs for raw materials and supplies and for goods purchased	70,027,077.42		160,233,267.62
b) Cost for services purchased	13,600.00		49,950.00
		70,040,677.42	160,283,217.62
4. Personnel costs			
a) Wages and salaries	820,102.55		1,049,629.33
b) Social security costs and pension and support costs – of which for pension obligations €68,624.96 (previous year: €245,826.58)	169,934.71		330,153.34
		990,037.26	1,379,782.67
5. Amortisation of intangible non-current assets and depreciation of property, plant and equipment		63,980.25	39,597.44
6. Other operating expenses		3,542,297.69	8,080,739.32
7. Costs from investments	4,920.00		0.00
8. Other interest and similar earnings	472,062.01		400,234.59
9. Interest and similar expenses	591,696.16		736,964.88
		-124,554.15	-336,730.29
10. Earnings from ordinary activities		316,817.66	1,129,758.06
11. Income taxes		193,405.43	491,466.59
12. Other taxes		20,108.12	2,136.29
13. Net profit for the period		**103,304.11**	**636,155.18**
14. Profit carried forward from the previous year		-140,428.22	0.00
15. Loss attributable to minority interests		20,677.00	31,909.00
16. Consolidated net profit		**-16,447.11**	**668,064.18**

Consolidated cash flow statement 2009

	2009 € thousand	2008 € thousand
1. Cash flow from current operating activities		
Net earnings for the period (including minority interests) before extraordinary items	103	668
Depreciation and amortisation on non-current assets	64	40
Decrease in provisions	-121	-181
Other non-payment related expenses (+)/earnings (-)	0	84
Profit (previous year: loss) from asset disposal	0	-90
Increase (previous year: decrease) in inventories, trade receivables and other assets	-7,297	2,218
Decrease in trade payables and other liabilities	4,370	-3,327
Cash inflow (+) and outflow (-) from extraordinary items	0	0
Cash flow from current operating activities	**-2,881**	**-588**
2. Cash flow from investment activities		
Cash outflow for investments in property, plant and equipment	-33	-274
Cash inflow from the sale of consolidated companies and other business units	0	90
Cash outflow for investments in intangible assets	-13	0
Cash flow from investment activities	**-46**	**-184**
3. Cash flow from financing activities		
Cash inflow from additions to equity	80	2,910
Cash outflow to shareholders	0	-400
Cash flow from financing activities	**80**	**2,510**
4. Cash and cash equivalents at the end of the period		
Changes of cash and cash equivalents affecting payment (sub totals 1 to 3)	-2,847	1,738
Changes of cash and cash equivalents from changes in exchange rates, basis of consolidation and measurements	36	-32
Cash and cash equivalents at the beginning of the period	5,090	3,384
Cash and cash equivalents at the end of the period	**2,279**	**5,090**
5. Composition of cash and cash equivalents		
Cash and cash equivalents	2,279	5,090
Cash and cash equivalents at the end of the period	**2,279**	**5,090**

Consolidated statement of changes in shareholders' equity for financial year 2009

	Parent company					
	Subscribed capital common shares	Capital reserve	Generated consolidated shareholder's equity	Accumulated other consolidated net earnings Balancing item from currency conversation	Shareholder's equity acc. to consolidated balance sheet	Shareholder's equity
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2007	51,129.19	0.00	3,718,810.67	1,460.62	3,771,400.48	3,771,400.48
No. of shares issued	3,940,000.00	1,900,000.00	-2,940,000.00		2,900,000.00	2,900,000.00
Paid dividends			-400,000.00		-400,000.00	-400,000.00
Changes in basis of consolidation			1,860.00		1,860.00	1,860.00
Other changes	8,870.81	10,200.00	-10,891.70	-32,763.12	-24,584.01	-24,584.01
	3,948,870.81	1,910,200.00	-3,349,031.70	-32,763.12	2,477,275.99	2,477,275.99
Consolidated profit/loss for the period			668,064.18		668,064.18	668,064.18
Other consolidated net earnings					0.00	0.00
Total consolidated net earnings	0.00	0.00	668,064.18	0.00	668,064.18	668,064.18
31.12.2008	4,000,000.00	1,910,200.00	1,037,843.15	-31,302.50	6,916,740.65	6,916,740.65
Additions to capital reserve		40,800.00		35,936.66	76,736.66	76,736.66
Consolidated profit/loss for the period			123,981.11		123,981.11	123,981.11
31.12.2009	4,000,000.00	1,951,000.00	1,161,824.26	4,634.16	7,117,458.42	7,117,458.42

	Minority interests		
	Minority interests	**Shareholder's equity**	**Consolidated Shareholder's equity**
	EUR	EUR	EUR
31.12.2007	0.00	0.00	3,771,400.48
No. of shares issued		0.00	2,900,000.00
Paid dividends		0.00	-400,000.00
Changes in basis of consolidation		0.00	1,860.00
Other changes	32,440.00	32,440.00	7,855.99
	32,440.00	32,440.00	2,509,715.99
Consolidated profit/loss for the period	-31,909.00	-31,909.00	636,155.18
Other consolidated net earnings		0.00	0.00
Total consolidated net earnings	-31,909.00	-31,909.00	636,155.18
31.12.2008	531.00	531.00	6,917,271.65
Additions to capital reserve	39,200.00	39,200.00	115,936.66
Consolidated profit/loss for the period	-20,677.00	-20,677.00	103,304.11
31.12.2009	19,054.00	19,054.00	7,136,512.42

Statement of changes in non-current assets as of 31 December 2009

		Costs			
		01.01.2009	Additions	Disposals	31.12.2009
		EUR	EUR	EUR	EUR
I.	**Intangible assets**				
	Licenses, industrial property rights, similar rights and values and licenses in such rights and values	4,699.00	0.00	0.00	4,699.00
		4,699.00	**0.00**	**0.00**	**4,699.00**
II.	**Property, plant and equipment**				
	Leasehold improvements on third-party property	264,506.38	5,834.28	0.00	270,340.66
	Other equipment, office and factory equipment	333,888.38	27,696.36	26,382.75	335,201.99
	Advance payments and assets under construction	0.00	3,654.60	0.00	3,654.60
		598,394.76	**37,185.24**	**26,382.75**	**609,197.25**
III.	**Financial assets**				
	Investments	73,894.77	12,551.00	35,547.88	50,897.89
		73,894.77	**12,551.00**	**35,547.88**	**50,897.89**
		676,988.53	**49,736.24**	**61,930.63**	**664,794.14**

	Accumulated amortization and depreciation				Book values	
	01.01.2009	Additions	Disposals	31.12.2009	31.12.2009	31.12.2008
	EUR	EUR	EUR	EUR	EUR	EUR
Intangible assets						
Licenses, industrial property rights, similar rights and values and licenses in such rights and values	4,339.00	140.00	0.00	4,479.00	220.00	360.00
	4,339.00	**140.00**	**0.00**	**4,479.00**	**220.00**	**360.00**
Property, plant and equipment						
Leasehold improvements on third-party property	4,983.77	22,831.51	0.00	27,815.28	242,525.38	259,522.61
Other equipment, office and factory equipment	183,210.38	41,008.74	28,361.53	195,857.59	139,344.40	150,678.00
Advance payments and assets under construction	0.00	0.00	0.00	0.00	3,654.60	0.00
	188,194.15	**63,840.25**	**28,361.53**	**223,672.87**	**385,524.38**	**410,200.61**
Financial assets						
Investments	38,346.38	4,920.00	0.00	43,266.38	7,631.51	35,548.39
	38,346.38	**4,920.00**	**0.00**	**43,266.38**	**7,631.51**	**35,548.39**
	230,879.53	**68,900.25**	**28,361.53**	**271,418.25**	**393,375.89**	**446,109.00**

Notes to the consolidated financial statements

HMS Bergbau AG
Berlin

Financial Year 2009

I. General information

HMS Bergbau AG's consolidated financial statements were prepared in accordance with German commercial law and the additional regulations of the German Stock Corporation Act (AktG). The financial year of the Group and all companies included in the consolidated financial statements corresponds to the calendar year.

In accordance with Section 292 (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	Headquarter	Share %	Share-holders' equity EUR	Last annual result %
HMS Bergbau AG Coal Division	Berlin, Germany	100	38,152.02	-6,563.43
HMS Bergbau AG Iron Ore & Metals Division	Berlin, Germany	100	19,382.30	-6,459.38
HMS Bergbau AG Oil & Gas Division	Berlin, Germany	51	38,886.74	-42,198.29
HMS Bergbau Polska Sp. z o.o.	Katowice, Poland	100	417,823.56	35,440.08
HMS Niwka Coal ProductionCompany Sp. z o.o.	Katowice, Poland	100	9,207.00	-78,964.17
PT HMS Bergbau Indonesia	Jakarta, Indonesia	100	347,826.09	-37,664.97

HMS Bergbau Polska Sp. z. o. o. trades in the Polish market. The other consolidated subsidiaries develop and tap new markets and divisions in the energy supply sector.

PT HMS Bergbau Indonesia was established in 2009.

2. Investments

The parent company holds shares in the following investments:

- KGHM HMS Bergbau AG, Berlin, Germany
- Carbo-KH, Kemrowo, Russia (inactive)

KGHM HMS Bergbau AG was founded in 2009.

The 10% share in PT Indonesian Mineral & Coal Mining, Jakarta, Indonesia, was sold in December 2009, including all receivables against the company and its Management Board.

III. Consolidation principles

The annual financial statements of the consolidated subsidiaries were prepared on 31 December 2009, 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 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 of the German Commercial Code (HGB), the capital of the fully consolidated companies is consolidated 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.

2. Date of initial consolidation

The date on which capital within the meaning of Section 301 (2) of the German Commercial Code (HGB) must be consolidated is always the date of foundation, which coincides with the date of acquisition 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 2008 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) of the German Commercial Code (HGB).

3. Debt consolidation

Mutual receivables and liabilities between the consolidated companies are offset and eliminated when consolidating the Company’s debt.

4. 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 are eliminated for current assets, taking into account deferred and accrued taxes, if they are significant.

5. Consolidation principles for investments

Pursuant to Section 311 of the German Commercial Code (HGB), the 25.1% share in KGHM HMS Bergbau AG, Berlin, was included in the consolidated financial statements at equity according to the book value method. The investment was recognised at a book value of €13 thousand, corresponding to its acquisition costs, on 31 December 2009. This investment generated losses of €20 thousand in the financial year. 25.1% of these losses were reported as of 31 December 2009 under the equity method.

IV. Currency conversion principles

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

The balance sheets of foreign subsidiaries are converted at the rate prevailing on the balance sheet date and their income statements at the average annual rate. 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 from the interim conversion of income statement items were reported under consolidated net earnings as costs or earnings.

V. Accounting and valuation principles

1. Accounting and valuation

The consolidated financial statements comply with the applicable regulations of Section 298 of the German Commercial Code (HGB).

Intangible assets are valued at cost less scheduled straight-line amortisation.

Acquired intangible assets were recognised at cost and subject to scheduled amortisation if they had a finite useful life.

Property, plant and equipment were recognised at cost and subject to scheduled depreciation if they had a finite useful life.

Please refer to III.5. “Consolidation principles for investments” for details on accounting and valuation principles for investments.

Scheduled amortisation and depreciation was carried out according to the expected useful lives of assets.

Financial assets were recognised at the lower of cost or fair value as of the balance sheet date.

Inventories were recognised at lower of cost or present value as of the balance sheet date.

Receivables and other assets are always recognised at nominal value.

Provisions were set aside for contingent liabilities from pension obligations. The amount of these provisions was calculated in accordance with actuarial calculations based on a 6% discount rate and mortality tables 2005 G.

Tax provisions include taxes for the financial year that have not yet been assessed.

Other provisions were set aside for all other contingent liabilities, taking into account all discernible risks.

Liabilities were recognised at their repayment amount. If their present value was lower than their repayment amount, they were recognised at the higher present value.

In order to hedge some of the risks from financial liabilities with variable interest rates, the Company concluded corresponding interest hedges (swaps). An underlying transaction and its hedge form one micro hedge. As of the balance sheet date, the Company hedged transactions in the amount of approximately USD 7.0 million. The fair value of the corresponding hedges amounted to around €-128 thousand as of the balance sheet date. Fair value is the amount at which financial instruments would be swapped, sold, acquired or repaid by expert, contractually willing and independent contracting parties on the balance sheet date. Fair value equals market value. Generally accepted valuation methods and models (mark to market) were used.

HMS Bergbau Polska Sp. z o. o. used currency forwards and options for hedging currency risks between PLN and USD arising from pending sales and acquisition agreements. The Company had hedged transactions totalling around USD 8,381 thousand on the balance sheet date. The fair value of the corresponding hedges amounted to approximately €304 thousand as of the balance sheet date.

Fair value is the amount at which financial instruments would be swapped, sold, acquired or repaid by expert, contractually willing and independent contracting parties on the balance sheet date. Fair value equals market value. Generally accepted valuation methods and models (”mark to market”) were used.

2. Changes in accounting and valuation principles compared to the previous year

Accounting and valuation principles used for initial consolidation were generally adopted for the preparation of the consolidated financial statements. However, €237 thousand demurrage and €188 thousand dispatch money were reclassified from other expenses and income to sales and material costs.

VI. Notes on the consolidated balance sheet

1. Statement of changes in non-current assets

The attached statement of changes in non-current assets shows the development of individual non-current assets, including details on amortisation and depreciation, during the financial year.

2. Receivables and liabilities

All receivables and liabilities are due within one year. On the balance sheet date, liabilities to banks were secured to the amount of €4.8 million in form of assignments of receivables.

3. Contingent liabilities and other financial obligations

The Company did not have any contingent liabilities as of the balance sheet date.

On 31 December 2009, the Group's purchase obligations amounted to €66,920 thousand, all relating to 2010. Other financial obligations mainly resulted from rental and lease agreements. The maturities of liabilities are as follows:

Up to 1 year	€80 thousand
Between 1 and 5 years	€55 thousand
More than 5 years	€0 thousand

4. Development of capital reserves

€40,800.00 in capital reserves were set aside in the financial year. The other shareholder of the subsidiary HMS Bergbau AG Oil & Gas Division contributed €80,000.00.

VII. Notes on the consolidated income statement

Sales

Sales of €73,709 thousand were generated in the financial year, mainly from the trade in coal products such as steam coal, coking coal and anthracite. Taking into account the sales structure of products typical to the Group's ordinary business activities, the geographical markets did not differ significantly in financial year 2009.

VIII. Other information

1. Members of the Management Board and Supervisory Board

During the past financial year, the following members held positions on the Management Board:

- Heinz Schernikau, CEO
- Sebastian Giese, CFO

On 16 June 2009, the Supervisory Board appointed Mr. Giese as a member of the Management Board with effect from 13 July 2009.

The following members held positions on the Supervisory Board until 12 October 2009 :

- Michaela Schernikau, businesswoman, Managing Director, Berlin, Chairwoman
- Dr. Kurt Falkenberg, businessman, retired – Deputy Chairman
- Peter Rawyler, businessman, retired.

At the Annual General Meeting on 12 October 2009, new Supervisory Board members were elected:

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

2. Remuneration of members of the Management Board and Supervisory Board

Management Board remuneration totalled €358 thousand in financial year 2009. It includes the fair value of share options that were issued to an Management Board member in financial year 2009. 6,200 subscription rights were issued with a fair value of €32 thousand at the time of issue. The Company made use of the protective clause in Section 286 (4) of the German Commercial Code (HGB) in previous years.

Supervisory Board remuneration came to €28 thousand in the financial year.

3. Auditor’s fee

The fee for the audit of the annual financial statements was €60 thousand. No other fees were incurred.

4. Annual average number of employees

An average number of 18 employees worked for the Company during the financial year, including one part-time contract.

5. Types of shares

HMS Bergbau AG has share capital worth €4,000,000.00, divided into:

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

6. Authorised capital

On the balance sheet date, HMS Bergbau AG still had €2,000,000 authorised capital.

Berlin, June 2010

Heinz Schernikau	Sebastian Giese
CEO	CFO

Auditor's report

We have issued the following audit opinion on the consolidated financial statements and consolidated management report:

"We have audited the consolidated financial statement prepared by HMS Bergbau AG, Berlin, consisting of balance sheet, income statement, notes, cash flow statement and statement of changes in shareholder's equity, together with the consolidated management report for the financial year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and the consolidated management report in accordance with German commercial law are the responsibility of the Company's management. It is our responsibility to express an opinion on the consolidated financial statement and the consolidated management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial code (HGB) and the generally accepted German standards for auditing financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the consolidated management report are detected with reasonable assurance. Knowledge of the business activities as well as economic and legal environment of the Group along with expectations regarding 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 consolidated 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 consolidated 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 requirements of German commercial law and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The consolidated management report corresponds to the consolidated financial statement, communicates an overall appropriate image of the Group's situation and appropriately represents the opportunities and risks of future developments."

Berlin, 8 June 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Plett	Wenning
Auditor	Auditor

Imprint

Publisher:

HMS Bergbau AG
An der Wuhlheide 232
12459 Berlin
Germany
T: +49 (30) 65 66 81-0
F: +49 (30) 65 66 81-15
E-mail: berlin@hms-ag.com
www.hms-ag.com

Concept and design:

GFEI Aktiengesellschaft
Hamburger Allee 26-28
60486 Frankfurt
T: +49 (0) 69 / 743 037 00
F: +49 (0) 69 / 743 037 22
E-mail: info@gfei.de
www.gfei.de

HMS Bergbau AG
An der Wuhlheide 232
12459 Berlin
Germany

T: +49 (30) 65 66 81-0
F: +49 (30) 65 66 81-15
E-mail: berlin@hms-ag.com
Website: www.hms-ag.com