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COAL ENERGY S.A. – SEMI-ANNUAL FINANCIAL RESULTS FOR 1H 2012FY

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February 29th, 2012. Coal Energy published financial results for the first half of financial year 2012, ended December 31st, 2011

The financial year of Coal Energy S.A. commences July and ends in June (2012 financial year commenced on the 1st July 2011 and will end ended on the 30th June 2012).

Semi-annual financial results for the period of 1.07-31.12.2011 (1H2012FY) (in ths. USD):

USD '000	1H2012FY (1.07-31.12.2011)	1H2011FY (1.07-31.12.2010)	% change	change USD '000
Revenues	82 412	55 084	+49,6%	+27 328
Gross profit	36 779	16 570	+121,9%	+20 209
EBIT	28 611	13 191	+116,9%	+15 420
Net profit	20 722	9 067	+128,5%	+11 655

Quarterly financial results for the period of 1.10-31.12.2011 (2Q2012FY) (in ths. USD):

USD '000	2Q2012FY (1.10-31.12.2011)	2Q2011FY (1.10-31.12.2010)	% change	change USD '000
Revenues	42 732	25 996	+64,4%	+16 736
Gross profit	18 266	7 236	+152,4%	+11 030
EBIT	14 486	6 129	+136,4%	+8 357
Net profit	12 420	4 633	+168,1%	+7 787

Despite challenging economical environment Coal Energy managed to improve its operating and financial performance and deliver a record set of financial results along with high profitability. – says Viktor Vyshnevetsky, Coal Energy CEO. Over 1H FY2012 key financial indicators of the Company demonstrated solid growth over the comparable period of FY2011: revenues increased by 49.5% up to US\$82.4 million and EBITDA reached US\$33.1 million revealing a 103.1% growth year-on-year.- he added.

Production volumes for the period of 1.07-31.12.2011 (1H2012FY), in tonnes:

In tonnes	1H2012FY (1.07- 31.12.2011)	1H2011FY (1.07- 31.12.2010)	% change	change (tonnes)
Mining output, incl.:	784 251	467 738	+67,7%	+316 513
Thermal Coal	632 272	338 753	+86,7%	+293 519
Coking and dual purpose coal	151 979	128 985	+17,8%	+22 994
Waste dumps processing	104 577	99 200	+5,4%	+5 377
TOTAL	888 828	566 938	+56,8%	+321 890

In 1H FY2012 we have managed to increase our production results up to 888.8 thousand tonnes of coal or by 56.8% year-on-year. Mining output increased by 67.7% in 1H FY2012 y-o-y while waste dump processing increased by 5.4% y-o-y. In 1H FY2012 thermal coal mining output increased by 86.7% compared to 1H FY2011, while coking and dual purpose coal production rose by 17.8% year-on-year. says Viktor Vyshnevetskyy.

Alongside with the growth of our production results we continued to expand our reserve base by acquiring mining license for LLC Nedra Donbasa for 24.8 million tonnes of hard coking coal reserves (under the Ukrainian methodology) in December 2011 – he added.

Targets for 2012FY

Taking into consideration the risks associated with economic instability, we decided to update our sales strategy based on the current changes on the coal and steel markets. Due to that we have revised our production target for FY2012 at 1.8 million tonnes from the previous target of 2.0 million tones - explains Viktor Vyshnevetskyy.

Preparation of 2 fully-mechanized longwalls on CwAL LE Sh/U Chapaeva is a Group's strategic goal for the FY2012. The launch of first longwall is planned for December 2012; the second longwall will be launched within 7 months after. We estimate that newly-launched longwalls will reach their targeted average capacity within 3 months after launch – together will increase our daily output by 3,000 tonnes. – says Viktor Vyshnevetskyy.

During first 6 months of FY2012 we invested US\$26.0 million in our growth and exploration activities. In 1H FY2012 the Group has completed the development plan of the second waste processing plant Snezhnyanskaya No. 2 and in December begun the construction. We plan to invest total of about US\$2.5 million in this project. The launch of the plant is expected in 4Q FY2012 (2Q 2012 calendar year) – resumes Viktor Vyshnevetskyy.

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Coal Energy Group's principal business is mining, beneficiation and sale of thermal and coking coal. Coal Energy is the third largest private coal producer in Ukraine in terms of reserves as of end of 2010 and the seventh largest private coal producer in the country by output based on the 2010 results. Coal Energy's coal reserves are located in the country's largest coal basin – Donbas. Coal Energy is listed on Warsaw Stock Exchange since August 2011. As of Sep. 30th, 2011 Coal Energy shareholders structure is as follows: Lycaste Holdings 75.0%, ING OFE 8.5%, Generali OFE 5.2%, others 11.3%.

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