HMS Bergbau AG

coal illuminates life

Interim Report 2018

Group Key Figures

Balance Sheet Figures	30/06/2018 TEUR	30/06/2017 TEUR
Total assets	46,236	34,415
Non-current assets	13,825	4,462
Current assets	30,623	29,711
Shareholders' equity	9,767	4,640
Provisions	7,061	7,178
Liabilities	29,406	22,591

Income statement figures	30/06/2018 TEUR	30/06/2017 TEUR
Sales	140,960	104,156
EBITDA	1,668	709
Operating income (EBIT)	1,616	650
Net profit / loss*	1,226	495

*EUR 1,642 thousand half-year result excluding EUR 416 thousand in pension provisions (as at 30 June 2017: EUR 459 thousand in pension provisions)

Financial Calendar (Status: September 2018)

	Expected publication date
Interim Report 2018	28 September 2018
End of the financial year	31 December 2018
Annual financial statements 2018	28 June 2019
Interim Report 2019	30 September 2019

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The English version of the interim report and the H1 consolidated financial statements 2018 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,

The first half of the 2018 financial year continued to be marked by the expansion of our global business activities. The emergence of a lasting positive upward trend in the commodity markets in 2017 has been confirmed in 2018. The positive development in the global economy and the associated increase in demand for coal accompanied by generally higher raw materials prices have provided a strong environment for HMS Bergbau AG's continued growth into an international commodities trading group. The consistent expansion in our international network has strengthened our long-term and profitable business relationships with producers and consumers in the steel, cement and power plant industries. At the same time, we have been successful in gaining new customers in Indonesia and South Africa. Our activities in the United States are also beginning to bear fruit. New business partners were also impressed with HMS Bergbau AG's positioning as an international commodities trading group with expertise in mapping the entire value chain starting with production and logistics to delivery.

Alongside the aforementioned operational activities, we are also working diligently on developing and mining our own coal resources, always with the aim of creating sustainable competitive advantages in the European market. Our most promising project in this area is the Silesian Coal International Group of Companies S.A. The drilling at Orzesze under HMS Bergbau AG's exclusive exploration licence revealed a potential 2.2 billion tonne coal deposit in situ, of which around 670 million tonnes of high-grade coal were identified as recoverable according to the JORC standard. Through the Silesian Coal International Group of Companies S.A., HMS Bergbau AG plans to develop the deposit using existing infrastructure for the cost-effective production of approximately 3 million tonnes of coke and steam coal annually. Up to 20 percent of the shares in Silesian Coal International Group of Companies S.A. are to be sold to finance this project. 6.1 percent of the shares have already been sold to interested investors.

In August 2018, the Management and Supervisory Boards also resolved a capital increase to strengthen HMS Bergbau AG's capital base. Within the scope of this capital increase, the company's subscribed capital was raised by just under 5.07 percent through the partial utilisation of authorised capital and the exclusion of shareholders' subscription rights. The capital increase raised the company's subscribed capital by EUR 220,588.00 from EUR 4,370,000 to a total of EUR 4,590,588. The new

shares were issued at a price of EUR 17.00 per share in exchange for the conversion of loans. This transaction made a significant contribution to improving HMS Bergbau AG's balance sheet structure and considerably strengthened the company's equity, raising it from a level of EUR 4.5 million as at 31 December 2017 to a total of EUR 9.8 million as at 30 June 2018, while reducing loan liabilities at the same time.

The positive overall conditions and favourable operating developments are also reflected in the results of HMS Bergbau AG as of 30 June 2018. Total output in the first six months of the current 2018 financial year rose by around 35 percent year-on-year to EUR 141.0 million (previous year: EUR 104.2 million). At the same time, the result from ordinary business activities increased from EUR 511 thousand in the first half of 2017 to EUR 1,236 thousand in the first half of 2018. Net profit for the period increased disproportionately as of 30 June 2018 to EUR 1,226 thousand after EUR 495 thousand as of 30 June 2017. With total assets remaining virtually unchanged at EUR 46.2 million as of the 30 June 2018 reporting date, equity improved significantly year-on-year from around 9.8 percent to 21.1 percent.

The second half of 2018 also started with promising business developments. Supported by the steadily growing demand for a wide variety of raw materials, positive global economic forecasts and an increase in the volume of international commodities trading, management confirms its 2018 financial year forecast with higher sales and an attractive gross margin resulting from the steady increase in the vertical and horizontal integration of trading transactions. The Management Board therefore confirms its forecast for the 2018 financial year for a positive net profit, which is anticipated to be at a similar level to the result in the 2017 financial year.

Berlin, September 2018

Heinz Schernikau	Steffen Ewald	Dennis Schwindt
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

Management & Supervisory Board

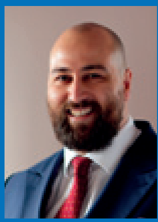
Chief Executive Officer

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.

Chief Financial Officer

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.

Chief Operating Officer



Dennis Schwindt (COO) holds a degree in Economics from the Humboldt-University in Berlin. At HMS Bergbau AG, he has been managing several operating projects within the commodity trading area as the company's authorised representative since 2012. He gained extensive experience in engineering and in the oil and gas industries from his previous positions at medium-sized German companies and international groups.

Supervisory Board

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

Macroeconomic environment

The International Monetary Fund (IMF) stood by its global economic forecast during the 2018 financial year, but not without reservation. Although the IMF continues to expect the global economy to grow 3.9 percent both this year and next, as published in July 2018, it also warns of the economic consequences of the current trade tensions. It is therefore important that countries pursue less domestic and more common multilateral objectives.

Expectations for the two largest economic powers, the USA and China, remain unchanged. Growth in the US continues to be projected at 2.9 percent in the current year 2018, and 2.7 percent in 2019 and the IMF is still forecasting growth in China at a rate of 6.6 percent in 2017 and 6.4 percent in 2018.

In the IMF's latest report published in July, the economic forecast for the eurozone was cut by 0.2 percentage points to 2.2 percent for 2018 and by 0.1 percentage point to 1.9 percent for the year 2019. Just prior to the current forecast, the IMF had lowered its estimate for economic growth in Germany in 2018 from 2.5 percent to 2.2 percent. At the same time, the economic expectations for 2019 were raised by 0.1 percent to 2.1 percent. In the report, the IMF recommends that Germany use its financial leeway to increase its growth potential, suggesting it should invest in physical and human capital and strengthen its workforce. Downward revisions were made in the economic forecasts for France, Italy and the UK, which is on the verge of exiting the European Union.

Risks

The economic analyses emphatically highlight the increase in global economic policy risk and the potential impact this may have on forecasts. In addition to the escalating trade dispute over further tariffs, which in a negative scenario could result in up to 0.5 percent lower growth, the IMF also sees a negative effect from other political uncertainties, such as the consequences in Europe of developments related to refugees.

The financial market conditions in the major economies are still regarded as favourable. The IMF sees the US Federal Reserve's interest rate policy playing a key role in future global economic development. Despite signs of a slight economic slowdown, the US Federal Reserve is still contemplating further interest rate hikes in the second half of 2018.

Commodities

Similar to 2017, in 2018 there has been a clear increase in the price of oil. At the beginning of January, Brent was still USD 66.87 per barrel and continued to rise to a price of USD 78.75 on 19 September 2018. This increase was also fuelled by the reduction in production volumes agreed by the Organization of the Petroleum Exporting Countries (OPEC) that started in early December 2016. Experts also see a strong impact on prices due to the US sanctions against Iran, the economic crisis in Venezuela and the resulting shortfall in production quotas. The high demand accompanying the positive global economic development is thus confronted with an artificial shortage in production volumes.

At a meeting in June 2018 between OPEC and other crude oil exporters, including Russia, a decision was made not to increase the total production rate agreed to in 2016, but to fully exhaust it again in the future. This level of production had not been fully utilised in the past as some countries, such as Iran and Venezuela, had been unable to realise their maximum country-specific production quotas due to technical problems, political crises and US sanctions. Currently, the only countries technically capable of increasing their output on short notice are Saudi Arabia, Kuwait, the United Arab Emirates and Russia. The volume of crude oil produced, if the quotas were fully utilised, could increase output by about 1 million barrels per day.

The average price of crude oil in the month of August 2018 fell 2.1 percent to USD 71.43 per barrel.

Crude oil inventories in the US declined less than expected, and Great Britain is considering expanding its crude oil production capacity. OPEC is expanding its crude oil supply as announced, and at a production rate of 32.89 million barrels per day, OPEC member states and Russia reached a new peak in crude oil production despite the US sanctions imposed on Iran. These sanctions reduced Iran's crude oil supply by 150,000 barrels per day.

Experts predict a further, albeit moderate increase in the oil price in the months ahead. Over the long term, however, weaker GDP growth in the US, Europe, Japan and the emerging markets could reduce demand for crude oil.

The price of coal did not hold up as well as it did in 2017, with the price per tonne falling slightly in volatile markets from USD 65.25 at the beginning of January 2018 to USD 61.60 at the end of June. On 31 August 2018, the price of one tonne of coal was USD 67.40, representing a year-to-date price increase of about 1.7 percent. Coal was 16.1 percent more expensive in August 2018 than in August 2017.

Development of the HWWI Commodity Price Index

The persistent trend of rising prices during the second half of 2017 was broken in the first half of 2018. In February 2018, the HWWI Commodity Price Index fell from 129.0 points to 121.5 points. In the months that followed, the index rose again and reached an interim high for the year of 136.2 points in May.

In July, the HWWI commodity price index rose from 134.6 points to 134.7 points, representing a rise over the previous month of a mere 0.1 percent.

The price of coal rose by an average of 2.7 percent in July, accompanied by a rise in the index for energy commodities of 0.8 percent to 138.6 points.

In August, the HWWI Commodity Price Index fell from 134.7 to 133.0 points, and commodity prices dropped 1.2 percent with declines across all commodity groups. Uncertainty regarding the unpredictable US trade policy and the escalating currency crises in individual commodity-exporting countries such as Russia, Brazil and Iran, weighed on commodities markets overall. The rising price trend for coal was also interrupted as the increases in demand that were originally expected failed to materialise, and the reluctance to invest in the development of new coal mines caused the price of coal to fall. Coal became an average of 1.5 percent less expensive in August accompanied by an overall decline in the index for energy commodities of 1.2 percent to 136.9 points.

The further course of the trade conflict between the US, China and Europe will be of major importance for the development of commodity prices in the second half of 2018. Falling prices observed in August 2018 could be signaling a negative price trend in commodity markets.

Primary energy consumption

The increase in global goods trade and a steady rise in the production of goods have led to a sharp increase in global energy consumption. In the last four decades alone, energy consumption has more than doubled worldwide. Not only has the absolute consumption of the various energy sources increased but the energy mix has also changed as a result, among others, of the rise in renewable energies.

By 2060, the International Energy Agency predicts demand for primary energy will nearly double from its current level to 321,000 billion kWh. This forecast is based on the assumption that, by that time, the standard of living in emerging and developing countries will have adjusted to the level of the western industrialised nations. According to the experts from the World Energy Outlook, energy consumption in Africa, India, China, Southeast Asia and the Middle East is set to increase 30 percent by 2040.

The BP Energy Outlook expects an increase in primary energy consumption worldwide of just 1.3 percent p.a. on average over the next 20 years versus the 2.2 percent rise in the period from 1995 to 2015. The increase in energy consumption is strongly linked to the growth in global economic output. However, as of the past few years, energy-saving measures have resulted in a lower increase in energy consumption relative to economic growth. Global gross domestic product, for example, is expected to double by 2035, while energy consumption is predicted to increase by only 30 percent. Growth is being driven by the emerging markets and, particularly, China and India. China will initially remain the largest growth market for energy with India probably assuming this position by the end of the forecast period in 2035.

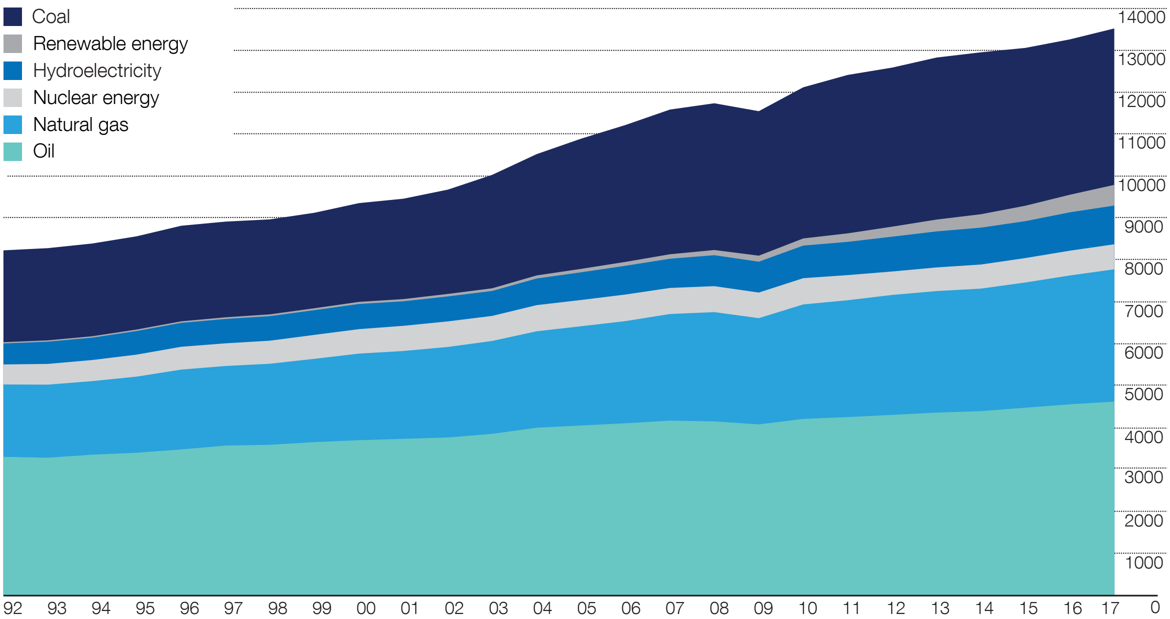
The BP Energy Outlook forecasts a continued rise in the share of renewables over the next 20 years. Together with nuclear and hydropower, renewables are expected to contribute half of the increase over the next few years. Despite this increase, oil, gas and coal are to remain the dominant energy sources. The proportion of fossil fuels is anticipated to fall from around 85 percent in 2017 to around 75 percent in 2035, albeit from a sharply higher base. While gas continues to increase, the growth in oil and coal is expected to slow.

According to BP's study, coal consumption will increase by merely 0.2 percent globally and reach its peak in the mid-2020s. In the last 20 years, the rise in coal consumption has amounted to 2.7 percent, which will make gas the second most important source of energy until 2035. Coal is predicted to be forced into third place as a primary energy source but will still continue to rank first in terms of electricity generation. The slight decline in coal is due to the increased use of other energy sources in China. Nevertheless, China is to remain the most important market for coal and in 2035 will be the user of almost half of this resource.

As a pure commodity trading and distribution company following the strategic realignment of HMS Bergbau AG, we have unique expertise, decades of experience and a strong international network in this area, as well as a solid market position. We also expect to secure other exclusive marketing and representation rights with well-known producers in addition to those that already exist and thereby fuel significant growth in our core business over the next few years. Africa, India and Asia, as the most important global producer and consumer markets are the focus of our international expansion.

Primary energy consumption worldwide

Million tons of oil equivalent



Source: BP Statistical Review of World Energy 2018, © BP p.l.c. 2018

Primary energy consumption in Germany

Energy consumption in Germany reached 6,771 petajoules (PJ) or 230.9 million tonnes of coal equivalent units (million tce) in mid-2018 – a good 1 percent below the prior year's level. The increase in consumption after the first three months was more than 5 percent as a result of the colder weather in the months of February and March.

Preliminary calculations by the Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen) show a rise in both natural gas and renewables consumption. The consumption of mineral oil, hard coal and lignite, on the other hand, declined. Excluding weather-related effects, energy consumption over the entire half-year would have increased by about 1.5 percent. The Working Group on Energy Balances estimates that the increase in natural gas and renewable energies coupled with the declines in oil and coal have resulted in a reduction in energy-related CO_2 emissions of about 3 percent.

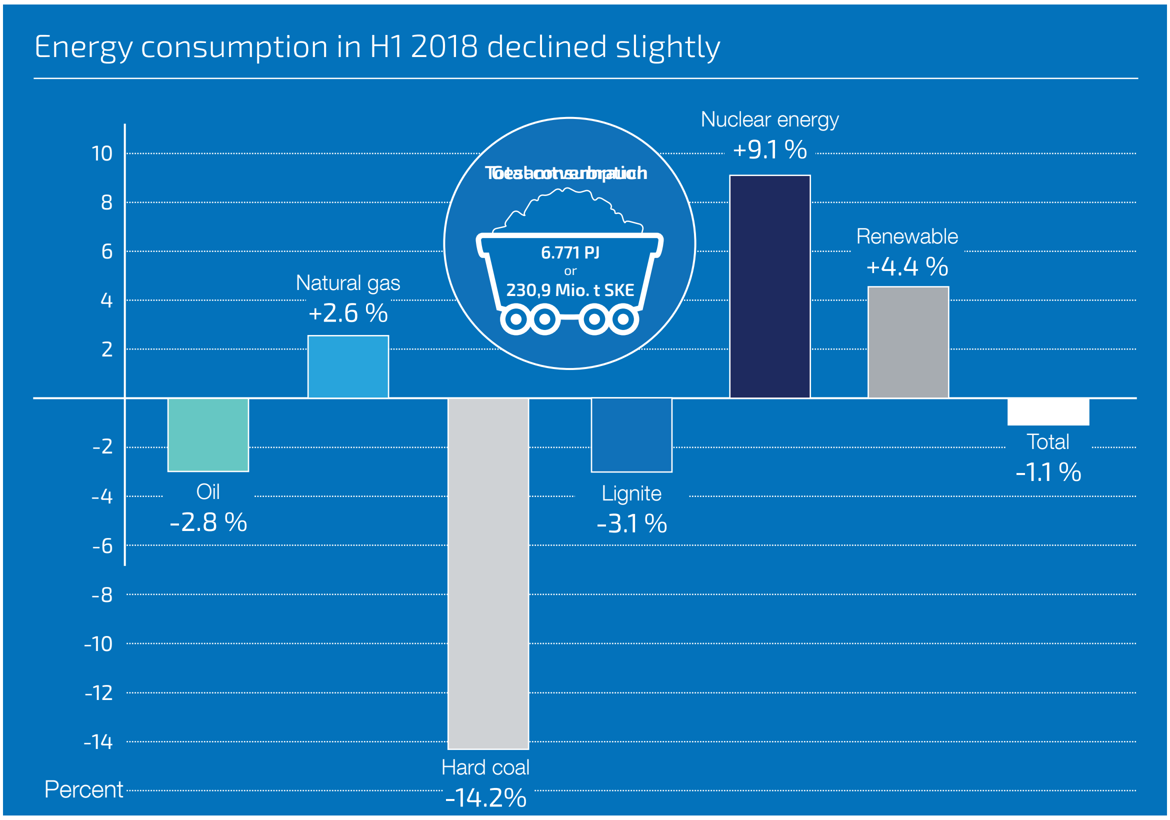
Total mineral oil consumption declined by almost 3 percent in the first six months of 2018. At 12 percent, the decline in consumption of light heating oil was strongest. Declines in the different fuels were between 1 and 4 percent. The main reason for this development is believed to have been the rise in prices.

Natural gas consumption increased by just under 3 percent in the first half of 2018 compared to the first half of 2017. Due to the colder temperatures, consumption increased significantly in February and March, whereas consumption levels in the second quarter of 2018 were significantly lower than in the previous year.

Hard coal consumption in the first six months of 2018 was more than 14 percent below the level of the same period of the previous year, as less hard coal was used again in power plants to produce electricity and heat. The use of coke and coal in the steel industry also declined. The consumption of lignite decreased by about 3 percent as less electricity was generated from lignite.

In the first half of 2018, electricity generation from nuclear energy grew by around 9 percent compared to the prior year. In 2017, the cumulation of revisions led to a significant reduction in electricity production.

Renewable energies increased their contribution to total energy consumption by more than 4 percent in the first half of 2018. All forms of renewable energies contributed to this development.



Source: AG Energiebilanzen e.V. 2018

Investor Relations

Development of the capital markets

In the first half of 2018, the capital markets initially continued their solid performance achieved in 2017. In the first weeks of 2018, following a sustained period of positive stock market sentiment in the third and fourth quarters of 2017, the major European, US and Asian stock markets carried on their upward trend to mark highs at the end of January 2018. After declining significantly until April 2018, the performance of the international stock exchanges diverged. For example, while US stock markets, notably the NASDAQ, traded at almost record highs, the Dax trended sideways and hovered well below the highs reached in 2017.

US equities continued to be driven primarily by tax cuts, economic stimulus programmes and the generally liberal economic policy of the incumbent US President Donald Trump. However, these moves, which are positive for the stock markets, have been significantly undermined recently by the implementation of US punitive tariffs against China and the EU. Despite international concerns over the outbreak of a global trade war and a return to protectionist economies, the EU and China responded to the US with their own tariffs. At the same time, US political disputes with China, Syria, North Korea, Mexico, Canada, Turkey, NATO and at the G7 summit have led to a break with the usual Western stability and continuity. The policy decisions of the US government are increasingly becoming a factor of uncertainty for global economic development, which has been reflected lately in volatile stock prices.

After euro interest rates saw their low in the summer of 2016, interest rates on bonds have risen only moderately. In September 2018, the ECB announced that it would continue its expansionary monetary policy for the time being and postpone interest rate hikes further into the future. The decision to reverse European monetary policy, however, has been taken, and the ECB intends to halve their controversial bond purchases by October 2018 to EUR 15bn and then fully phase these out by the end of the year. The key interest rate is to be left at 0 percent for the time being – at least until mid-2019.

The situation is different in the United States. Here, the central bank is continuing its strategy of successive interest rate hikes in 2018 and has firmly left the path of expansionary monetary policy. Interest rates were raised in several steps until reaching their current corridor of 1.75 to 2.0 percent, and the Federal Reserve may follow with further interest rate actions in September and December. The main reason for the upward revision of in the expected trend in interest rates is likely to be the higher trend in inflation and the continued robust state of the labour market.

At the end of January 2018, the Dow Jones Index exceeded 26,000 points for the first time. The aforementioned factors causing uncertainty in the capital markets caused the Dow Jones to fluctuate over the remainder of the year between 24,000 and 25,000 points in a volatile market environment. The Dow then closed at a level of 24,271 points at the end of June, or roughly 2.2 percent below its level at the start of the year.

The European stock exchanges also trended higher until the end of January 2018. However, the recovery after the slump in February and March was more subdued than in the US as higher US tariffs worldwide had a restraining effect. In Europe and the US, the main positive factors were good corporate results.

Positive economic data from Germany and the eurozone then led to a further rise in the prices of European equities from the end of March. The DAX reached a new high of 13,559 points at the end of January, before easing to a level of 11,787 points by the end of March. The recovery starting from there ended in late June 2018 at a level of 12,306 points, which was 4.4 percent lower than the level at the start of the year. In the first half of 2018, the EURO STOXX 50 fell around 2.7 percent from 3,490 points to 3,395 points.

HMS share performance

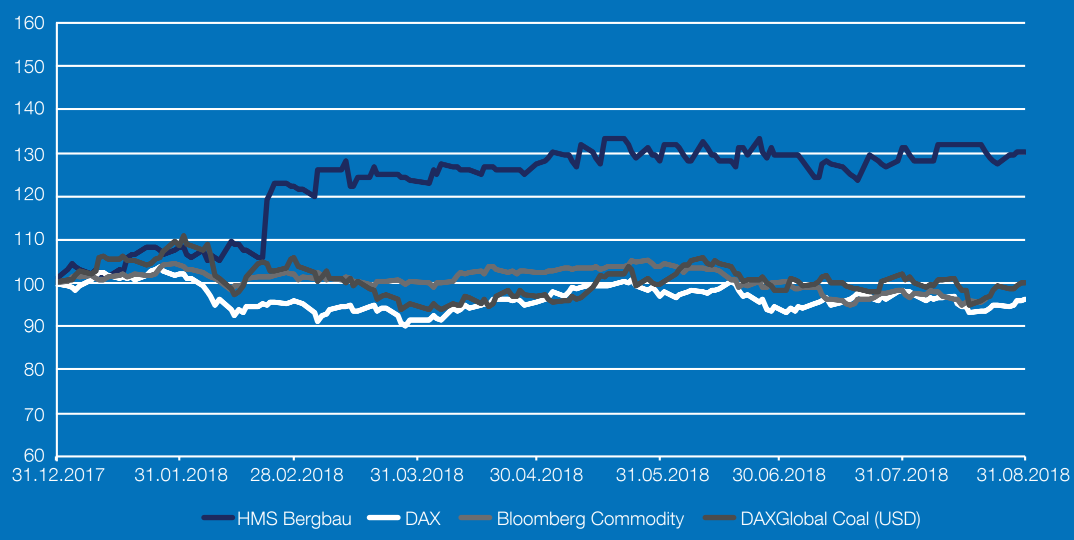
The shares of HMS Bergbau AG performed very well in the first half of 2018. The shares were quoted at EUR 14.00 at the beginning of 2018 and rose to EUR 17.90 at the beginning of May for an increase of around 28 percent. Since then, HMS Bergbau shares have been in a steady consolidation, closing at EUR 17.90 on both 30 June and 31 August.

The market capitalisation of HMS Bergbau AG increased from EUR 61.18 million at the end of 2017 to EUR 78.22 million at the end of the first half of 2018. The overall performance of HMS Bergbau shares has been exceedingly positive.

The DAXglobal Coal Index, on the other hand, made a significant decline in the first half of 2018. After starting the year at 351 points, the index initially lost well over 10 percent, then closed at 359 points at the end of June 2018. The international commodity index Bloomberg Commodity was much more subdued in the first half of 2018 than it was in 2017. After beginning 2018 at 88.41 points, the index closed down slightly at 87.41 points on 30 June 2018.

After the Deutsche Börse AG eliminated the „Entry Standard" segment at the end of February 2017, the shares of HMS Bergbau AG have been trading on the Basic Board of the Frankfurt Stock Exchange.

Performance of HMS-Bergbau share by August 31, 2018



Source: HMS Bergbau AG

Capital increase

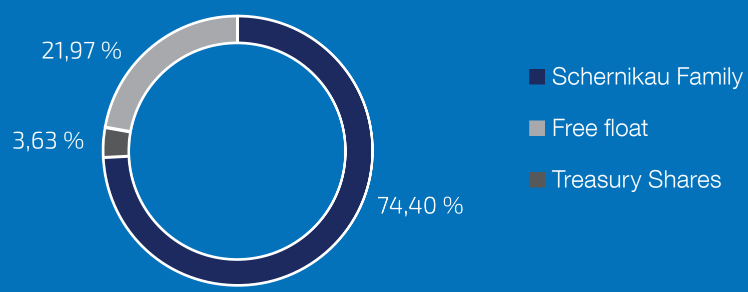
The share capital was increased by just under 5.07 percent in June 2018 making partial use of the authorised capital and excluding shareholders' subscription rights.

As a result, the company's share capital of EUR 4,370,000 divided into 4,370,000 no-par-value bearer shares increased by EUR 220,588.00 to EUR 4,590,588 through the issue of 220,588 new no-par-value bearer shares with a notional interest in the share capital of EUR 1.00 per share. The new shares were issued at a price of EUR 17.00 per share. The transaction made a significant contribution to improving the balance sheet structure of HMS Bergbau AG.

Shareholder structure

The share capital of HMS Bergbau AG as at 31 August 2018 consisted of 4,590,588 shares with a nominal value of EUR 1.00 each for a total amount of EUR 4,590,588.00. With a 74.40 percent, the Schernikau family is the largest shareholder. A total of 3.63 percent of the shares are held as treasury shares of HMS Bergbau AG, and 21.97 percent are in free float.

Shareholder structure as at August 30, 2018



Source: HMS Bergbau AG

Annual General Meeting 2018

The Annual General Meeting of HMS Bergbau AG took place on 11 September 2018 in Berlin. The agenda included the proposed resolutions on the appropriation of profits, the discharge of the Management and Supervisory Boards, and the election of the auditor. The Company's shareholders approved all of the proposed resolutions with almost 100 percent of the share capital represented at the Annual General Meeting.

Investor relations activities

In addition to the publication of financial information, the company's Management Board fully and promptly informs its shareholders through capital market publications about the current developments at HMS Bergbau AG. All capital market-relevant news is published in German and English. In doing so, HMS Bergbau exceeds the requirements of the stock exchange. The Management Board also exchanges views with institutional investors, financial journalists and industry analysts about the company's business model, future prospects and other capital market-related topics.

Key share information as at 31 August 2018

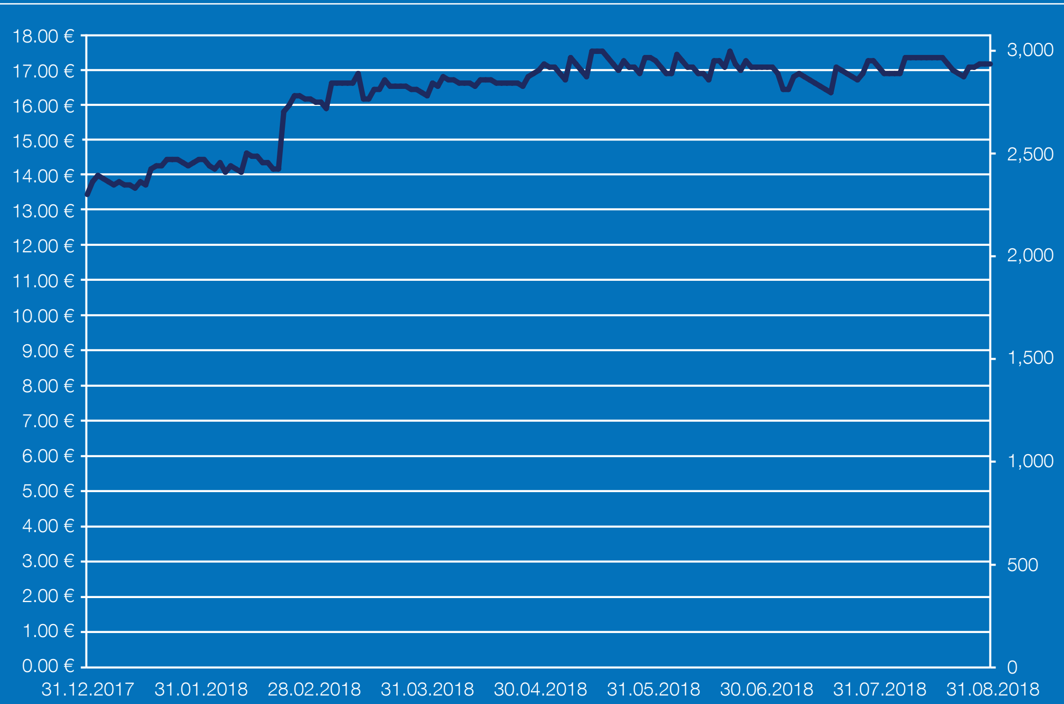
Basic data

ISIN/WKN	DE0006061104/606110
Ticker symbol	HMU
Bloomberg symbol	HMU GY
Reuters symbol	HMUG.DE
Market segment/Transparency level	Open Market / Basic Board
Designated Sponsor/Listing partner	ODDO BHF Aktiengesellschaft
Investor relations	GFEI Aktiengesellschaft
Subscribed capital (as at 31 August 2018)	4,590,588.00
No. of shares (as at 31 August 2018)	4,590,588
Free float	21.97 %

Performance dataw

Share price as at 30 December 2017 (closing price Frankfurt Stock Exchange)	EUR 14.00
Share price as at 30 June 2018 (closing price Frankfurt Stock Exchange)	EUR 17.90
Share price as at 31 August 2018 (closing price Frankfurt Stock Exchange)	EUR 17.90
Market capitalisation on 30 December 2017	EUR 61,180,000
Market capitalisation on 30 June 2018	EUR 78,223,200
Market capitalisation on 31 August 2018	EUR 82,171,525

Share price by August 31, 2018



Quelle: HMS Bergbau AG

Management Report

Business performance in the first half of 2018

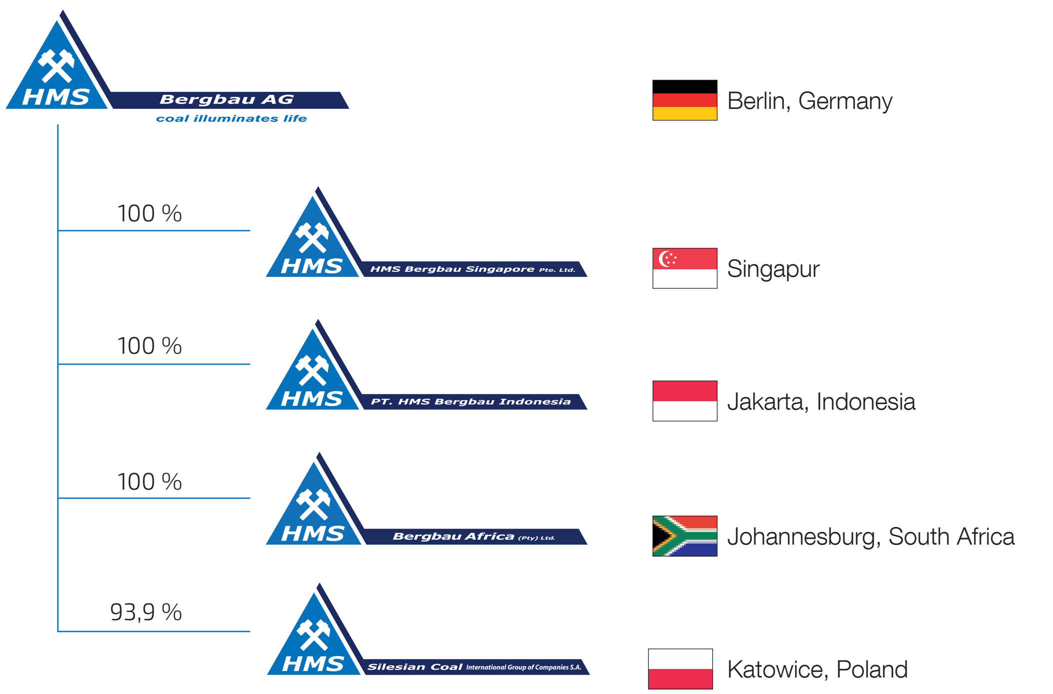
The HMS Bergbau Group is a globally active group of companies that serve as trading and distribution partners for renowned international electricity producers, cement manufacturers and industrial consumers with coal and energy raw materials such as steam coal, coking coal and coke products, as well as other raw materials such ore, cement, fertilisers and similar raw materials.

In 2018, HMS Bergbau AG continued its strategy of business expansion to include additional raw materials such as ore, metals and cement products and plans to develop into an international raw material trading company. The focus of its activities remains the coal business. HMS Bergbau AG's has spent decades building its widely recognised expertise throughout the entire value chain from mining to logistics to customer deliveries.

Corporate structure

The corporate structure of the HMS Bergbau Group and its major subsidiaries as of 30 June 2018 is as follows:

Corporate structure as at August 31, 2018



Source: HMS Bergbau AG

Group results of operations

The **results of operations** of the HMS Group in the first half of the 2018 financial year compared to the previous year were as follows:

	30/06/2018 EUR thousand	%	30/06/2017 EUR thousand	%	Change EUR thousand	%
Revenues	140,960	100	104,156	100	36,804	35
Total performance	**140,960**	**100**	**104,156**	**100**	**36,804**	**35**
Cost of materials	137,496	98	99,996	96	37,500	38
Personnel costs	810	1	954	1	-144	-15
Depreciation and amortisation	52	0	58	0	-6	-10
Other operating expenses						
./. other operating earnings	1,974	1	2,400	2	-426	-18
Tax expenses	2	0	1	0	1	100
Operating expenses	**140,334**	**100**	**103,409**	**99**	**36,925**	**36**
Operating result	**626**	**0**	**747**	**1**	**-121**	**-16**
Earnings from investment and financial result	-381		-126		-255	< -100
Sale of shares	1,100		0		1,100	-
Allocation to pension provisions (1/15 of allocation under German Accounting Law Modernisation Act [BilMoG])	-111		-111		0	0
Earnings before income taxes	**1,234**		**510**		**724**	**> 100**
Extraordinary expenses	0		0		0	
Income taxes	-8		-15		7	47
Net profit*	**1,226**		**495**		**731**	**> 100**

*EUR 1,642 thousand half-year result excluding EUR 416 thousand in pension provisions (as at 30 June 2017: EUR 459 thousand in pension provisions)

The HMS Group's results of operations were stronger in the first half of 2018 than in the same period of the prior year. Stabilising commodity prices and higher volumes were the main factors that led to a significant 35 percent increase in Group sales from EUR 104.2 million to EUR 141.0 million. The cost of materials also increased in line with the rise in sales and amounted to EUR 137.5 million versus a total of EUR 100.0 million in the first half of 2017. Personnel costs decreased in the first six months of the 2018 financial year to EUR 810 thousand after amounting to EUR 954 thousand in the comparable period of the previous year. The prior year period contained an elevated expense in the area of personnel costs for pension provisions. There was no significant change in the underlying personnel costs in the first half of 2018.

The HMS Group generated a net profit of EUR 1,226 thousand as at 30 June 2018 compared to EUR 495 thousand in the first half of 2017. The earnings situation improved as a result of the overall increase in order volume, the generally favourable conditions on the international coal markets, and income from the sale of shareholdings.

Group net assets

The **net assets** of the HMS Group as at 30 June 2018 compared to 31 December 2017 were as follows:

	30/06/2018 EUR thousand	%	31/12/2017 EUR thousand	%	Change EUR thousand	%
Assets						
Non-current assets	13,825	30	12,175	26	1,650	14
Inventories	120	0	129	0	-9	-7
Receivables	26,924	58	30,163	65	-3,239	-11
Cash and cash equivalents	1,698	4	347	1	1,351	> 100
Other assets	3,669	8	3,340	7	329	10
	46,236	**100**	**46,154**	**100**	**82**	**0**
Capital						
Shareholders' equity	11,183	24	5,872	13	5,311	90
Own shares	-1,415	-3	-1,345	-3	-70	5
Non-current liabilities	6,522	14	6,209	14	313	5
Current liabilities	29,946	65	35,416	77	-5,470	-15
	46,236	**100**	**46,154**	**100**	**82**	**0**

Total assets of HMS Bergbau AG were virtually unchanged at EUR 46.2 million as at the balance sheet date of 30 June 2018 compared to their level of EUR 46.2 million as at 31 December 2017.

Non-current assets as per 30 June 2018 amounted to EUR 13.8 million (previous year: EUR 12.2 million). Current assets declined as at the balance sheet date to EUR 32.4 million (31 December 2017: EUR 34.0 million) despite an improvement in liquidity in the amount of EUR 1.4 million.

On the liability side of the balance sheet, equity improved significantly as per 30 June 2018. The conversion of loans into equity led to a substantial rise in equity from EUR 5.9 million to EUR 11.2 million as at 30 June 2018. Current liabilities changed significantly, decreasing EUR 5.5 million to EUR 30.0 million (31 December 2017: EUR 35.4 million).

All other balance sheet items have changed only slightly as a result of postings as at the balance sheet date.

Trading

Trusting, stable business relationships with customers and suppliers form the basis of the successful international trading activities of the HMS Bergbau Group.

The main customers of the HMS Bergbau Group include power plant companies, steel and cement producers, as well as industrial companies such as glassworks, paper mills and waste processing plants. Our customer base consists of both private and state-owned companies from Asia, Europe, the Middle East and Africa.

The HMS Bergbau Group cooperates with renowned and reliable producers mainly in Indonesia, South Africa, Russia, Poland, and North and South America. In addition, we are responsible for the representation of numerous international coal producers. The HMS Bergbau Group handles the complete marketing of coal in selected markets.

Vertical integration

Access to resources and coal from marketing agreements with international producers should guarantee a reliable supply of consumers in the long term. In the future, the HMS Bergbau Group also plans to exploit its own resources. This strategy was consistently followed again in 2018.

HMS Bergbau AG sold 6.1 percent of its shares in the subsidiary Silesian Coal International Group of Companies S.A., which has already carried out geological surveys for the Orzesze area in Silesia. HMS Bergbau AG's stake in the Silesian Coal International Group of Companies S.A. is now 93.9 percent. The buyer of the interest was a Swiss company specialising in this type of investment and financing. The aim is to jointly develop the company's operations and finance these activities. The purchase price was based on a valuation of the Silesian Coal International Group of Companies S.A. in the low, three-digit million-euro range.

There are also plans to develop the Orzesze reserves of thermal and coking coal using portions of the infrastructure of a neighbouring mine. The HMS Bergbau Group and its partners plan to cover a further part of the value-added chain by setting up their own production operations to facilitate the low-cost production of more than 650 million tonnes with a comparatively low amount of investment. With this step, HMS Bergbau AG would secure sustainable competitive advantages in the European market.

It was also possible in Indonesia to enter into new coal marketing agreements for Vietnam with a reliable partner.

Horizontal integration

The expansion of global trading activities to include other commodities outside of coal, such as ores, fertilisers and cement products, is expected to become another important pillar of HMS Bergbau AG over the medium term. The steadily growing demand from new and existing customers for different raw materials should be satisfied using HMS Bergbau's structures. This will allow HMS Bergbau AG to utilise and open up its existing network, its longstanding expertise and its worldwide transport options. At the same time, as part of the horizontal integration strategy, new sourcing markets will be tapped and steadily developed, particularly in Asia, Africa and the Middle East. By expanding its activities, HMS Bergbau AG is striving to optimise its capacity utilisation, further improve its risk diversification, raise gross margins and, ultimately, seize advantages versus the competition.

Logistics business unit

The HMS Bergbau Group offers its customers and business partners a complete range of services from the timely supply of raw materials to organising the entire transport logistics. The service portfolio of our highly professional and experienced team ranges from the chartering of ships, the organisation of inland transportation, port handling, warehouse management as well as coal preparation all the way up to technical monitoring, as required.

For example, the HMS Bergbau Group in South Africa organises all of the logistics needs for its partners - from truck transport to rail transport and port handling - thereby providing a high degree of delivery reliability to its suppliers and customers.

Subsequent events

On 9 August 2018, the Supervisory Board of HMS Bergbau AG resolved a capital increase from authorised capital.

The resolution provides for an increase the company's share capital of nearly 5.07 percent through the partial use of authorised capital against the conversion of loans granted and excluding shareholders' subscription rights.

As a result of the capital increase, the company's share capital of EUR 4,370,000, divided into 4,370,000 no-par-value bearer shares, was increased by EUR 220,588 to a total of EUR 4,590,588 by issuing 220,588 new no-par-value bearer shares with a notional interest in the share capital of EUR 1.00 per share. The new shares were issued at a price of EUR 17.00 per share. This transaction contributed significantly to improving the balance sheet structure of HMS Bergbau AG.

Consolidated Balance Sheet as of 30/06/2018 (unaudited)

Assets

		30/06/2018	31/12/2017
	EUR	EUR	EUR
A. Non-current assets			
I. Intangible assets			
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	9,303.98		12,016.72
2. Property, plant and equipment	29,421.84		54,640.57
		38,725.82	**66,657.29**
II. Property, plant and equipment			
1. Technical equipment and machinery	75,186.59		91,084.88
2. Other equipment, office and factory equipment	4,954,208.93		4,407,016.53
		5,029,395.52	**4,498,101.41**
III. Financial assets			
1. Investments in associated companies	473,978.14		457,508.06
2. Other loans	8,283,027.22		7,152,790.15
		8,757,005.36	**7,610,298.21**
		13,825,126.70	**12,175,056.91**
B. Current assets			
I. Inventories			
1. Goods		**119,550.27**	**129,273.78**
II. Receivables and other assets			
1. Trade receivables	26,924,150.22		30,162,836.23
2. Receivables from associates	140,102.54		152,741.62
3. Other assets	1,741,492.91		1,438,622.29
		28,805,745.67	**31,754,200.14**
III. Cash-in-hand and bank deposits		**1,697,982.20**	**346,854.75**
		30,623,278.14	**32,230,328.65**
C. Accruals and deferrals		**169,751.01**	**130,163.93**
D. Deferred taxes		**1,618,066.00**	**1,618,066.00**
		46,236,221.85	**46,153,615.49**

Liabilities

		30/06/2018	31/12/2017
	EUR	EUR	EUR
A. Shareholders' equity			
I. Subscribed capital		**4,424,334.00**	**4,208,746.00**
II. Capital reserve		**7,431,155.36**	**3,966,747.36**
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	-2,172,598.85		-3,398,563.76
V. Difference in equity due to currency conversion	-207,165.02		-538,632.10
VI. Minority interests	13,687.30		11,219.10
		-2,366,076.57	**-3,925,976.76**
		9,767,684.16	**4,527,787.97**
B. Difference from capital consolidation		**0.00**	**0.00**
C. Provisions			
1. Pension provisions and similar obligations	6,521,844.67		6,209,470.51
2. Tax provisions	215,843.66		157,969.06
3. Other provisions	323,966.68		433,753.26
		7,061,655.01	**6,801,192.83**
D. Liabilities			
1. Liabilities to banks	790,666.21		9,252,701.62
2. Trade payables	25,864,233.45		19,388,098.07
3. Other liabilities	2,751,199.34		6,180,749.24
		29,406,099.00	**34,821,548.93**
E. Accruals and deferrals		**783.68**	**3,085.76**
		46,236,221.85	**46,153,615.49**

Consolidated Income Statement as of 30/06/2018

			30/06/2018 EUR	30/06/2017 EUR
1.	Sales		140,960,339.75	104,156,490.72
2.	Other operating earnings		1,293,624.66	172,995.64
			142,253,964.41	104,329,486.36
3.	Cost of materials			
		Costs for raw materials and supplies and for goods purchased	-137,495,654.09	-99,995,605.73
		Cost for services purchased	0.00	0.00
			-137,495,654.09	-99,995,605.73
4.	Personnel costs			
	a)	Wages and salaries	-678,662.43	-710,922.56
	b)	Social security costs and pension support costs	-131,389.62	-242,770.25
			-810,052.05	-953,692.81
5.	Depreciation and amortisation			
		Amortisation of intangible assets and depreciation of fixed assets	-51,726.53	-58,540.41
6.	Other operating expenses		-2,279,739.07	-2,684,510.29
7.	Other interest and similar earnings		500,383.62	264,037.30
8.	Depreciation of financial assets and securities held as current assets		0.00	0.00
9.	Interest and similar expenses		-881,478.50	-403,063.25
10.	**Earnings from ordinary activities**		**1,235,697.79**	**511,450.33**
11.	Income taxes		-7,807.61	-14,921.13
12.	Other taxes		-1,925.27	-1,571.54
13.	**Net profit for the period***		**1,225,964.91**	**494,957.66**
14.	Loss carryforward		-3.398.563,76	-4,118,219.59
15.	Minority interest		0.00	0.00
16.	**Consolidated balance sheet loss**		**-2,172,598.85**	**-3,623,261.93**
	EBITDA		**1,668,519.20**	**709,016.69**

*EUR 1,642 thousand half-year result excluding EUR 416 thousand in pension provisions (as at 30 June 2017: EUR 459 thousand in pension provisions)

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