

Interim Report 2013



▲ Group Performance Indicators

	30.06.2013	30.06.2012	31.12.2012	31.12.2011
	EUR	EUR	EUR	EUR
Balance sheet figures	thousand	thousand	thousand	thousand
Total assets	18,097	19,064	19,324	14,591
Non-current assets	159	5,869	5,467	6,041
Current assets	17,880	13,124	13,801	8,490
Shareholders' equity	5,033	6,617	6,679	4,185
Provisions	2,765	1,592	2,049	1,728
Liabilities	10,299	10,855	10,593	8,678
	HY 2013	HY 2012	2012	2011
	EUR	EUR	EUR	EUR
Income statement figures	thousand	thousand	thousand	thousand
Sales revenues	42,742	45,753	89,846	106,669
EBIT *	-1,249	-140	1,000	-324
Net profit	-1,602	-559	209	-1,038

▲ Financial Calendar

	Expected publication date
Start of the financial year	1 January 2013
Annual Report 2012	6 May 2013
Annual General Meeting	22 August 2013
Interim Report 2013	23 September 2013
End of the financial year	31 December 2013

* EBIT before extraordinary expenses and earnings

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▲ Letter to the Shareholders

Dear Shareholders,

In 2013, HMS Bergbau AG systematically implemented and finalised its strategic realignment to a pure trading and marketing company. After having sold its harbour operations in Indonesia, HMS Bergbau AG will focus on the most important growth markets in the coal industry in the Asian region and on southern African markets moving forward.

However, together with the development of Asian and African business, one of HMS Bergbau AG's key priorities both this year and in the coming financial year will be regaining market share in Europe in the niche product and biomass segments. Furthermore, the company will also look to generate increasing sales revenues while maintaining higher gross margins in the future through the systematic expansion of exclusive marketing agreements and the secure, projectable coal trading business generated as a result.

Macroeconomic Development

While the overall verdict was positive when it came to economic development in industrialised nations, important emerging economies performed a little weaker than expected. The loss of momentum in the Chinese economy was of particular importance to the global economic climate as a whole, something that was also reflected on the global commodity markets. Chinese economic growth in the second quarter of 2013 fell from 7.7% to 7.5% and merely met the Chinese government's targets for the year. Export volume saw a particular month-on-month decline, falling by 3.1% in June. However, according to customs authorities in Beijing, imports were also down, falling by 0.7%.

Economic development in Europe painted a different picture. After six successive quarters of decline, the eurozone recorded economic growth of 0.3% in the second quarter of 2013 in comparison to the first quarter of 2013, and, according to the European Union's statistics authority Eurostat, has overcome the longest period of recession in its history.

Decisive growth impetus was provided by Germany, with economic growth of 0.7%, and France, with 0.5% growth. However, figures for Italy (-0.2%) and Spain (-0.1%) were also better than economists had forecast. Portugal (+1.1%) provided the biggest surprise of Q2 2013, while economic output in Cyprus fell by 1.4% as against Q1.

According to the German Federal Statistical Office (Destatis), GDP in Germany benefitted in view of rising wages and employment in particular from private and public consumption as well as recovery effects in the construction industry. Exports also provided positive impetus. According to provisional figures published by Destatis, domestic economic output in the second quarter of 2013 was generated by 41.8 million employed persons, a rise of 242,000 persons or 0.6%. Economists forecast further growth in Germany in the third and fourth quarters of the year, as incoming orders in German industry suggest that positive economic development will continue. Incoming orders already rose in June 2013 by 3.8% as against the previous month and therefore by a greater margin than in the previous eight months.

In view of global economic development, the International Monetary Fund (IMF) has corrected its global economic growth forecast for 2013 from 3.3% down to 3.1%. At the same time, forecasts for economic growth in 2014 were adjusted slightly from 4.0% to 3.8%.

Business Development in the First Half of 2013

HMS Bergbau AG is an international coal trading and marketing company that specialises in the reliable and just-in-time supply of steam coal, coking coal and solid fuels for power plants and other industrial consumers. As one of the leading coal trading companies in Germany with decades of experience, extensive specialist expertise and an outstanding global network of contacts, particularly in Asia and South Africa, HMS Bergbau AG is on sound footing and has excellent prospects for growth.

Results of operations of HMS Group for the first half of the year compared to the same period in 2012 were as follows:

	H1/2013		H1/2012		Change	
	EUR thousand	%	EUR thousand	%	EUR thousand	%
Sales revenues =						
Total performance	42.742	100	45.753	100	-3.011	-7
Cost of materials	40.193	94	43.991	96	-3.799	-9
Personnel costs	936	2	756	2	180	24
Depreciation	1.323	3	236	1	1.087	> 100
Other operating costs						
./. other operating earnings	1.539	4	910	2	629	69
Taxes						
(excluding income taxes)	1	0	5	0	-4	-80
Operating costs	43.992	103	45.898	100	-1.906	-4
Operating result	-1.250	-3	-145	0	-1.105	< -100
Earnings from investment and financial result	-241		-181		-60	-33
Earnings before income taxes	-1.491		-326		-1.165	< -100
Income taxes	0		122		-122	-100
Extraordinary expenses	111		111		0	0
Minority interests	0		1		-1	-100
Net profit	-1.602		-559		-1.043	< -100

In the first half of 2013, trading volumes were increased as part of the expansion of trading business in both Asia and in southern Africa. However, sales revenues fell year on year as a result of substantially lower prices in these markets.

The decline in material costs corresponds to the decline in sales revenues. The materials usage ratio also fell due to individual trading transactions with greater margins and lower sales prices.

The increase in personnel expenses was the result of the rise in headcount in Asia required to drive forward the further expansion of the regional business there.

The increase in depreciation and amortisation and other expenses less other income was predominantly the result of disposal losses from the sale of harbour operations in Indonesia, which was insignificant in comparison to net cash inflow, from an impairment loss on down payments as well as associated legal and consultancy expenses.

Extraordinary expenses again include the adjustment of pension provisions associated with the introduction of the German Accounting Law Modernisation Act (BilMoG).

Net assets of HMS Group as of 30 June 2013 compared to 31 December 2012 were as follows:

	30.06.2013		31.12.2012		Change	
	EUR		EUR		EUR	
	thousand	%	thousand	%	thousand	%
Assets						
Fixed assets	159	1	5,467	28	-5,308	-97
Inventories	180	1	4,213	22	-4,032	-96
Receivables	10,489	58	8,475	44	2,014	24
Cash and cash equivalents	6,739	37	796	4	5,943	> 100
Other assets	530	3	373	2	157	42
	<u>18,097</u>	<u>100</u>	<u>19,324</u>	<u>100</u>	<u>-1,227</u>	<u>-6</u>
Capital						
Equity	7,425	41	9,071	47	-1,646	-18
Own shares	-2,392	-13	-2,392	-12	0	0
Non-current liabilities	2,330	13	1,871	10	459	25
Current liabilities	10,734	59	10,774	56	-40	0
	<u>18,097</u>	<u>100</u>	<u>19,324</u>	<u>100</u>	<u>-1,227</u>	<u>-6</u>

The substantial decline in non-current assets can be put down to the realignment of HMS Bergbau AG to a pure trading and marketing company and the resulting strategic sale of harbour operations in Indonesia.

Inventories resulted from down payments made for coal deliveries, which are to take place in the second half of the year. The decline in down payments was the result of the realisation of down payments from the end of the previous year.

Receivables relate to trade receivables from customers in Asia. The major share of these receivables was balanced as of the start of the third quarter; the change is related to the balance sheet date.

The increase in cash and cash equivalents was mainly the result of the sale of harbour operations in Indonesia and the loss of HMS Niwka at the end of 2012 and the resulting cash inflows.

The decline in equity primarily reflects the Group's half-year result.

Non-current liabilities consist exclusively of HMS Bergbau AG's pension obligations.

Current liabilities mainly result from trade financing from credit institutions and from liabilities to suppliers. In consideration of the appropriation of cash and cash equivalents, the decline corresponds with the increase in trade receivables. Liabilities against shareholders, which were outstanding as of the end of the previous year, were paid back in full in the first half of the financial year.

Development in Individual Divisions

While the global population has more than doubled over the past 50 years, global energy consumption has tripled. Further growth in the global population and the potential of certain countries to consume more energy in the future point to a further increase in energy requirements. According to the International Energy Agency (IEA), non-OECD countries are setting the tempo of the energy markets on an increasing basis. Population and economic growth in these countries will make a major contribution to determining the dynamic of energy consumption over the next 25 years. As a result, experts are forecasting global energy consumption to rise by one-third by the year 2035. The largest energy consumer, China, will consume almost 70% more energy than the USA. Increases in energy requirements in India, Indonesia, Brazil and the Middle East are forecast to be even higher.

Despite the fact that the share of renewable energies and nuclear power in the global energy balance is set to increase by an estimated 2.5% per year, the US energy ministry predicts that approximately 80% of global energy demand will be met by fossil fuels by the year 2040. Coal consumption will grow more quickly than demand for crude oil beyond 2030. One major factor here is the huge demand for coal in China, coupled with a slowdown in the growth rate in terms of OECD member states' crude oil demand.

The strategic realignment of HMS Bergbau AG to a pure trading and marketing company in the coal and other energy commodities industries means that we possess unrivalled specialist expertise, decades of experience, a strong network of international contacts as well as a solid market position. Furthermore, we expect to conclude further marketing and representation contracts with renowned producers alongside existing contracts and thus generate substantial growth in our core business over the next few years. The focal point of our international expansion strategy is Africa and Asia, the most important production and consumer markets in the world.

The following section contains further information concerning the individual divisions of HMS Bergbau AG:

Trade

Due to its reliability in terms of quality and logistics, HMS Bergbau AG maintains a range of loyal business relationships with national and international customers and suppliers. The advantage of HMS Bergbau AG services compared to in-house procurement solutions is the reliable management of all procurement and logistics tasks as well as the simultaneous increase in associated performance and decrease in costs. HMS Bergbau AG maintains relationships with private and state-owned companies in Asia, Europe, the Middle East and Africa and supplies both large-scale power plant operators and steel producers as well as smaller industrial consumers such as cement and steel companies or sugar and paper factories. Asia and, on an increasing basis, southern Africa continue to develop as the driving forces behind HMS Group's sales.

HMS Bergbau AG aims to constantly increase its performance and the quality of its customer services.

In spite of the positive development of harbour operations in South Kalimantan, Indonesia, in the area of third-party handling, HMS Bergbau AG's expectations with regard to high-margin trading transactions at the time of the acquisition failed to be met once again. As part of the strategic development of the Group and the associated concentration on the core business of trade and sales, harbour operations were sold in the first half of the financial year.

Exclusive Commodity Resources

The sale of exclusive commodity resources guarantees reliable supply from HMS to consumers and customers alike. This security of supply is already offered to HMS Group customers through cooperation partnerships and investments in exclusive marketing rights and the resulting marketing agreements and is constantly being expanded. By concluding exclusive marketing agreements with the main shareholder Ichor Coal N.V. and its subsidiary and selling the first quantities of Group resources, we were able to successfully implement our strategy of guaranteeing security of supply through the sale of our own commodity resources. Our goal remains concluding supply relationships on the basis of this security of supply principle, not only on the local market in southern Africa, but also by expanding export partnerships to Asia and Europe.

Logistics

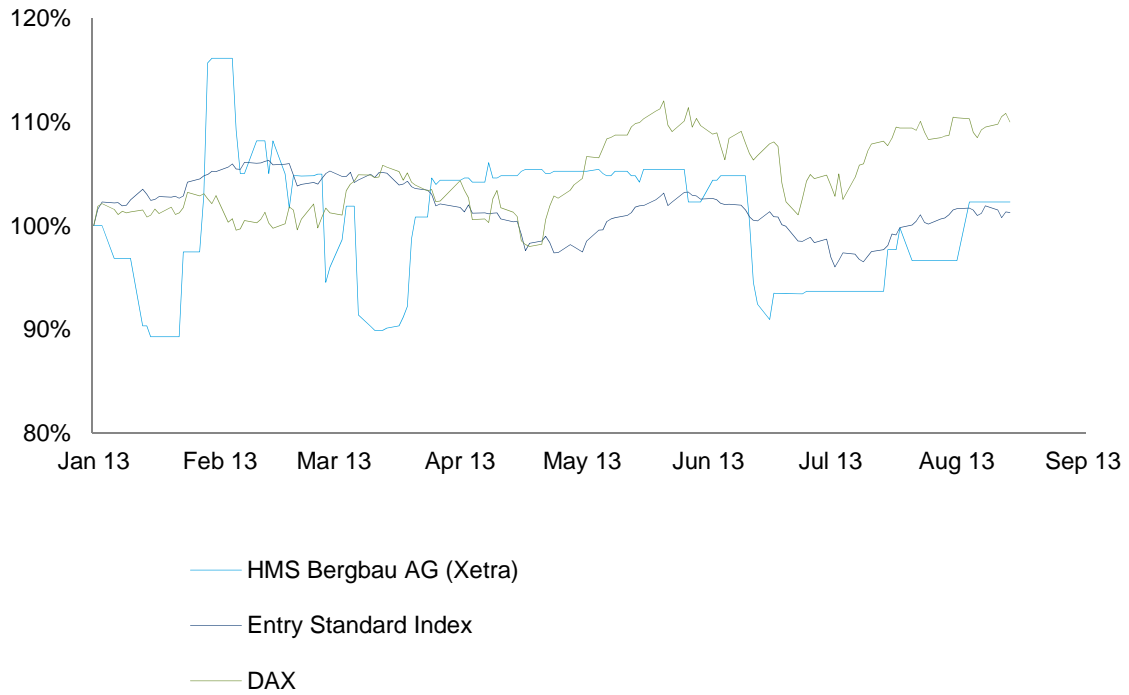
As a one-stop provider, HMS Bergbau AG not only ensures that its customers are supplied with the raw materials they need on time, but also takes care of the entire transport and logistics process. Our team charters shipping, organises domestic transport by ship, rail or road and takes care of harbour procedures, warehousing management, coal processing and technical monitoring. This allows HMS Bergbau AG to have much greater control over the logistics chain for both its own trade business and that of other companies.

The HMS Share

After a tentative start to 2013, demand for shares rose significantly in the second quarter of the year. Although the European sovereign debt crisis remained firmly on the agenda during this period, concerns that the crisis could escalate abated. One of the main reasons for this was the European Central Bank's intervention by easing its monetary policy. Against this backdrop, the DAX reached a record high of 8,530.89 points on 22 May 2013. Subsequently, statements from the US Federal Reserve concerning a possible end to its expansive monetary policy, interest rate hikes in China and concerns over a credit crunch in the Chinese economy caused share prices to fall. As a result, the German DAX index closed the first half of 2013 at 7,959.22 points, up 4.6% compared to the start of the year (7,612.39 points). The Entry Standard Index kicked off 2013 at 358.46 points and finished the first half of the year down approximately 1.6% at 352.65 points.

The HMS Bergbau AG share opened 2013 at EUR 4.76. After a slow start to the year, the share made significant gains and reached a high of EUR 5.53. However, it was unable to maintain this level and closed the first half of 2013 at EUR 4.46, down around 6.3% compared to the start of the year. The start of the second half of the year has seen general recovery on the stock markets and the HMS share traded at EUR 4.87 in mid-August.

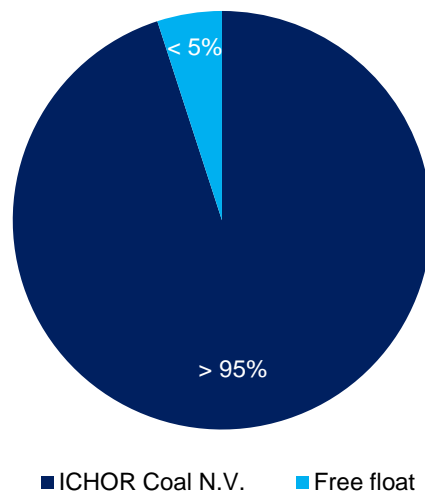
Development of the HMS share and selected indices in 2013:



Source: Ariva.de; HMS Bergbau AG

The share capital of HMS Bergbau AG comprises 4,370,000 shares with a nominal value of EUR 1.00 each and as such amounts to EUR 4.37 million. As of 30 June 2013, ICHOR Coal N.V. owns over 95% of the company. The free float therefore now amounts to less than 5%.

Shareholder structure on 30 June 2013:



Source: HMS Bergbau AG

Statutory shareholders' meeting 2013

The statutory shareholders' meeting for the 2012 financial year was held on 22 August 2013 at the business premises of HMS Bergbau AG in Berlin. The shareholders approved all points on the agenda with almost 100% consent. Besides the appropriation of net profits, shareholders also voted on the approval of the actions of the members of the Management Board and Supervisory Board and the proposed appointment of the auditors for financial year 2013.

Strategy and outlook

The strategic realignment of HMS Group to a pure trading and marketing company was able to be completed in the first half of the financial year with the sale of harbour operations in Indonesia. The establishment of a global corporate structure and the safeguarding of the security of supply in order to guarantee a solid trading business are of fundamental importance for the future growth of HMS Bergbau AG.

Current efforts to focus activities at HMS Bergbau AG on important growth markets in the coal industry of Asia and southern Africa will be further intensified in the future. Our aim is to reinforce HMS Bergbau AG's presence on future growth markets in Asia and southern Africa and gain market shares. We are responsible for adapting the corporate structure to global goods flows and the resulting requirements and for continuously increasing the involvement of subsidiaries and representative offices in Singapore, Indonesia, Pakistan and India in Asia's booming coal export industry.

HMS Bergbau AG's successful expansion into South Africa in financial year 2012 meant that it was able to realise further business from the marketing agreement with the main shareholder Ichor Coal N.V. and its subsidiary and establish trade partnerships with local industrial consumers. Furthermore, the secure supply of these resources allows HMS Bergbau AG to develop stable trade partnerships with local industrial customers, in spite of current developments in terms of demand and prices in Asia, and to convert resulting competitive advantages into robust trading business and sensible growth.

We believe HMS Bergbau AG is on solid footing in growth markets and maintains a great number of positive supplier and customer relationships. Thanks to the security of supply provided through our exclusive marketing agreements, we also expect to generate stable value from our trade business in coming financial years and create positive effects for the Group's gross margins and EBITDA.

The HMS Bergbau AG Management Board



Heinz Schernikau
CEO



Sebastian Giese
CFO

▲ Consolidated Balance Sheet as of 30 June 2013 (unaudited)

Assets	EUR thousand	30.06.2013 EUR thousand	31.12.2012 EUR thousand
A. Non-current assets			
I. Intangible assets			
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	0		4,174
		0	4,174
II. Property, plant and equipment			
1. Technical equipment and machinery	0		1,116
2. Other equipment, office and factory equipment	159		177
		159	1,293
		159	5,467
B. Current assets			
I. Inventories			
1. Advance payments	180		4,213
		180	4,213
II. Receivables and other assets			
1. Trade receivables	10,489		8,475
2. Other assets	472		317
		10,961	8,792
III. Cash and cash equivalents		6,739	796
		17,881	13,801
C. Accruals and deferrals		58	56
		18,097	19,324

▲ Consolidated Balance Sheet as of 30 June 2013 (unaudited)

Shareholders' equity and liabilities	EUR thousand	30.06.2013 EUR thousand	31.12.2012 EUR thousand
A. Shareholders' equity			
I. Issued capital			
1. Subscribed capital		4,370	4,370
2. Own shares		-248	-248
		4,122	4,122
II. Capital reserve		3,375	3,375
III. Profit reserves			
1. Statutory reserve	5		5
2. Other profit reserves	273		273
		278	278
IV. Consolidated net loss/profit	-2,071		-469
V. Difference in equity due to currency conversion	-671		-627
		-2,742	-1,096
		5,033	6,679
B. Provisions			
1. Pension provisions and similar obligations	2,330		1,871
2. Other provisions	435		178
		2,765	2,049
C. Liabilities			
1. Liabilities to banks	0		491
2. Trade payables	9,578		7,308
3. Liabilities against shareholders	172		2,505
4. Other liabilities	549		289
		10,299	10,593
D. Accruals and deferrals		0	3
		18,097	19,324

▲ **Consolidated income statement for the period from
1 January 2013 to 30 June 2013 (unaudited)**

	EUR thousand	01.01.- 30.06.2013 EUR thousand	01.01.- 30.06.2012 EUR thousand
1. Sales	42,742		45,753
2. Other operating earnings	243		31
		42,985	45,784
3. Cost of materials			
Costs for raw materials and supplies and for goods purchased	39,563		43,818
Cost for services purchased	630		173
		40,193	43,991
4. Personnel costs			
a) Wages and salaries	713		626
b) Social security costs and and pension support costs	223		130
		936	756
5. Amortisation			
Amortisation of intangible assets and depreciation of property, plant and equipment		1,323	236
6. Other operating expenses		1,782	941
7. Other interest and similar earnings		0	27
8. Interest and similar expenses		241	208
9. Earnings from ordinary activities		-1,490	-321
10. Extraordinary expenses		111	111
11. Income taxes		0	122
12. Other taxes		1	5
13. Net loss		-1,602	-559
14. Loss carried forward		-469	-680
15. Profit or loss attributable to minority interest		0	1
16. Consolidated net loss		-2,071	-1,238

Imprint

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Legal:

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