

## **New World Resources**

### **Results for the first half year ended 30 June 2009**

**Amsterdam, 19 August 2009** – New World Resources N.V. (“NWR” or the “Company”), Central Europe’s leading hard coal producer, today announces its financial results for the six month period ended 30 June 2009.

#### **Highlights**

- Consolidated revenues of EUR 539 million (EUR 484 million for continuing operations<sup>1</sup>)
- Coal production down by 17% and coke production down 40% year-on-year
- Sales recovered somewhat in June; increased orders in recent weeks
- 22% reduction in operating costs year-on-year
- EBITDA of EUR 82 million (EUR 76 million for continuing operations<sup>1</sup>), reflecting significantly lower coal and coke prices and volumes
- Adjusted loss per A share of EUR (0.16)
- Unrestricted cash of EUR 392 million
- EUR 141 million ECA<sup>2</sup> loan agreement signed for Phase II of POP 2010
- POP 2010 Phase I equipment delivered 117% average productivity increases and improved safety performance; Phase II proceeding to plan
- Continued improvement in safety with LTIFR<sup>3</sup> in mining operations down 11%
- No interim dividend payment due to uncertain market

#### **Chairman’s statement**

“Market conditions were difficult for NWR throughout the first half of this year. The steep decline in Central European steel production led to a contraction in demand for our coking coal and coke. According to IISI, steel production in our markets fell by 42% year-on-year.

Steel producers in the region have favoured their own coking plants over this period, which in turn has negatively affected local merchant coke producers, such as NWR.

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1 Excludes the Energy Trading Segment

2 Export Credit Agency

3 LTIFR represents the number of reportable injuries after three days of absence divided by total number of hours worked expressed in millions of hours

This has caused some coke producers to shut down some or all of their capacity – in some cases permanently – and has also resulted in a large increase in coke stocks in the region. The longer-term consequences of this will need detailed analysis as it could mean material changes to future coking coal and coke flows within the region. Inevitably, NWR's coking operations have also been heavily impacted.

On a more positive note, the greater resilience of energy demand during the recession has meant that our thermal coal sales have held up better.

Turbulent market conditions resulted in significant reductions to our coking coal and coke sales volumes and achieved prices, whereas thermal coal volumes held up well and prices achieved actually rose.

More specifically, coal and coke sales volumes were down by respectively 29% and 53%. Clearly this resulted in significant inventory build up and hence we revised down our production targets, and consequently, production of coal and coke fell 17% and 40% respectively.

Lower volumes are of course a threat to unit costs and margins and so we embarked upon stringent cost cutting measures. These included a reduction in personnel of both contractors and employees, an overall wage decrease, a decline in maintenance costs, and also reductions in the cost of mining consumables. This resulted in an overall cost reduction of 22% in the first six months of this year compared to the same period last year, which meant that we did not suffer any rise in unit costs of coal production.

We continue to invest in our POP 2010 equipment renewal programme and Phase I is now delivering material productivity gains as well as an improved safety environment. Phase II is now underway and, as part of our cash flow management, we have signed an ECA loan agreement to cover much of the related capital expenditure, including the portion financed by our own cash resources during the first half of 2009.

In June the Board of Directors approved the intention to sell NWR's energy business. This is in line with our strategy to focus on our core business of coal mining and coke production, and also in order to strengthen our balance sheet.

NWR's core customer markets are beginning to show some signs of recovery. Sales volumes have been rising since June and our inventory levels have therefore started to fall, after having peaked in April this year.

Despite these encouraging signs, we are not sure whether this recovery is due to improved end demand, or just due to restocking and thus we remain cautious for the near term outlook. Consequently, we have suspended our dividend payments to preserve balance sheet flexibility.

Although the market remains volatile, we believe that the long-term outlook for the sector is positive. We remain focused on cost control, cash flow optimisation and prudent management for the ongoing sustainability of our business."

*Mike Salamon, Executive Chairman of NWR*

## Selected financial and operational data

(EUR thousand, unless otherwise stated)	H1 2009	H1 2008	Change	
Revenues <sup>(1)</sup>	484,371	926,953	(442,582)	(48%)
Operating result <sup>(1)</sup>	359	265,441	(265,082)	(100%)
Profit before tax <sup>(1)</sup>	(37,384)	249,228	(286,612)	
Profit for the period	(41,440)	189,105	(230,545)	
EBITDA	82,460	355,795	(273,335)	(77%)
EBITDA from continuing operations <sup>(1)</sup>	76,057	349,957	(273,900)	(78%)
Total assets	2,143,589	2,617,019	(473,430)	(18%)
Net cash flow from operations	(26,882)	240,293	(267,175)	
Net debt	620,647	414,882	205,765	(50%)
Net working capital	155,459	65,790	89,669	136%
CAPEX	151,544	101,858	49,686	49%
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Adjusted earnings per A share <sup>(2)</sup> (in EUR)	(0.16)	0.71	(0.87)	
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Coal and coke sales volumes <sup>(3)</sup>	4,510	6,549	(2,039)	(31%)
Total coal production <sup>(3)</sup>	5,514	6,677	(1,163)	(17%)
Coal Inventories <sup>(3)</sup>	1,126	326	800	246%
Coke Inventories <sup>(3)</sup>	212	16	196	1,225%
Average number of staff <sup>(4)</sup>	19,406	21,353	(1,947)	(9%)
Lost-time Injury Frequency Rate – OKD <sup>(5)</sup>	11.44	12.82		(11%)
Lost-time Injury Frequency Rate – OKK <sup>(6)</sup>	4.33	4.17		4%

(1) From continuing operations, i.e. excluding the Electricity Trading Segment

(2) Adjusted to current number of shares, see also Earnings per Share section

(3) In thousands of tones

(4) Including contractors

(5) OKD is a subsidiary of NWR

(6) OKK is a subsidiary of NWR

Note that the reported financial highlights for H1 2009 and H1 2008 are restated to exclude the results of the Electricity Trading Segment, which is now presented as discontinued operations in the financial statements (please refer to the Operating Financial Review for the six-month period ended 30 June 2009 for further details).

## Results overview

Weaker market conditions and reduced demand for steel led to significantly lower sales during the first half of 2009. The Company's revenues were down by 48%, mainly due to the decrease in prices and sales volumes for both coking coal and coke.

Operating costs were reduced by 22% in the first half of 2009 compared to the same period in 2008, largely due to the cost savings initiatives implemented during the period in 2009.

EBITDA from continuing operations of EUR 76 million for the first half of 2009 represents a decrease of 78% compared to the EUR 350 million achieved in the same period of 2008. EBITDA margin from continuing operations decreased to 16% in H1 2009 from 38% in H1 2008. Adjusted loss per A share of EUR (0.16) reflected the substantial revenue contraction in the period.

## Production & sales volumes

Total production of coal in the first half 2009 decreased by 17% compared to the same period in 2008. Net sales volumes were down 29%, due to reduced off-take by some customers early this year, leading to significant inventory build up during the first half of this year. Inventory levels started to decline towards the end of the period, after having peaked in April this year, due to the implementation of the reduced production targets announced with the first quarter results.

Coal performance indicators (kt)		Change		
	H1 2009	H1 2008		%
Coal production	5,514	6,677	(1,163)	(17%)
Sales to OKK	(417)	(526)	109	(21%)
Sales to NWR Energy	(31)	0	(31)	-
Internal consumption	(17)	(48)	31	(65%)
<b>Sales from production</b>	<b>5,049</b>	<b>6,103</b>	<b>(1,054)</b>	<b>(17%)</b>
Inventory build-up	(835)	(175)	(660)	377%
<b>Total Net sales</b>	<b>4,214</b>	<b>5,928</b>	<b>(1,714)</b>	<b>(29%)</b>
<i>of which</i>				
Coking coal	2,097	3,491	(1,394)	(40%)
Thermal coal	2,117	2,437	(320)	(13%)
Period end inventory	1,126	326	800	246%

As a direct result of weaker customer demand, coke production decreased by 40% compared to the same period in 2008. Sales of coke decreased by 53% in the first six months of 2009 compared to the same period in 2008. Coke inventories peaked in May and declined somewhat towards the end of the period as we saw signs of an increase in customer demand.

Coke performance indicators (kt)		Change		
	H1 2009	H1 2008		%
Coke production	400	662	(262)	(40%)
Coke sales	295	621	(326)	(53%)
Period end inventory	212	16	196	1,225%

## Prices

(EUR/t)		Change		
Price	H1 2009	H1 2008		%
Coking coal	95	129	(34)	(26%)
Thermal coal	75	65	10	15%
Coke	158	295	(137)	(46%)

As a result of continued market uncertainty, realised prices, especially for coke, are expected to be volatile throughout the year when compared to average prices and volumes stated at the beginning of the year.

## Operating costs

Operating costs for continuing operations decreased by 22% in the first half 2009 compared to the same period in 2008, and 16% when excluding the impact of the depreciation of the Czech Koruna.

(EUR thousand)					% chg.
	H1 2009	H1 2008	Chg.	% chg.	Ex-FX
Consumption of material and energy	145,100	185,336	(40,236)	(22%)	(16%)
Service expenses	128,588	169,905	(41,317)	(24%)	(18%)
Personnel expenses	178,633	227,121	(48,488)	(21%)	(15%)
<b>Total expenses</b>	<b>452,321</b>	<b>582,362</b>	<b>(130,041)</b>	<b>(22%)</b>	<b>(16%)</b>

Note: From continuing operations only. The Electricity Trading Segment is classified and presented as discontinued operations (see Energy Assets section).

NWR implemented numerous cost savings measures during the first half of 2009 in order to mitigate the anticipated significant revenue decrease in the period. These measures included a reduction in overall headcount of 9% in the first half of 2009 compared to first half of 2008 accompanied by an overall wage decline, leading to a 21% reduction in personnel costs. Additionally, other cost cutting initiatives led to a 25% decrease in contractor costs due to a 13% reduction in unit costs per shifts as well as a 14% decrease in the number of shifts; a 28% decrease in maintenance costs; a 17% reduction in mining materials expenses; and an 82% decrease in consumption of Polish coal as we largely replaced Polish coal with our coal for coke production.

NWR continues to work on reducing all cost items and expects all cost lines, except for the consumption of energy, to decrease for the full year 2009 when compared to the full year 2008 levels.

#### Mining cash cost per tonne

(EUR)					% chg.
	H1 2009	H1 2008	Chg.	% chg.	Ex-FX
Mining cash cost per tonne*	72	72	0	0	8%

\* OKD stand-alone

Despite the significant decrease in production seen in the period, NWR has kept mining cash cost per tonne stable year-on-year largely due to the cost cutting measures implemented during the period.

Cash cost per tonne reflects the operating costs incurred in mining both coking coal and thermal coal. The main line items included Consumption of Material and Energy, Services Expenses and Personnel Expenses. As the numbers only reflect the costs of coal mining, it is not possible to reconcile these figures with the line items presented in the consolidated financial information presented by the Company on a quarterly basis.

#### Coke conversion cash cost per tonne

(EUR)					% chg.
	H1 2009	H1 2008	Chg.	% chg.	Ex-FX
Coke cash cost per tonne*	95	49	46	94%	109%

\* OKK stand-alone

The increase in coke unit cash cost is largely due to the revised production targets resulting in a 40% reduction in production for the period compared to the same period in 2008 as well as a EUR 5 million severance payment related to the closure of the Sverma coking plant.

## Energy assets

In accordance with our previously stated strategy, the Board of Directors approved the intention to divest our energy businesses represented by NWR Energy, a.s., NWR Energetyka PL Sp. z o.o. and CZECH-KARBON s.r.o.

Consequently, assets and liabilities of the energy businesses are classified as held for sale and the Electricity Trading business is presented as discontinued operations in the financial statements (please refer to the Operating Financial Review for the six-month period ended 30 June 2009 for further details).

## Productivity Optimisation Programme 2010 (POP 2010)

All five new longwall equipment sets from Phase I of POP 2010 are now fully operational. We have seen a marked improvement in productivity levels during the first six months of 2009.

		MINING PERFORMANCE IN H1 2009			
		Average daily production per Longwall (t)		Average output per manshift at Longwalls (t)	
		Other Longwalls	POP 2010 Longwalls	Other Longwalls	POP 2010 Longwalls
Karvina	Lazy; high seam	1,984	2,318	34.26	80.48
	CSA; mid seam		4,101		90.84
	Lazy; low seam (plow)	308	540	3.6	10.71
Darkov Mine; high seam		1,489	5,275	24.44	86.89
CSM Mine; mid seam		1,268	2,926	24.04	66.60

Additionally, the first set of new equipment from Phase II is now in operation and the second set is scheduled to start up at the end of August 2009.

## POP 2010 financing

NWR entered into an ECA loan agreement for approximately EUR 141 million to finance Phase II of POP 2010, our capital investment programme. This loan will cover part of the expected capital expenditures related to the POP 2010 programme, including the portion financed from existing cash resources during the first half of 2009.

The Company is currently working towards the financial close and will provide further details to the market in due course.

## Coking Plant Optimisation Programme (COP 2010)

The refurbishment of the Svoboda coke plant battery No. 8 continues as planned as well as preparatory works for the construction of the new No. 10 coking battery.

In May 2009, the Company announced its decision to shut down its Sverma coking facility in response to the reduced coke demand seen during the first half of 2009. Precise phasing will be in line with market conditions.

After the COP 2010 programme is fully implemented, Svoboda will be capable of producing 850 kt per year of both blast furnace and foundry coke with reduced costs per tonne and reduced environmental impact. This production volume will be flexible in the entire variety of grades and qualities, further improving efficiency and productivity.

### **Polish projects**

NWR's external mining consultant, J.T. Boyd has completed the Debiensko feasibility study based on the coal reserves specified in the current mining licence. All technical and economic outcomes of the study are now being analysed by the engineering staff at NWR KARBONIA Sp. z o.o. and OKD, a.s.

Following the recent confirmation from the licensing agency that the existing mining licence can be amended to include additional shallower coal reserves that are not included in the J.T. Boyd feasibility study, an alternative mine development plan is now being prepared by NWR KARBONIA Sp. z o.o.. The alternative plan includes these additional reserves, and the engineering and documentation procedures are scheduled to be completed by the end of 2009.

On completion, the Company will be able to determine the most practical and cost effective mine development plan to be further developed.

### **Health and safety**

The health and safety of our workforce is a key priority at NWR and the Company continues to strive to improve working conditions at all its facilities. During the first six months of 2009 the Lost-Time-Injury-Frequency Rate (LTIFR)<sup>4</sup> at OKD was reduced by 11% to 11.44 at the end of June 2009 compared to 12.82 at the end of June 2008.

At OKK, LTIFR was slightly up, from 4.17 in H1 2008 to 4.33 in H1 2009.

Regrettably, despite the overall improving safety trend four of our workers died at work (two at the mines and two contractors at the coking plants) in the first seven months of 2009. NWR continues to strive to achieve all of its safety objectives.

### **Exchange rates**

The Czech Koruna depreciated against the Euro by approximately 8% for the six-month period ended 30 June 2008 relative to the six-month period ended 30 June 2009.

During the first quarter of 2009 the Company was 100% unhedged for foreign currency exposure. New currency forwards were executed during the second quarter of 2009 in line with the stated target of hedging 70% of foreign currency exposure for the Company. To date, NWR has hedged approximately 41% of its future exposure and, depending on market conditions, expects to reach its 70% target by the end of the year.

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<sup>4</sup> LTIFR represents the number of reportable injuries after three days of absence divided by total number of hours worked expressed in millions of hours

## Cash flows

In the first six months of 2009 net operating cash flow was EUR (27) million compared to EUR 240 million in the same period in 2008. This decrease in the net operating cash flow is mainly attributable to lower revenues due to lower prices and volumes of coal and coke sold during the period.

## Dividend

Reflecting the challenging economic and market environments, the negative net income and cash flow achieved during the first six months of 2009, coupled with the continued poor visibility for the remainder of the year, no interim dividend will be paid in order to preserve cash.

The Board of Directors remains committed to its policy of distributing approximately 50% of the Mining Division's consolidated annual net income over the course of the business cycle.

## Liquidity and capital resources

As at 30 June 2009 the Company's net debt was EUR 621 million with no material refinancing obligations until 2012.

Unrestricted cash on hand amounted to EUR 392 million. The restricted payment basket as defined by the Indenture currently amounts to approximately EUR 165 million.

For more information please refer to the Liquidity and Capital Resources section in the notes of the Operating and Financial Review for the six-month period ended 30 June 2009.

## CAPEX 2009

NWR plans to continue its major capital expenditure programmes in 2009 in line with the Company's strategy to invest in the long-term sustainability of the business, focusing its capital expenditures on investment into new technology and safety. All other capital expenditures items were deferred earlier this year, leading to a reduction in budgeted CAPEX for the full year 2009 from EUR 289 million to EUR 234 million.

NWR continues to review the implementation of its investment plans to focus on its major projects and to ensure optimal scheduling and cash flow enhancement.

CAPEX (EUR million)	H1 2008	H1 2009	Budget FY 2009
POP 2010	55	74	116
OKD	39	59	87
OKK	8	15	21
Projects in Poland	-	0.5	5
Other	-	3	4
<b>TOTAL</b>	<b>102</b>	<b>152</b>	<b>234</b>

## Corporate governance

On 25 March 2009 Christiaan Norval resigned from the Board of Directors of NWR, due to conflicting commitments.



On 28 April 2009 NWR held its Annual General Meeting of Shareholders, at which all proposed resolutions were passed, including the proposal to appoint Kostyantín Zhevago as a Non-Independent Non-Executive Director of NWR's Board of Directors.

On 20 May 2009 NWR issued a total of 266,490 A shares to the five Independent Non-Executive Directors of NWR's Board of Directors as part of their remuneration, as described in the IPO Prospectus and the 2008 Annual Report and Accounts.

On 24 June 2009 the Board of Directors approved the grant of options to several eligible employees of the Company, in accordance with its stock option plan (the "SOP") for Executive Directors, senior management and key employees as described in the Company's Remuneration Report for 2008. A total of 3,325,762 options were awarded for a total monetary value of GBP 3,691,595 (approximately EUR 4,344,269). The options vest over a three-year period subject to the satisfaction of the relevant performance conditions. The exercise price of the options is GBP 2.8285.

On 30 June 2009 Alex T. Krueger resigned from the Board of Directors, following First Reserve Corporation's sale of its indirect participation in NWR. Mr. Krueger is a Managing Director of First Reserve Corporation.

On 10 July 2009 RPG Partners Limited ("RPG Partners"), NWR's majority shareholder, informed NWR about the completion of an agreement between, amongst others, RPG Industries SE (an indirect subsidiary of RPG Partners, "RPGI"), RPG Partners, American Metals & Coal International, Inc. ("AMCI") and First Reserve Corporation ("First Reserve"), under which AMCI and First Reserve disposed of their shares in RPGI. As a result of the disposal, AMCI and First Reserve no longer have any interest in RPGI, which is now wholly owned indirectly by RPG Partners. RPG Partners further informed NWR that RPGI transferred its 168,274,654 A shares in NWR (representing approximately 63.72% of the issued ordinary A shares and approximately 63.72% of the voting rights of the issued ordinary A shares) to its wholly owned subsidiary, BXR Mining B.V. ("BXR"). Notwithstanding the changes to the structure detailed above, RPG Partners continues to have an interest in the same number of A shares in NWR as before, but does so indirectly through Bakala Crossroads Group Limited (a wholly owned subsidiary of RPG Partners), RPGI and BXR.

On 16 August 2009 Milan Jelinek, a member of the Board of Directors of NWR, passed away unexpectedly. Mr. Jelinek served as Director of NWR since 2006. Mr. Jelinek also served as a member of the Board of Directors of OKD since 2005.

## **Outlook**

The first half of 2009 was significantly impacted by the global economic slowdown, which led to substantial cuts in steel production and consequently significantly lower demand for coking coal and coke. During this period, NWR saw a 29% reduction in coal sales volumes and a 53% reduction in coke sales volumes, leading to significantly higher inventory levels. In light of this, the Company reduced its production targets for the year in May 2009, to produce approximately 10.5 Mt of coal and 710 kt of coke. Additionally, the Company implemented further cost cutting measures in order to mitigate the impacts of the reduced demand for its products. NWR reduced headcount, overall wages and maintenance costs among others, all of which generated benefits that can already be seen in the operating cost reduction of 22% achieved during the first half of the year.

According to IISI data, steel production in NWR's core customer markets has started to see improving trends since April, growing 10% in June 2009 compared to the previous month. International spot prices for coking coal and coke are also recovering, led by increased Chinese prices. Asia continues to perform strongly compared to North America and Europe, but it is still difficult to determine to what extent this will benefit the rest of the world.

In line with these trends, we have indications from our customers that demand is improving and NWR has seen some increased orders in recent weeks. However, given that all our coking coal and thermal coal contracts are priced for the full year 2009, the only commodity that can truly benefit from any price increases is coke, which is currently being sold on shorter-term agreements.

Though these signs are encouraging, NWR remains cautious for the second half of the year. It is too early to determine whether the recent increase in demand, driven by restocking, is sustainable in the near term and will lead to a solid recovery of the steel sector and demand for our products. However, if these trends prove to be sustainable, NWR will endeavour to go beyond the current production targets. Although the current market remains volatile, NWR remains positive on the long-term fundamentals for the coal sector. Hence, the Company continues to implement its cost cutting strategies and expects to realise further cost savings and the return to positive operating cash flow and optimal inventory levels in the second half of the year.

NWR's management will hold an analyst and investor presentation in London today, Wednesday, 19 August 2009, at 12h00 CET (11h00 BST) during which senior management will present and discuss the financial results for the period.

A live webcast of the presentation will also be made available on NWR's website at [www.newworldresources.eu](http://www.newworldresources.eu).

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#### **Disclaimer and Cautionary Note on Forward Looking Statements and Notes on Certain Other Matters**

Certain statements in this document are not historical facts and are or are deemed to be "forward-looking". The Company's prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; "may", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "will", "could", "may", "might", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking

statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond NWR's ability to control or predict. Forward-looking statements are not guarantees of future performances.

Factors, risk and uncertainties that could cause actual outcomes and results to be materially different from those projected include, but are not limited to, the following: risks relating to changes in political, economic and social conditions in the Czech Republic, Poland and the CEE region; future prices and demand for the Company's products, and demand for the Company's customers' products; coal mine reserves; remaining life of the Company's mines; coal production; trends in the coal industry and domestic and international coal market conditions; risks in coal mining operations; future expansion plans and capital expenditures; the Company's relationship with, and conditions affecting, the Company's customers; competition; railroad and other transportation performance and costs; availability of specialist and qualified workers; and weather conditions or catastrophic damage; risks relating to Czech or Polish law, regulations and taxation, including laws, regulations, decrees and decisions governing the coal mining industry, the environment and currency and exchange controls relating to Czech and Polish entities and their official interpretation by governmental and other regulatory bodies and by the courts; and risks relating to global economic conditions and the global economic environment. Additional risk factors are as described in the Company's annual report.

Forward-looking statements are made only as of the date of this document. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in this report to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.

Ends

### **New World Resources N.V.**

NWR is the sole owner of OKD, a.s., the Czech Republic's largest hard coal mining company and one of the largest producers in Central Europe by revenue and volume. Serving customers in the Czech Republic, Slovakia, Austria, Poland, Hungary and Germany, the Company produced approximately 12.7 mt of coal in 2008, of which over 7.4 mt was coking coal.

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**Condensed consolidated interim  
financial statements for the six-month  
period ended 30 June 2009**

**New World Resources N.V.**  
**Consolidated income statement**

<i>EUR thousand</i>	1 January 2009 - 30 June 2009	1 January 2008 - 30 June 2008
Revenues	484,371	926,953
Change in inventories of finished goods and work-in-progress	58,847	14,933
Consumption of material and energy	(145,100)	(185,336)
Service expenses	(128,588)	(169,905)
Personnel expenses	(182,520)	(230,087)
Depreciation	(74,478)	(79,718)
Amortisation	(4,104)	(5,329)
Reversal of impairment of receivables	130	21
Net gain from material sold	2,157	6,790
Gain from sale of property, plant and equipment	2,884	531
Other operating income	1,909	1,738
Other operating expenses	(15,149)	(15,150)
<b>Operating profit</b>	<b>359</b>	<b>265,441</b>
Financial income	41,720	56,516
Financial expense	(79,463)	(72,729)
<b>Profit before tax</b>	<b>(37,384)</b>	<b>249,228</b>
Income tax expense	(6,292)	(63,912)
<b>Profit/(loss) from continuing operations</b>	<b>(43,676)</b>	<b>185,316</b>
<b>Discontinued operations</b>		
Profit from discontinued operations	2,236	3,789
<b>Profit/(loss) for the period</b>	<b>(41,440)</b>	<b>189,105</b>
Attributable to:		
Non-controlling interests	0	0
<b>SHAREHOLDERS OF THE COMPANY</b>	<b>(41,440)</b>	<b>189,105</b>
<b>EARNINGS PER SHARE (in EUR/share)</b>		
Basic earnings per A share	(0.16)	0.74
Diluted earnings per A share	(0.16)	0.73
Basic earnings per A share from continuing operations	(0.17)	0.72
Diluted earnings per A share from continuing operations	(0.17)	0.72
Basic earnings per A share from discontinued operations	0.01	0.01
Diluted earnings per A share from discontinued operations	0.01	0.01
Basic earnings per B share	170.00	200.10
Diluted earnings per B share	170.00	200.10
Basic earnings per C share	n/a	0.00
Diluted earnings per C share	n/a	0.00

The notes on pages 20 to 52 are an integral part of this interim financial information.

**New World Resources N.V.**

**Consolidated statement of comprehensive income**

**For the six-month period ended 30 June 2009**

<i>EUR thousand</i>	<i>Foreign exchange translation reserve</i>	<i>Restricted reserve</i>	<i>Hedging reserve</i>	<i>Loss for the period</i>	<i>Total comprehensive income</i>
Loss for the period	0	0	0	(41,440)	<b>(41,440)</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences	31,432	4,764	1,808	0	<b>38,004</b>
Derivatives	0	0	537	0	<b>537</b>
Other movements	0	0	0	(49)	<b>(49)</b>
Total other comprehensive income for the period including tax effects	<b>31,432</b>	<b>4,764</b>	<b>2,345</b>	<b>(49)</b>	<b>38,492</b>
Total comprehensive income for the period attributable to shareholders of the Company	<b>31,432</b>	<b>4,764</b>	<b>2,345</b>	<b>(41,489)</b>	<b>(2,948)</b>

**For the six-month period ended 30 June 2008**

<i>EUR thousand</i>	<i>Foreign exchange translation reserve</i>	<i>Restricted reserve</i>	<i>Hedging reserve</i>	<i>Profit for the period</i>	<i>Total comprehensive income</i>
Profit for the period	0	0	0	189,105	<b>189,105</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences	80,800	14,310	0	0	<b>95,110</b>
Derivatives	0	0	98,072	0	<b>98,072</b>
Other movements	0	0	0	(518)	<b>(518)</b>
Total other comprehensive income for the period including tax effects	<b>80,800</b>	<b>14,310</b>	<b>98,072</b>	<b>(518)</b>	<b>192,664</b>
Total comprehensive income for the period attributable to shareholders of the Company	<b>80,800</b>	<b>14,310</b>	<b>98,072</b>	<b>188,587</b>	<b>381,769</b>

The notes on pages 20 to 52 are an integral part of this interim financial information.

All components of Other comprehensive income are presented net of tax. There is no tax related to Foreign currency translation differences and Other movements as these items are non-taxable.

Deferred tax expense related to Derivatives amounts to EUR 616 thousand and EUR 26,070 thousand for the six-month period ended 30 June 2009 and 2008 respectively.

The net change in fair value of derivatives transferred to profit amounts to EUR 2,464 thousand and EUR 9,379 thousand for the six-month period ended 30 June 2009 and 2008 respectively.

**New World Resources N.V.**  
**Consolidated statement of financial position**

<i>EUR thousand</i>	30 June 2009	31 December 2008	30 June 2008
<b>ASSETS</b>			
Property, plant and equipment	1,139,785	1,088,053	1,193,682
Mining licences	169,677	167,553	193,458
Other financial investments	0	0	3,458
Long-term receivables	815	11,173	9,173
Deferred tax asset	142	154	2,445
Restricted cash	17,980	25,861	25,750
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,328,399</b>	<b>1,292,794</b>	<b>1,427,966</b>
Inventories	129,630	66,060	59,409
Accounts receivable and prepayments	182,028	201,671	252,999
Derivatives	3,142	39	208,019
Income tax receivable	8,240	7,055	219
Cash and cash equivalents	392,349	678,895	668,407
Restricted cash	2,771	3,024	0
<b>TOTAL CURRENT ASSETS</b>	<b>718,160</b>	<b>956,744</b>	<b>1,189,053</b>
<b>ASSETS HELD FOR SALE</b>	<b>97,030</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2,143,589</b>	<b>2,249,538</b>	<b>2,617,019</b>
<b>EQUITY</b>			
Share capital	105,631	105,524	105,524
Share premium	55,864	54,971	55,450
Foreign exchange translation reserve	36,160	4,728	119,189
Restricted reserve	128,944	124,180	139,679
Equity-settled share based payments	14,004	8,037	5,242
Hedging reserve	36,673	34,328	98,072
Retained earnings	225,583	314,556	298,513
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY</b>	<b>602,859</b>	<b>646,324</b>	<b>821,669</b>
<b>LIABILITIES</b>			
Provisions	105,455	103,962	122,351
Long term loans	638,167	661,961	716,043
Bond issued	291,014	290,425	289,860
Employee benefits	94,518	88,188	98,535
Deferred revenue	1,557	5,594	35,124
Deferred tax liability	102,857	105,385	132,093
Other long-term liabilities	575	752	1,233
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,234,143</b>	<b>1,256,267</b>	<b>1,395,239</b>

Provisions	13,361	5,569	13,972
Accounts payable and accruals	156,199	221,980	246,618
Accrued interest payable on bond	2,766	2,766	2,766
Derivatives	16,280	9,012	235
Income tax payable	76	11,890	53,515
Current portion of long-term loans	63,013	66,835	68,454
Short-term loans	20,802	28,540	8,932
Cash-settled share-based payments payable	828	355	5,619
<b>TOTAL CURRENT LIABILITIES</b>	<b>273,325</b>	<b>346,947</b>	<b>400,111</b>
<b>LIABILITIES CLASSIFIED AS HELD FOR SALE</b>	<b>33,262</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>1,540,730</b>	<b>1,603,214</b>	<b>1,795,350</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,143,589</b>	<b>2,249,538</b>	<b>2,617,019</b>

The notes on pages 20 to 52 are an integral part of this interim financial information.



## New World Resources N.V.

### Consolidated statement of cash flows

<i>EUR thousand</i>	1 January 2009- 30 June 2009	1 January 2008- 30 June 2008
<b>Cash flows from operating activities</b>		
Profit before tax and minority interest from continuing operations	(37,384)	249,228
Profit before tax and minority interest from discontinued operations	3,530	4,811
Profit before tax and minority interest	(33,854)	254,039
Adjustments for:		
Depreciation	74,478	79,721
Amortisation	4,104	5,329
Changes in provisions	7,688	7,251
Profit on disposal of property, plant and equipment	(2,884)	(531)
Interest expense, net	24,919	26,060
Change in fair value of derivatives	5,649	(33,930)
Cash-settled share-based payment transactions	473	5,619
Equity-settled share-based payment transactions	6,967	6,441
Unrealised foreign exchange gains on long-term borrowings	6,468	25,621
Profit before working capital changes	94,008	375,620
(Increase) / Decrease in inventories	(63,572)	(26,948)
(Increase) / Decrease in receivables	3,203	(68,082)
(Decrease) / Increase in payables	(9,788)	68,816
Changes in deferred revenue	(3,823)	24,825
(Increase) / Decrease in restricted cash	8,901	1,047
Currency translation and other non-cash movements	(6,682)	(45,701)
Cash generated from operating activities	22,247	329,577
Interest paid	(27,715)	(30,037)
Corporate income tax paid	(21,414)	(59,247)
<b>Net cash flows from operating activities</b>	<b>(26,882)</b>	<b>240,293</b>
<b>Cash flows from investing activities</b>		
Interest received	3,573	9,077
Purchase of land, property, plant and equipment	(151,544)	(101,858)
Proceeds from sale of property, plant and equipment	3,277	743
<b>Net cash flows from investing activities</b>	<b>(144,694)</b>	<b>(92,038)</b>
<b>Cash flows from financing activities:</b>		
Repayments of syndicated loan	(31,309)	(32,315)
Repayments of short-term borrowings	(14,417)	(71)
Proceeds of short-term borrowings	7,015	3,243
Proceeds from issued shares (IPO)	0	219,078
Transaction costs from issued shares (IPO)	0	(1,411)
Dividends paid	(47,484)	(161,672)
<b>Net cash flows from financing activities</b>	<b>(86,195)</b>	<b>26,852</b>
Net effect of currency translation	1,410	19,140
Net increase in cash and cash equivalents	(256,361)	194,246
Cash and Cash Equivalents at the beginning of period	678,895	474,160
Cash and Cash Equivalents classified as Assets held for sale	30,185	0
<b>Cash and Cash Equivalents at the end of period</b>	<b>392,349</b>	<b>668,407</b>

The notes on pages 20 to 52 are an integral part of this interim financial information.

**New World Resources N.V.**  
**Consolidated statement of changes in equity**  
**For the six-month period ended 30 June 2009**

<i>EUR thousand</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Foreign exchange translation reserve</i>	<i>Restricted reserve</i>	<i>Equity-settled share based payment</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>	<i>Total</i>
Balance at 1 January 2009	105,524	54,971	4,728	124,180	8,037	34,328	314,556	<b>646,324</b>
Total comprehensive income for the period attributable to shareholders of the company*	0	0	31,432	4,764	0	2,345	(41,489)	<b>(2,948)</b>
<b>Transaction with owners recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Shares granted to independent directors	107	893	0	0	0	0	0	<b>1,000</b>
Dividends paid	0	0	0	0	0	0	(47,484)	<b>(47,484)</b>
Share options	0	0	0	0	5,967	0	0	<b>5,967</b>
Total transactions with owners	107	893	0	0	5,967	0	(47,484)	<b>(40,517)</b>
Balance at 30 June 2009	105,631	55,864	36,160	128,944	14,004	36,673	225,583	<b>602,859</b>

\* see consolidated statement of comprehensive income on page 14. The notes on pages 20 to 52 are an integral part of this interim financial information.

**New World Resources N.V.**  
**Consolidated statement of changes in equity**  
**For the six-month period ended 30 June 2008**

<i>EUR thousand</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Foreign exchange translation reserve</i>	<i>Restricted reserve</i>	<i>Equity-settled share based payment</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>	<b><i>Total</i></b>
Balance at 1 January 2008	100,100	3,679	38,389	129,990	0	0	105,305	<b>377,463</b>
Total comprehensive income for the period attributable to shareholders of the company*	0	0	80,800	14,310	0	98,072	188,587	<b>381,769</b>
<b>Transaction with owners recorded directly in equity</b>								
<b>Contribution by and distributions to owners</b>								
Issue 13,5M share A re IPO	5,400	212,267	0	0	0	0	0	<b>217,667</b>
Issue 59,620 shares A re independent directors	24	1,176	0	0	0	0	0	<b>1,200</b>
Dividends paid	0	(161,672)	0	0	0	0	0	<b>(161,672)</b>
Share options	0	0	0	0	5,242	0	0	<b>5,242</b>
Reclassification Restricted reserve	0	0	0	(4,621)	0	0	4,621	<b>0</b>
Total transactions with owners	5,424	51,771	0	(4,621)	5,242	0	4,621	<b>62,437</b>
Balance at 30 June 2008	105,524	55,450	119,189	139,679	5,242	98,072	298,513	<b>821,669</b>

\* see consolidated statement of comprehensive income on page 14.

The notes on pages 20 to 52 are an integral part of this interim financial information.

**New World Resources N.V.**  
**Operating and Financial Review**  
**for the six-month period ended 30 June 2009**

**Corporate Information**

New World Resources N.V. ("the Company") is a public limited liability company with a registered office at Jachthavenweg 109h, 1081 KM, Amsterdam, the Netherlands. The Company is the sole producer of hard coal in the Czech Republic and a leading producer of hard coal in Central Europe on the basis of revenues and volume, and serves customers in the Czech Republic, Poland, Austria, Slovakia, Hungary and Germany. The Company is primarily focused on hard coal mining and coke production.

The Company operates four mines and two coking facilities in the Czech Republic and serves several large Central and Eastern European steel and energy producers. Its key customers are Arcelor Mittal Steel, US Steel, DALKIA, Moravia Steel, Voestalpine and ČEZ. The majority of coal sales are based on long-term framework agreements, which are re-priced mainly on an annual basis.

The Company's hard coal mining business is conducted through OKD, a.s. ("OKD"), a wholly-owned subsidiary of the Company. OKD produces coking coal, which accounted for 50% and 59% of the tonnage of coal sold to third parties for the six-month period ended 30 June 2009 and 2008 respectively, and which is used in steel production, and high quality thermal coal, which is used in power generation.

The Company's largest business in terms of revenue is the production of coking coal, which accounted for EUR 198,714 thousand and EUR 449,823 thousand in external sales during the six-month period ended 30 June 2009 and 2008 respectively. Additionally, external thermal coal sales increased to EUR 159,428 thousand in the six-month period ended 30 June 2009 from EUR 158,204 thousand in the same period in 2008. Net coke sales totalled EUR 46,570 thousand during the six-month period ended 30 June 2009, compared to EUR 183,364 thousand in the same period in 2008.

**Financial Results Overview**

*Revenues.* The Company's revenues decreased by 48%, from EUR 926,953 thousand in the six-month period ended 30 June 2008 to EUR 484,371 thousand in the six-month period ended 30 June 2009. This decrease is mainly attributable to the decrease in revenues from coking coal and coke.

*Operating expenses.* Total operating expenses decreased from EUR 685,504 thousand to EUR 549,809 thousand or by 20% for the six-month period ended 30 June 2009 as compared to the same period in 2008. The decrease is mainly due to a EUR 47,567 thousand decrease in personnel expenses, a EUR 29,479 thousand decrease in Polish coal consumption for coking, as well as EUR 11,145 thousand decrease in expenses for contractors.

*EBITDA.* Total EBITDA decreased by EUR 273,335 thousand from EUR 355,795 thousand in the six-month period ended 30 June 2008 to EUR 82,460 thousand in the period ended 30 June 2009. This is mainly due to a decrease in operating result from continuing operations of EUR 265,082 thousand, as the decrease in expenses and increase in change in inventories did not compensate for the decrease in

revenues driven mainly by the decrease of both coking coal and coke prices and volumes.

## Basis of Presentation

### *General information*

The condensed consolidated interim financial statements ("financial information") presented in this document is prepared for the six-month period ended 30 June 2009. The financial information for the six-month period ended 30 June 2008 represents the comparative period.

The financial information includes New World Resources N.V. and the following subsidiaries (together "the Group") as of 30 June 2009:

### *Consolidated subsidiaries*

<i>Entity</i>	<i>% Equity = voting</i>	<i>Nature of Activity</i>
<i>Entities directly owned by New World Resources N.V.:</i>		
OKD, a.s.	100 %	Coal mining
OKD, OKK, a.s.	100 %	Coke production
KARBONIA PL Sp. z o.o	100 %	Coal mining
NWR Energy, a.s.*	100 %	Energy production and sale
NWR Energetyka PL Sp. z o.o.*	100 %	Energy production and sale
<i>Entities directly owned by OKD, a.s.,:</i>		
OKD, HBZS, a.s.	100 %	Emergency services, waste processing
<i>Entities directly owned by NWR Energy, a.s.:</i>		
CZECH-KARBON s.r.o.*	100 %	Electricity trading

*\*presented as discontinued operations*

The objective of the Company is to act as a holding and financing entity for the Group.

See note "Changes in the consolidated group" on page 23 for information on the comparable period.

All of the Company's consolidated subsidiaries are incorporated in the Czech Republic, with the exception of KARBONIA PL Sp. z o.o. and NWR Energetyka PL Sp. z o.o., which are incorporated in Poland.

### *Statement of compliance*

These condensed consolidated interim financial statements for the six-month period ended 30 June 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed financial statements do not include all information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008 contained within the Annual Report of the Group.

### *Summary of changes in accounting policies*

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2008.

The Group started to apply revised IAS 1 Presentation of Financial Statements, which is effective for annual periods starting 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these consolidated interim financial statements.

#### *Basis of preparation*

The financial information is prepared on the historical cost basis, except for derivative and other financial instruments, which are stated at their fair value. It is presented in Euros (EUR) and is rounded to the nearest thousand. Financial information of operations with functional currency other than EUR was translated to the Group presentation currency (EUR).

The functional currency of the Company is EUR. The functional currency of KARBONIA PL Sp. z o.o. and NWR Energetyka PL Sp. z o.o. is the Polish Zloty (PLN). The functional currency of the remaining consolidated companies is the Czech Koruna (CZK).

The Group is organised into two divisions: the Mining Division and the Real Estate Division. As at the end of Q2 2008 and Q2 2009, the Company had A Shares and B Shares outstanding. The A Shares and B Shares are tracking stocks, which are designed to reflect the financial performance and economic value of the two divisions. The A Shares track the financial performance and economic value of the Mining Division, but do not track the financial performance or economic value of the Real Estate Division, which is represented by the B Shares. The B Shares are owned solely by the RPG Group, which also holds approximately 64% of the A Shares. The ownership of the A Shares and the B Shares represents an ownership interest in the Group as a whole, but does not represent a direct legal interest in the assets and liabilities of the assets of the Mining Division or the Real Estate Division, respectively. The historical financial statements of the Group, as described above reflect the results of operations and the financial position and performance of the assets and businesses currently owned and operated by the Mining Division and the Real Estate Division. As the A Shares and B Shares are tracking stocks of the same legal entity, separate financial statements are not provided. With effect from 31 December 2007, the Group has tracked the financial performance of the two divisions and presents corresponding financial information in the segmental information in its consolidated financial statements. See "Divisions and segments" section for the segmental analysis of the Group.

In 2008 the Company's electricity trading activities saw robust growth in sales volume. The management of the Group decided to present and follow the financial performance of the electricity trading business separately. Consequently, the Mining Division is represented by two sub-segments, one representing the coal & coke business and the other representing the electricity trading business. The electricity trading activities are presented as discontinued operations and the respective assets and liabilities are classified as held for sale.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2008.

#### *Changes in the consolidated group*

The changes listed below include all changes in the consolidated group for the period from 1 January 2008 to 30 June 2009 to ensure comparability of the six-month periods ended 30 June 2008 and 2009.

A business combination involving entities or businesses under common control is a business combination in which all of the Group entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and such control is not transitory.

In the absence of more specific guidance, the Group entities consistently applied the book value measurement method to all common control transactions. Differences between consideration paid and carrying value of acquired net assets are recognised as a change in consolidated equity.

An ownership interest transfer agreement between OKD, as a seller of its 100% share in KARBONIA PL Sp. z o.o., and the Company as a buyer, was signed on 16 January 2008. The sale was executed on 25 January 2008. This transfer of ownership has no impact on the consolidated financial statements of the Company because KARBONIA PL Sp. z o.o. remains under the control of the Company after the transfer.

With effective date 1 January 2008 the 100% share in OKD, Rekultivace, a.s. ("Rekultivace"), the 49% share in Garáže Ostrava, a.s. and OKD's internal business unit IMGE were spun-off from OKD into four legal entities. On 30 September 2008, the Company distributed these four entities together with certain promissory notes received from sale of real estate assets not used for its mining activities to the holder of B Shares (see section "Divisions and segments").

OKD, OKK, a.s. ("OKK") merged with NWR Coking, a.s. with effective date 1 January 2008, with OKK as the legal successor. The control at the Company level did not change.

The Company established two special purpose vehicles, NWR Energy, a.s. and NWR Energetyka PL Sp. z o.o. in the second quarter of 2008. OKD's internal business unit Energetika, operating the energy assets of OKD, and the 100% share in CZECH-KARBON s.r.o. were spun-off from OKD into NWR Energy, a.s. with effective date 1 July 2008. The purpose of NWR Energy, a.s. is to manage and operate these energy assets. The purpose of NWR Energetyka PL Sp. z o.o. is to manage and operate energy assets, which were spun-off from KARBONIA PL Sp. z o.o. in the first quarter of 2009. The entities do not perform any other activities than those related to this purpose. The control at the Company level did not change.

On 1 December 2008 OKD sold its subsidiary OKD, BASTRO, a.s. to Bucyrus DBT Europe GmbH, the German subsidiary of Bucyrus International, Inc., a mining equipment manufacturer.

On 24 June 2009 the Board of Directors of the Company ("the Board") approved the intention to sell the energy business of the Group under defined conditions. The energy business of the Group is represented by NWR Energy, a.s., NWR Energetyka PL Sp. z o.o. and CZECH-KARBON s.r.o. Based on the Board decision the assets and liabilities of these entities are classified as held for sale. Part of the energy business, presented as the Electricity trading segment in the past, is presented as discontinued operations in these financial statements.

### **Non-IFRS Measures**

The Company defines EBITDA as net profit after tax from continuing operations before minority interest, income tax, net financial costs, depreciation and amortisation, impairment of property, plant and equipment ("PPE") and gains/losses from sale of PPE. While the amounts included in EBITDA are derived from the Company's consolidated financial statements, it is not a financial measure determined in accordance with IFRS. Accordingly, EBITDA should not be considered as an alternative to net income or operating income as an indication of the Company's performance or as an alternative to cash flows as a measure of the Company's liquidity. The Company currently uses EBITDA in its business operations to, among other things, evaluate the performance of its operations, develop budgets, and measure its performance against those budgets. The Company considers EBITDA a useful tool to assist in evaluating performance because it excludes interest, taxes and other non-cash charges.

The financial statements show the results from Electricity trading as discontinued operations. To present comparable figures with previously published financial information, the Company presents Total EBITDA, which is defined as the total of EBITDA from continuing operations and EBITDA from discontinued operations. Discontinued operations are also presented in a separate part of this document.

The Company defines net debt as total debt less cash and cash equivalents. Total debt includes issued bonds, long-term interest-bearing loans and borrowings, including current portion, plus short-term interest-bearing loans and borrowings. Total debt is based on gross amount of debt less related expenses. Interest-bearing loans, bond issues, and borrowings are measured at amortised cost.

### **Exchange Rates**

The following table presents the FX rates used:

(CZK/EUR)	<b>Six-month period ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
Average exchange rate	27.144	25.191
Balance sheet exchange rate	25.882	23.893

The Czech Koruna depreciated (based on the average exchange rate) by 8% between the six-month period ended 30 June 2008 and the six-month period ended 30 June 2009.

Throughout the discussion of the operating results, the financial results and performance compared to the prior period, both in Euros and percentage terms, are given in Euros. The Company may also, where deemed significant, present variances in terms of constant foreign exchange rates, marked ex-FX, which exclude the effect of currency translation differences and is a non-IFRS financial measure.



This discussion does not eliminate the effects resulting from the conversion of amounts from CZK into EUR on the comparability of financial information of the Group in different periods. This can lead to an over- or understatement of change in revenue and expenses from period-to-period when compared to the change in revenues in CZK. The financial information and described trends could differ considerably if the financial information was presented in CZK.

## Financial Performance

Revenues of the Group decreased by 48% to EUR 484,371 thousand in the six-month period ended 30 June 2009. The decrease is mainly attributable to a decrease in coking coal and coke prices, as shown in the table below:

Average sales prices per ton (EUR)	Six-month period ended 30 June	
	2009	2008
Coking coal	95	129
Thermal coal	75	65
Coke	158	295

Total production of coal in the six-month period ended 30 June 2009 decreased by 17% compared to total production in the six-month period ended 30 June 2008. Sales from production decreased by 17%, whilst net sales, or external sales were down by 29%, resulting in significantly increased volume of coal inventories.

	Six-month period ended 30 June		Change	
	2009	2008	y-y	y/y %
<b>Coal performance indicators (kt)</b>				
Coal production	5,514	6,677	(1,163)	(17%)
Sales to OKK	(417)	(526)	109	(21%)
Sales to NWR Energy, a.s.	(31)	0	(31)	-
Internal consumption	(17)	(48)	31	(65%)
<b>Sales from production</b>	<b>5,049</b>	<b>6,103</b>	<b>(1,054)</b>	<b>(17%)</b>
Inventory build-up	(835)	(175)	(660)	377%
<b>Total net sales</b>	<b>4,214</b>	<b>5,928</b>	<b>(1,714)</b>	<b>(29%)</b>
- of which				
Coking coal	2,097	3,491	(1,394)	(40%)
Thermal coal	2,117	2,437	(320)	(13%)

Coke production decreased by 40% in the six-month period ended 30 June 2009, when compared to the same period in 2008, while coke sales decreased by 53%, mainly due to a drop in sales during the six-month period ended 30 June 2009, resulting in a build-up of inventory.

	Six-month period ended 30		Change	
	June		y-y	y/y %
<b>Coke performance indicators (kt)</b>	<b>2009</b>	<b>2008</b>		
Coke production	400	662	(262)	(40%)
Coke sale	295	621	(326)	(53%)

(EUR thousand)	Six-month period ended 30		Change		
	June		y-y	y/y %	ex-FX
<b>Revenues</b>	<b>2009</b>	<b>2008</b>			
External coking coal sales (EXW)	198,714	449,823	(251,109)	(56%)	(52%)
External thermal coal sales (EXW)	159,428	158,204	1,224	1%	9%
External coke sales (EXW)	46,570	183,364	(136,794)	(75%)	(73%)
Coal and coke transport by OKD	43,080	53,890	(10,810)	(20%)	(14%)
Sale of coke by-products	5,527	11,886	(6,359)	(53%)	(50%)
OKD other sales	10,819	48,546	(37,727)	(78%)	(68%)
Reclamation works	0	10,506	(10,506)	(100%)	(100%)
Other revenues	20,233	10,734	9,499	88%	103%
<b>Total</b>	<b>484,371</b>	<b>926,953</b>	<b>(442,582)</b>	<b>(48%)</b>	<b>(43%)</b>

The Company distributed OKD, Rekultivace, a.s. on 30 September 2008. Therefore, the Group did not provide any reclamation works to third parties in 2009. Sales of NWR Energy, a.s. to third parties for the six-month period ended 30 June 2009, which amounted to EUR 15,062 thousand, represent the main reason for the increase in Other revenues and the decrease in Other sales of OKD by EUR 15,871 thousand, due the transfer of energy assets into NWR Energy, a.s. on 30 June 2008. The electricity trading business is classified as discontinued operations and is presented in a separate section Discontinued operations of this document.

(EUR thousand)	Six-month period ended 30		Change		
	June		y-y	y/y %	ex-FX
<b>Consumption of material and energy</b>	<b>2009</b>	<b>2008</b>			
Mining material	46,892	56,340	(9,448)	(17%)	(10%)
Spare parts	22,302	20,687	1,615	8%	16%
Polish coal consumption for coking	6,271	35,750	(29,479)	(82%)	(81%)
Energy for coal mining (OKD)	54,704	45,212	9,492	21%	30%
Energy for coking (OKK)	6,977	7,428	(451)	(6%)	1%
Other consumption of material and energy	7,954	19,919	(11,965)	(60%)	(57%)
<b>Total</b>	<b>145,100</b>	<b>185,336</b>	<b>(40,236)</b>	<b>(22%)</b>	<b>(16%)</b>

In the six-month period ended 30 June 2009 the total cost of energy increased by 17%. The increase in price of electricity and distribution in the Czech Republic by 35% in Euro terms was partly offset by lower consumption volumes. The line item Energy for coal mining OKD includes EUR 13,302 thousand in costs for compressed air for the six-month period ended 30 June 2009. Costs for compressed air were not included in the energy consumption for the period ended 30 June 2008 because air compression was an internal process of OKD before the transfer of energy assets to NWR Energy, a.s. and the relevant amounts of electricity consumption for air compression were instead included in the Energy consumption for coal mining for the six-month period ended 30 June 2008.

The decrease in the line item Mining material reflects the reduced production combined with the decrease in unit price of mining material by 15%. The increase in Spare parts consumption is caused mainly by the seasonal pattern in spare parts consumption, especially in building and equipping of new longwalls resulting in higher consumption in the first six months and expected lower consumption in the second half of the year. The consumption of externally purchased Polish coal for coking operations decreased mainly due to lower production of coke that requires lower volume of coal input and by substitution of externally purchased coal by coal produced internally by the Group.

The electricity trading business is classified as discontinued operations and is presented in a separate section Discontinued operations of this document.

(EUR thousand)	Six-month period ended 30 June		Change		
	2009	2008	y-y	y/y %	ex-FX
<b>Service expenses</b>					
Coal and coke transport costs	43,047	54,836	(11,789)	(21%)	(15%)
Contractors OKD	33,133	44,278	(11,145)	(25%)	(19%)
Maintenance for OKD and OKK	12,431	17,321	(4,890)	(28%)	(23%)
Advisory expenses on holding level	5,936	10,984	(5,048)	(46%)	(42%)
Reclamation works	0	5,363	(5,363)	(100%)	(100%)
Other service expenses	34,041	37,123	(3,082)	(8%)	(1%)
<b>Total</b>	<b>128,588</b>	<b>169,905</b>	<b>(41,317)</b>	<b>(24%)</b>	<b>(18%)</b>
Contractors headcount	<b>2009</b>	<b>2008</b>	<b>y-y</b>	<b>y/y %</b>	
Total	2,988	3,520	(532)	(15%)	
- of which OKD mining	2,683	3,001	(318)	(11%)	

The decrease in Service expenses is mainly attributable to the decrease in Coal and coke transport costs by 21%, a decrease in expenses for contractors by 25% and a decrease in maintenance costs by 28%. The decrease in Contractors costs is the result of a 13% decrease of unit costs per shift combined with a 14% decrease in number of shifts worked. The decrease in Maintenance costs is due to the intensive cost reduction measures resulting in less maintenance works at the mines.

(EUR thousand)	Six-month period ended 30 June		Change		
	2009	2008	y-y	y/y %	ex-FX
<b>Personnel expenses excl. employee benefits</b>	178,633	227,121	(48,488)	(21%)	(15%)

	Six-month period ended 30 June		Change	
	2009	2008	y-y	y/y %
Employees headcount				
Own employees	16,418	17,833	(1,415)	(8%)
- of which OKD mining	10,100	10,359	(259)	(3%)

Personnel expenses excluding employee benefits decreased by 21%. The decrease reflects a wage freeze agreed with the Group's trade unions as well as the currently suspended bonuses and extra payments to the employees of the Group. Personnel expenses also include the costs for share-based payments to Directors and employees in the amount of EUR 6,758 thousand and EUR 11,771 thousand for the six-month period ended 30 June 2009 and 2008 respectively. Share-based payments are described in detail in the Share-based payments section of this document.

(EUR thousand)	Six-month period ended 30 June		Change		
	2009	2008	y-y	y/y %	ex-FX
Other operating income	1,909	1,738	171	10%	18%
Other operating expenses	(15,149)	(15,150)	1	(0%)	8%
<b>Net other operating income</b>	<b>(13,240)</b>	<b>(13,412)</b>	<b>172</b>	<b>(1%)</b>	<b>6%</b>

Net other operating income remained stable in the six-month period ended 30 June 2009. Other operating income and expenses reflect insurance costs and payments, mining damage and indemnity, and related provisions and their release. Other expenses are often balanced by corresponding other revenues, which reflect among others, bonuses granted by suppliers of material and spare parts and revenues from rental of assets.

The following table compares EBITDA for the six-month period ended 30 June year 2008 and 2009.

(EUR thousand)	Six-month period ended 30 June		Change		
	2009	2008	y-y	y/y %	ex-FX
<b>EBITDA from continuing operations</b>	76,057	349,957	(273,900)	(78%)	(75%)
<b>EBITDA from discontinued operations</b>	6,403	5,838	565	10%	18%
<b>Total EBITDA</b>	<b>82,460</b>	<b>355,795</b>	<b>(273,335)</b>	<b>(77%)</b>	<b>(74%)</b>

The Company's EBITDA from continuing operations for the six-month period ended 30 June 2009 was EUR 76,057 thousand, which is EUR 273,900 thousand lower than in the six-month period ended 30 June 2008 and represents a 78% decrease.

As EBITDA is a non-IFRS measure, the following table provides a reconciliation of EBITDA to IFRS line items of the income statement.

Six-month period ended 30 June		
(EUR thousand)	2009	2008
Net Profit after Tax from Continuing Operations	(43,676)	185,316
Income Tax	6,292	63,912
Net Financial Expenses	37,743	16,213
Depreciation and Amortisation	78,582	85,047
Gains/Losses from Sale of PPE	(2,884)	(531)
<b>EBITDA</b>	<b>76,057</b>	<b>349,957</b>

(EUR thousand)	Six-month period ended 30 June		Change		
	2009	2008	y-y	y/y %	ex-FX
<b>Depreciation</b>	(74,478)	(79,718)	5,240	(7%)	1%

The decrease in depreciation of 7% is primarily due to a decrease in the value of property, plant and equipment, which represents the base for depreciation, as calculated in EUR. After elimination of the exchange rate impact on the historical costs, depreciation would increase by 1%. This marginal increase is partially due to higher values of new equipment, especially the Production Optimisation Programme ('POP 2010') mining equipment, as compared to the original gross values of the replaced equipment.

(EUR thousand)	Six-month period ended 30 June		Change	
	2009	2008	y-y	y/y %
Financial income	41,720	56,516	(14,796)	(26%)
Financial expense	(79,463)	(72,729)	(6,734)	9%
<b>Financial result</b>	<b>(37,743)</b>	<b>(16,213)</b>	<b>(21,530)</b>	<b>133%</b>

Financial income decreased by 26% to EUR 41,720 thousand in the six-month period ended 30 June 2009. Financial expense increased by EUR 6,734 thousand to EUR 79,463 thousand in the six-month period ended 30 June 2009. The main reason for the decrease in financial income is lower realised and unrealised foreign exchange gains and lower interest revenue resulting from lower market interest rates. The increase in financial expense is due to higher realised and unrealised foreign exchange losses.

### Share-based payments

#### Introduction to share-based payments of the Company

The cost of equity-settled transactions with employees is measured by reference to the fair value at the grant date and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. The fair value is determined by reference to the share price on the grant date. In valuing equity-settled transactions of the Company, no account is taken of any vesting conditions because no market conditions apply for vesting. At each balance sheet date before vesting the cumulative expense is calculated, representing the extent to which the vesting period has expired and of the number of equity instruments that will ultimately vest. The movement in cumulative expense compared to the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity or liability, based on the type of share-based scheme.

For cash-settled share-based payment transactions, the Company measures the liability incurred at the fair value of the liability. The Company re-measures the fair value of the liability at the date of settlement and at the end of each reporting period until the liability is settled, with any changes in fair value recognised in profit or loss for the period.

The impact of the Group's share-based remuneration schemes on the diluted earnings per share is calculated according to the requirements of IFRS 2 and IAS 33.

The Company offers independent members of the Board of Directors of the Company and certain employees of the Group share-based remuneration packages (see below).

a) Shares granted to Independent Directors

The Company granted each of its five Independent Directors a number of A Shares equal to an amount of EUR 200 thousand vesting on 9 May 2008 and the same amount on 9 May 2009. The Company settled the first tranche by issuing 59,260 ordinary A Shares with nominal value of EUR 0.40 each on 16 May 2008. The value of the transaction was determined by means of the market price as per 16 May 2008. The second and final tranche was settled by issuing 266,490 ordinary A Shares with nominal value of EUR 0.40 each on 20 May 2009. The number of shares granted was determined as the average of opening prices of an A Share on the London Stock Exchange over a period of five business days preceding the date of share issue.

Since the return is fixed in the same way as if settlement were to be made in cash for the shares vesting on 9 May 2009, the settlement was accrued for as a financial liability. The corresponding expenses are shown as Share-based payments under Personnel expense. The impact on the income statement for the first half of 2009 of granting shares to the Independent Directors equals EUR 353 thousand. This amount relates fully to accrued expenses for the second tranche of granted shares.

b) Shares and share options granted to Executive Directors

Mr. Miklos Salamon was granted with options for A Shares with exercise price of EUR 0.01 in the amount equal to 0.5 % of the issued share capital of the Company. This remuneration package classifies as an equity settled share-based payment transaction and is presented correspondingly, in a separate equity category in the balance sheet of the Company. 263,800 options vested on 1 September 2008. On each subsequent anniversary an additional 20% of the granted options will vest. The increase in accrued expense for the granted share options has an additional impact of EUR 5,351 thousand for the first half of year 2009. This amount is the total recognised cost in the first half of 2009 relating to the share-based remuneration for Mr. Salamon.

Mr. Salamon's option plan has no dilutive impact since the fair value of the weighted average number of options that would have been issued at average market price would equal the fair value of the services the Company received from Mr. Salamon.

According to his employment contract with OKD, the Executive Director of the Company and the Chief Executive Officer of OKD, Mr. Klaus-Dieter Beck is entitled to receive 250,045 A Shares for each full year of his three-year term, starting as of 1 July 2007, up to a maximum total amount of 1,250,225 A Shares. The remuneration package classifies as an equity settled share-based payment transaction with cash alternative and is presented correspondingly as a short-term liability.

Mr. Beck's incentive plan has no dilutive impact since the fair value of the weighted average number of shares that would have been issued at average market price would equal the fair value of the services the Group received from Mr. Beck.

c) Share options granted to employees of the Group

Several eligible employees and Directors of the Group were granted options for A Shares of the Company in accordance with its Stock Option Plan for Executive Directors, senior management and key employees ("the NWR IPO Share Option Plan". This remuneration package is classified as equity settled. The exercise price of the options granted on 9 May 2008 is GBP 13.25. The corresponding vesting period for these share options, numbering 619,878 in total, is 9 May 2008 to 9 May 2011. The second granting of options to certain employees and Directors took place on 24 June 2009. The exercise price of these options is GBP 2.8285. The corresponding vesting period for these share options, numbering 3,325,762 in total, is 24 June 2009 to 24 June 2012.

Similarly to the options granted to Mr. Salamon, the fair value of the options per grant date was calculated by using the Black-Scholes model.

Due to the Company's share market price as of 30 June 2009, which is lower than both the exercise prices of options granted under the NWR IPO Share Option Plan, these are out-of-the-money and therefore, do not have any dilutive potential regarding the calculation of the diluted earnings per share.

The following table presents the impact of the various share-based remuneration schemes on the profit of the Company.

Share-based remuneration schemes

	01/01/2009	01/01/2008
	-	-
<i>EUR thousand</i>	<u>30/06/2009</u>	<u>30/06/2008</u>
Independent Directors	353	1,342
Mr. Miklos Salamon	5,351	4,916
Mr. Klaus-Dieter Beck	438	5,329
Other	616	184
<b>Total</b>	<b><u>6,758</u></b>	<b><u>11,771</u></b>

**Income tax**

The effective income tax rate of the Group turned negative in 2009 from 26% in 2008 as the Group recorded a loss for the six-month period ended 30 June 2009. The negative rate resulted from the fact that some of the consolidated entities, primarily the Company, recorded a loss before tax for the six-month period ended 30 June 2009, for which no deferred tax asset was recognised as at 30 June 2009, while other operating entities recorded a profit and corresponding income tax.

**Earnings per share ("EPS")**

The adjusted earnings per A Share amounted to EUR -0.16 per A Share for the six-month period ended 30 June 2009 compared to EUR 0.74 per A Share for the same period in 2008.



<b>Earnings per share</b>		<b>Six-month period ended 30 June 2009</b>			
(EUR)		A Shares	B Shares	C Share	The Company
<b>Basic EPS</b>		(0.16)	170.00		(0.16)
Number of shares		263,859,624	10,000	-	263,869,624
<b>Adjusted EPS</b>		(0.16)	170.00		(0.16)
Adjusted number of shares*		264,065,749	10,000	-	264,075,749
<b>Diluted EPS</b>		(0.16)	170.00		(0.16)
Diluted number of shares		263,859,624	10,000	-	263,869,624

<b>Earnings per share</b>		<b>Six-month period ended 30 June 2008</b>			
(EUR)		A Shares	B Shares	C Share	The Company
<b>Basic EPS</b>		0.74	200.10		0.74
Number of shares**		254,111,795	10,000	0.31	254,121,795
<b>Adjusted EPS</b>		0.71	200.10		0.72
Adjusted number of shares*		264,065,749	10,000	-	264,075,749
<b>Diluted EPS</b>		0.73	200.10		0.74
Diluted number of shares		254,808,423	10,000	0.31	254,818,423

\* adjusted for the A Shares issued by the Company in the Initial Public Offering, for the A Shares granted to the five Independent Non-Executive Directors in May 2008 and May 2009 and for the conversion of one A Share into a C Share, in May 2008.

\*\* restated for the stock split of 2.5 that occurred on 5 May 2008.

## Cash Flow

The following table compares the main cash flow categories for the six-month period ended 30 June 2009 to the same period of 2008.

(EUR thousand)	<b>Six-month period ended 30 June</b>		<b>Change</b>		
	<b>2009</b>	<b>2008</b>	<b>y-y</b>	<b>y/y %</b>	<b>ex-FX</b>
<b>Cash flow</b>					
Net operating cash flow	(26,882)	240,293	(267,175)	(111%)	(112%)
Net investing cash flow	(144,694)	(92,038)	(52,656)	57%	69%
Net financing cash flow	(86,195)	26,852	(113,047)	(421%)	(446%)
Effect of currency translation	1,410	19,140	(17,730)	(93%)	(92%)
<b>Total cash flow</b>	<b>(256,361)</b>	<b>194,246</b>	<b>(450,607)</b>	<b>(232%)</b>	<b>(242%)</b>

Net operating cash flow for the six-month period ended 30 June 2009 amounted to EUR (26,882) thousand, compared with EUR 240,293 thousand in the year 2008. This decrease in the net operating cash flow was mainly attributable to the decrease in net result due to lower revenues caused by lower prices and volumes of coal and coke sold.

Net investing cash flow is negative, since capital expenditure ('CAPEX') is higher than the proceeds from sale of long-term assets. CAPEX increased by EUR 49,686 thousand to EUR 151,544 thousand for the six-month period ended 30 June 2009, of which approximately EUR 74,300 thousand relate to the POP 2010 equipment.

The cash flow used in financing activities was mainly influenced by dividends paid and repayments of loans. The Company paid dividends in the total amount of EUR 47,484 thousand in May 2009. The Group also paid regular instalments on Facility 1 of the Syndicated Loan in February 2008 and February 2009. The amount of the regular instalment in February 2008 was EUR 32,315 thousand. The EUR equivalent in February 2009 was EUR 31,309 thousand. The Group also repaid short-term borrowings in the amount of EUR 14,417 thousand in the six-month period ended 30 June 2009.

## **Liquidity and Capital Resources**

The Company is a holding company and relies on dividends or other distributions from subsidiaries, inter-company loans or other capital contributions to fund its liquidity requirements. The dividends, distributions or other payments from subsidiaries are expected to be funded by cash from their operations. The Group continuously reviews its cash flow and operations, and believes that the cash generated from its operations and borrowing capacity will be sufficient to meet its working capital requirements, anticipated capital expenditures (other than major capital improvements, acquisitions or mining development projects), scheduled debt payments and distributions. To augment the existing cash and liquidity resources, the Company continues to evaluate a range of transactions, including debt financings. The Company may consider, from time to time, carrying out transactions to acquire, repay or discharge its outstanding debt (or portions thereof), including its senior bank debt and its 7.375% Senior Notes.

The Company entered into an ECA loan agreement for approximately EUR 141 million to finance Phase II of POP 2010 capital investment programme. This loan will cover part of the expected capital expenditures related to the POP 2010 programme, including the portion financed from existing cash resources during the first half of 2009. The Company is currently working towards the financial close and will provide further details to the market in due course.

The liquidity requirements of the Group arise primarily from working capital requirements, interest and principal payments on Senior Secured Facilities and the Company's 7.375% Senior Notes, dividend payments, the need to fund capital expenditures and, on a selective basis, acquisitions.

The Group unwound its EUR/CZK hedge contracts in October 2008 as the changed environment resulting from turmoil in financial markets showed the need for the Group to reassess its position with regard to the developments in the financial and foreign exchange markets. During the first quarter of 2009 the Company was 100% unhedged for foreign currency exposure. New hedging structures were initiated in the second quarter of 2009 following the guidelines of hedging 70% of foreign currency exposure for the Group. The Group applies hedge accounting for such forward currency contracts. The following table shows the impact of realized forward currency contracts.

	<b>Six-month period ended 30 June</b>		<b>Change</b>	
	<b>2009</b>	<b>2008</b>	<b>y-y</b>	<b>y/y %</b>
(EUR thousand)				
Revenues (OKD hedging)	3,705	11,532	(7,827)	(68%)
Consumption of material and energy	144	0	144	-
Service expenses	146	0	146	-
Personnel expenses	281	0	281	-

The Company paid out a final A Share dividend in the amount of EUR 47,484 thousand, EUR 0.18 per share on 22 May 2009. The dividend was paid in EUR, CZK, GBP and PLN based on the currency elections by the shareholders.

As at 30 June 2009 the Company's net debt was EUR 620,647 thousand.

Unrestricted cash on hand amounted to EUR 392,349 thousand as at 30 June 2009.

The Indenture governing the 7.375% Senior Notes ("the Indenture") also imposes restrictions on the Company's ability to pay dividends. Generally the Company may not pay dividends or make other restricted payments, which exceed, in the aggregate, 50% of consolidated net income since 1 April 2007 (as such amounts are accrued on a quarterly basis) plus the net proceeds from the primary part of the IPO and certain other adjustments (the "restricted payment build-up capacity"). The purchase price for investments in entities other than majority owned subsidiaries would also constitute restricted payments.

The restricted payment basket as defined by the Indenture amounts as of 17 August 2009 to approximately EUR 165,173 thousand.

### **Unrestricted Subsidiaries and Non-Core Real Estate**

There was no consolidated subsidiary defined as Unrestricted Subsidiary for the six-month period ended 30 June 2009.

### **Divisions and segments**

#### *Introduction*

In 2007 the Group early adopted IFRS 8 – Operating Segments. This standard requires an entity to report information about operating segments which is separately available and which is regularly evaluated by the so called "chief operating decision maker" ("the CODM").

#### **Real Estate Division and Mining Division**

In 2007 the Company separated the real estate of the Group into a new division in order to provide higher transparency to the mining and real estate assets. The Group began operating two segments determined by differences in their assets and products and services produced and provided. The segments were represented by the Mining Division ("the MD") and the Real Estate Division ("the RED"), established internally by the Divisional Policy Statements as of 31 December 2007, 23:59. The segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a separate strategic division that offers different products and services. The MD engages in coal extraction, production of coke and related operations and businesses. The RED solely provides inter-divisional service, i.e. provides real estate to the MD (see below). In connection to the newly operated segments MD and RED, no legal entity was established. The Company issued B Shares to track the financial performance of the RED.

## Electricity trading

In 2008, the electricity-trading activities saw robust growth in sales volume, thus the management of the Group decided to present and follow the financial performance of the electricity trading business separately. Consequently, the MD is currently represented by two sub-segments, one representing the coal & coke business and the other representing the electricity trading business. In June 2009 the Company's Board of Directors approved the intention to dispose of the energy business. Therefore the electricity trading segment is classified and presented as discontinued operations. Correspondingly the assets and liabilities relating to electricity trading are classified as held for sale.

### *Relationship between the RED and the MD*

As of 1 January 2008 the divisions are operated separately for accounting and reporting purposes to reflect the results of operations and the financial position of each division and to provide relevant information to the holders of the A Shares and B Shares, the CODM for the two reportable segments is the Board of Directors of the Company.

The RED comprised of the shares and corresponding investments in OKD, Rekultivace, a.s. and Garáže Ostrava, a.s., all of the assets and liabilities in the IMGE, former internal business unit of OKD and all real estate assets owned by the Group at the time of the establishment of the divisions ("the Real Estate Assets"). IMGE was an internal business unit of OKD specialised in land reclamation works, attributed with all real estate of OKD that was not being used for its mining and related operations. As the RED was established as of 31 December 2007, 23:59, the segment did not have any revenues or expenses in the year ended 31 December 2007.

On 30 September 2008 the first distribution of assets of the Real Estate Division to RPG Industries SE, the sole holder of the B Shares, was effected. The assets included the shares and corresponding investments in RPG Rekultivace, a.s. (the sole shareholder in OKD, Rekultivace, a.s.), RPG Garáže, a.s. (the sole shareholder in Garáže Ostrava, a.s.), all of the assets and liabilities in IMGE (spun-off for the purpose of the distribution to special purpose entities named Dukla Industrial Zone, a.s. and RPG RE Property, a.s.) and certain promissory notes received for the sale of real estate assets.

In order to ensure fair treatment of all shareholders, the Company has prepared and adopted the Divisional Policy Statements, approved by RPG Industries SE. The fundamental and overriding principles are that the MD has the right to maintain:

- the undisturbed continuation of its mining, coking and related operations that are currently, or which are expected by the Board of Directors of the Company to be in the future, conducted using certain of the Real Estate Assets; and
- unrestricted access to the Real Estate Assets in connection with such mining, coking and related operations.

Based on these principles the MD is provided with unrestricted access to all Real Estate Assets necessary for its mining, coking and related operations for the time period, until these operations cease to exist. The Real Estate Assets include two groups of assets - buildings, constructions and similar real estate assets ("the Buildings") and land.

### *Disclosures on Buildings*

The RED provides the Buildings to the MD based on the fundamental principles provided by the Divisional Policy Statements. The management considers this relation between the divisions as a kind of leasing relationship, where the RED provides property to the MD against remuneration. Following this approach, for the Buildings the following criteria for identifying the relation between the divisions as financial leasing are met:

- the lease term is for the major part of the economic life of the asset, and
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

The Buildings are recorded at the carrying amount in the balance sheet of the MD. Commencing 1 January 2008 the MD depreciates the Buildings. The deferred tax assets, liabilities and their impacts on the financial result of the Group related to the Real Estate Assets are divided between the divisions correspondingly to the allocation of the assets.

The Company did not revalue the Real Estate Assets for the purpose of presentation in the segment reporting. The assets are presented in the segment reporting at book values. These values also represent the basis for depreciation. Under IFRS finance lease assets shall be valued at the present value of minimum lease payments, which would also be the basis for depreciation under standard finance lease conditions. The RED does not charge lease payments to the MD for the access to the Real Estate Assets. Therefore, the Group decided to apply the book values for the allocation of the Real Estate Assets value between the divisions. The value of the Buildings provided to the MD at 30 June 2009 was EUR 314,681 thousand.

When the demand for unrestricted access to certain Real Estate Assets by the MD terminates, the overriding rules do not apply anymore and the Real Estate Assets are transferred back from the MD to the RED. This transfer becomes effective when the assets are not used for mining, coking and related operations anymore. Since the respective Buildings meet the criteria mentioned above, they will generally be fully depreciated at the moment, when mining, coking and related operations stop in the future. Therefore, the transfer should include only fully depreciated assets with a zero book value. IAS 16 assumes some residual value of assets, which should equal to its estimated market value at the end of its useful life. However, the Company is unable to make a reliable estimate of such residual value due to the character of the assets.

The Divisional Policy Statements determined in 2008 the annual fee paid for Real Estate Assets provided by the RED to the MD (the "CAP") to be EUR 3,600 thousand per year. The annual fee paid by the MD to the RED represents the financing costs on the Buildings provided. The CAP is accounted for as financial expense in the MD and as financial revenue in the RED. The CAP for the year 2009 amounts to EUR 3,807 thousand, after it was adjusted for the disposal of OKD, BASTRO, a.s. in 2008 and for the inflation index of 2008 according to the Divisional Policy Statements.

There is no consideration required from the MD to repay the present value of the Buildings provided in compliance with the Divisional Policy Statement. Therefore, the respective amount, or the book value, of the Buildings provided to the MD as at 30 June 2009 is presented in the equity of the MD.

### *Disclosures on land*

Land is provided to the MD without any consideration. However the IFRS criteria for financial leasing cannot be met for land. IFRS do not provide a specific guideline for the presentation of such relationship. The Company decided to present this relationship in the segment analysis as a right to use land by the MD granted by the RED. The right is depleted over the expected lifetime of mining, coking and related businesses using a linear amortisation method. Management determined the value of the right being the book value of land at 31 December 2007, the date when the divisions were established. The residual amount of the right as of 30 June 2009 was EUR 16,481 thousand. The book value of the land provided as of 30 June 2009 was EUR 17,781 thousand.

Deferred revenue corresponding to the amount of the right to use is presented in the balance sheet of the RED. The deferred revenue will be released into revenues over the period correspondingly to the depletion of the right to use the land.

The revenues and expenses of the Real Estate Division consisted for the six-month period ended 30 June 2008 mainly of the financial performance of the IMGE internal business unit of OKD, a.s. and Rekultivace, which were allocated to the Real Estate Division at the date, when the divisions were set up. The financial income of the Real Estate Division also includes the fee that the Real Estate Division charges to the Mining Division for the use of the real estate provided according to the Divisional Policy Statements. The expenses include depreciation, change in deferred tax, a part of the costs relating to the spin-off and distribution of the assets of the Real Estate Division and other expenses related to the assets allocated to the Real Estate Division.

	<b>Mining division segment</b>						<b>Real Estate division segment</b>	<b>Inter-segment Eliminations &amp; adjustments</b>	<b>Continuing operations total</b>
	<i>Coal&amp;Coke sub-segment</i>	<i>Electricity trading sub- segment</i>	<i>Eliminations &amp; adjustments</i>	<b>Mining division consolidated - total</b>	<i>Eliminations &amp; adjustments to discontinued operations</i>	<b>Mining division continuing operations - total</b>			
	<i>Continuing operations</i>	<i>Discontinued operations</i>					<i>Continuing operations</i>		
	<i>1/1/2009 - 30/06/2009</i>	<i>1/1/2009 - 30/06/2009</i>	<i>1/1/2009 - 30/06/2009</i>	<b><i>1/1/2009 - 30/06/2009</i></b>	<i>1/1/2009 - 30/06/2009</i>	<b><i>1/1/2009 - 30/06/2009</i></b>	<b><i>1/1/2009 - 30/06/2009</i></b>	<i>1/1/2009 - 30/06/2009</i>	<b><i>1/1/2009 - 30/06/2009</i></b>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<b><i>EUR'000</i></b>	<i>EUR'000</i>	<b><i>EUR'000</i></b>	<b><i>EUR'000</i></b>	<i>EUR'000</i>	<b><i>EUR'000</i></b>
<b>Segment revenues</b>									
<i>Continuing operations</i>									
Sales to third party	482,448	0	0	<b>482,448</b>	0	<b>482,448</b>	<b>106</b>	0	<b>482,554</b>
Sales to discontinued sub-segment	1,817	0	(1,817)	<b>0</b>	1,817	<b>1,817</b>	<b>0</b>	0	<b>1,817</b>
Inter-segment sales	0	0	0	<b>0</b>	0	<b>0</b>	<b>388</b>	(388)	<b>0</b>
<i>Discontinued operations</i>									
Sales to third party	0	56,652	0	<b>56,652</b>	(56,652)	<b>0</b>	<b>0</b>	0	<b>0</b>
Sales to continuing sub-segment	0	33,017	(33,017)	<b>0</b>	0	<b>0</b>	<b>0</b>	0	<b>0</b>
<b>Total revenues</b>	<b>484,265</b>	<b>89,669</b>	<b>(34,834)</b>	<b>539,100</b>	<b>(54,835)</b>	<b>484,265</b>	<b>494</b>	<b>(388)</b>	<b>484,371</b>

**Business Segments**

	<b>Mining division segment</b>						<b>Real Estate division segment</b>	<b>Inter-segment Eliminations &amp; adjustments</b>	<b>Continuing operations total</b>
	<i>Coal&amp;Coke sub-segment</i>	<i>Electricity trading sub- segment</i>	<i>Eliminations &amp; adjustments</i>	<b>Mining division consolidated - total</b>	<i>Eliminations &amp; adjustments to discontinued operations</i>	<b>Mining division continuing operations - total</b>			
	<i>Continuing operations</i>	<i>Discontinued operations</i>					<i>Continuing operations</i>		
	<i>1/1/2009 - 30/06/2009</i>	<i>1/1/2009 - 30/06/2009</i>	<i>1/1/2009 - 30/06/2009</i>	<b><i>1/1/2009 - 30/06/2009</i></b>	<i>1/1/2009 - 30/06/2009</i>	<b><i>1/1/2009 - 30/06/2009</i></b>	<b><i>1/1/2009 - 30/06/2009</i></b>	<i>1/1/2009 - 30/06/2009</i>	<b><i>1/1/2009 - 30/06/2009</i></b>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<b><i>EUR'000</i></b>	<i>EUR'000</i>	<b><i>EUR'000</i></b>	<b><i>EUR'000</i></b>	<i>EUR'000</i>	<b><i>EUR'000</i></b>
<b>Segment result</b>	133	6,399	0	<b>6,532</b>	(6,399)	<b>133</b>	<b>226</b>	0	<b>359</b>
Financial income				<b>45,665</b>	(4,112)	<b>41,553</b>	<b>2,524</b>	(2,357)	<b>41,720</b>
Financial expenses				<b>(88,179)</b>	6,981	<b>(81,198)</b>	<b>(622)</b>	2,357	<b>(79,463)</b>
Profit before tax				<b>(35,982)</b>	(3,530)	<b>(39,512)</b>	<b>2,128</b>	0	<b>(37,384)</b>
Income tax expense				<b>(7,158)</b>	1,294	<b>(5,864)</b>	<b>(428)</b>	0	<b>(6,292)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>				<b>(43,140)</b>	(2,236)	<b>(45,376)</b>	<b>1,700</b>	0	<b>(43,676)</b>
<b>Assets and liabilities as of 30.06.2009</b>									
Total segment assets	2,090,738	39,719	(1,117)	<b>2,129,340</b>			<b>33,290</b>	(19,041)	<b>2,143,589</b>
Total segment liabilities	1,517,196	23,535	(1,117)	<b>1,539,614</b>			<b>20,157</b>	(19,041)	<b>1,540,730</b>



Business Segments	Mining division segment						Real Estate division segment	Inter- segment Eliminations & adjustments	Continuin g operations total
	Coal&Coke sub-segment	Electricity trading sub- segment	Eliminations & adjustments	Mining division consolidated - total	Eliminations & adjustments to discontinued operations	Mining division continuing operations - total			
	Continuing operations	Discontinue d operations					Continuing operations		
	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008	1/1/2008 - 30/06/2008
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Segment revenues</b>									
<i>Continuing operations</i>									
Sales to third party	915,912	0	0	915,912	0	915,912	10,761	0	926,673
Sales to discontinued sub-segment	280	0	(280)	0	280	280	0	0	280
Inter-segment sales	1,164	0	0	1,164	0	1,164	2,761	(3,925)	0
<i>Discontinued operations</i>									
Sales to third party	0	110,387		110,387	(110,387)	0	0	0	0
Sales to continuing sub-segment	0	30,064	(30,064)	0	0	0	0	0	0
<b>Total revenues</b>	<u>917,356</u>	<u>140,451</u>	<u>(30,344)</u>	<u>1,027,463</u>	<u>(110,107)</u>	<u>917,356</u>	<u>13,522</u>	<u>(3,925)</u>	<u>926,953</u>

**Business Segments**

	<b>Mining division segment</b>						<b>Real Estate division segment</b>	<b>Inter- segment Eliminations &amp; adjustments</b>	<b>Continuin g operations total</b>
	<i>Coal&amp;Coke sub-segment</i>	<i>Electricity trading sub- segment</i>	<i>Eliminations &amp; adjustments</i>	<b>Mining division consolidated - total</b>	<i>Eliminations &amp; adjustments to discontinued operations</i>	<b>Mining division continuing operations - total</b>			
	<i>Continuing operations</i>	<i>Discontinue d operations</i>					<i>Continuing operations</i>		
	<i>1/1/2008 - 30/06/2008</i>	<i>1/1/2008 - 30/06/2008</i>	<i>1/1/2008 - 30/06/2008</i>	<b><i>1/1/2008 - 30/06/2008</i></b>	<i>1/1/2008 - 30/06/2008</i>	<b><i>1/1/2008 - 30/06/2008</i></b>	<b><i>1/1/2008 - 30/06/2008</i></b>	<i>1/1/2008 - 30/06/2008</i>	<b><i>1/1/2008 - 30/06/2008</i></b>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<b><i>EUR'000</i></b>	<i>EUR'000</i>	<b><i>EUR'000</i></b>	<b><i>EUR'000</i></b>	<i>EUR'000</i>	<b><i>EUR'000</i></b>
<b>Segment result</b>	<u>264,631</u>	<u>5,835</u>	<u>0</u>	<b><u>270,466</u></b>	<u>(5,835)</u>	<b><u>264,631</u></b>	<b><u>810</u></b>	<u>0</u>	<b><u>265,441</u></b>
Financial income				<b>60,982</b>	(4,557)	<b>56,425</b>	<b>1,919</b>	(1,828)	<b>56,516</b>
Financial expenses				<b>(80,102)</b>	5,581	<b>(74,521)</b>	<b>(36)</b>	1,828	<b>(72,729)</b>
Profit before tax				<b>251,346</b>	(4,811)	<b>246,535</b>	<b>2,693</b>	0	<b>249,228</b>
Income tax expense				<b>(64,242)</b>	1,022	<b>(63,220)</b>	<b>(692)</b>	0	<b>(63,912)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>				<b><u>187,104</u></b>	<u>(3,789)</u>	<b><u>183,315</u></b>	<b><u>2,001</u></b>	<u>0</u>	<b><u>185,316</u></b>
<b>Assets and liabilities as of 30.06.2008</b>									
Total segment assets	<u>2,450,394</u>	<u>73,539</u>	(4,286)	<b><u>2,519,647</u></b>		<b><u>118,686</u></b>	<u>(21,314)</u>		<b><u>2,617,019</u></b>
Total segment liabilities	<u>1,726,935</u>	<u>64,238</u>	(4,286)	<b><u>1,786,887</u></b>		<b><u>29,777</u></b>	<u>(21,314)</u>		<b><u>1,795,350</u></b>

*Disclosures on main financial assets allocated between the divisions*

<i>EUR thousand</i>	Mining division 30/06/2009	Real Estate division 30/06/2009	Eliminations & Adjustments 30/06/2009	Total consolidated group 30/06/2009
Land	1,864	19,911		21,775
Buildings and constructions	648,062	937		648,999
Plant and equipment	393,531	0		393,531
Other assets	5,983	0		5,983
Construction in progress	69,497	0		69,497
Rights to use land of Real Estate Division	16,481	0	(16,481)	0
Mining licences	169,677	0		169,677
Other financial investments	0	0		0
Long-term receivables	815	0		815
Deferred tax asset	142	0		142
Restricted cash	17,980	0		17,980
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,324,032</b>	<b>20,848</b>	<b>(16,481)</b>	<b>1,328,399</b>
Inventories	129,630	0		129,630
Accounts receivable and prepayments	182,669	192	(833)	182,028
Derivatives	3,142	0		3,142
Income tax receivable	9,884	0	(1,644)	8,240
Cash and cash equivalents	380,376	11,973		392,349
Restricted cash	2,771	0		2,771
<b>TOTAL CURRENT ASSETS</b>	<b>708,472</b>	<b>12,165</b>	<b>(2,477)</b>	<b>718,160</b>
<b>ASSETS HELD FOR SALE</b>	<b>96,836</b>	<b>277</b>	<b>(83)</b>	<b>97,030</b>
<b>TOTAL ASSETS</b>	<b>2,129,340</b>	<b>33,290</b>	<b>(19,041)</b>	<b>2,143,589</b>
<b>TOTAL EQUITY</b>	<b>589,726</b>	<b>13,133</b>	<b>0</b>	<b>602,859</b>
Provisions	105,455	0		105,455
Long-term loans	638,167	0		638,167
Bond issued	291,014	0		291,014
Employee benefits	94,518	0		94,518
Deferred revenue	1,556	15,677	(15,676)	1,557
Deferred tax liability	102,857	0		102,857
Other long-term liabilities	575	0		575
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,234,142</b>	<b>15,677</b>	<b>(15,676)</b>	<b>1,234,143</b>
Short-term provisions	13,361	0		13,361
Accounts payable and accruals	155,131	2,990	(1,922)	156,199
Accrued interest payable on bond	2,766	0		2,766
Derivatives	16,280	0		16,280
Income tax payable	76	1,360	(1,360)	76
Current portion of long-term loans	63,013	0		63,013
Short-term loans	20,802	0		20,802
Cash-settled share-based payments payable	828	0		828
<b>TOTAL CURRENT LIABILITIES</b>	<b>272,257</b>	<b>4,350</b>	<b>(3,282)</b>	<b>273,325</b>
<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE</b>	<b>33,215</b>	<b>130</b>	<b>(83)</b>	<b>33,262</b>
<b>TOTAL LIABILITIES</b>	<b>1,539,614</b>	<b>20,157</b>	<b>(19,041)</b>	<b>1,540,730</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,129,340</b>	<b>33,290</b>	<b>(19,041)</b>	<b>2,143,589</b>

## Discontinued operations

On 24 June 2009 the Board of the Company approved the intention to sell the energy business of the Group under defined conditions. The energy business of the Group is represented by NWR Energy, a.s., NWR Energetyka PL Sp. z o.o. and CZECH-KARBON s.r.o. Based on the decision, the assets and liabilities of these entities are classified as held for sale. Part of the energy business, presented as Electricity trading segment in the past, is presented as discontinued operations in these financial statements.

The segment was not classified as discontinued operations in previous financial statements and the comparative information of income statement, statement of comprehensive income and statement of cash flows has been re-presented to show the discontinued operations separately from continuing operations.

The following table shows the detail of discontinued operations:

<i>EUR thousand</i>	1 January 2009 - 30 June 2009	1 January 2008 - 30 June 2008
Revenues	89,669	140,451
Change in inventories of finished goods and work-in-progress	0	0
Consumption of material and energy	(82,345)	(134,094)
Service expenses	(158)	(184)
Personnel expenses	(307)	(305)
Depreciation	(4)	(3)
Amortisation	0	0
Impairment of property, plant and equipment	0	0
Impairment of receivables	(433)	0
Net gain from material sold	0	0
Gain from sale of property, plant and equipment	0	0
Other operating income	0	0
Other operating expenses	(23)	(30)
Operating profit	6,399	5,835
Financial income	4,112	4,557
Financial expense	(6,981)	(5,581)
Profit before tax	3,530	4,811
Income tax expense	(1,294)	(1,022)
<b>PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>2,236</b>	<b>3,789</b>

EBITDA from discontinued operations increased to EUR 6,403 thousand for the six-month period ended 30 June 2009 from EUR 5,838 thousand for the same period in 2008.

The revenues of the segment were presented as electricity trading in the detailed analysis of revenues of the Group before the operations were classified as discontinued. The consumption of material and energy was presented as consumption of material and energy for electricity trading. These lines do not appear

in the analysis of continuing operation due to the new classification of these operations.

The following table shows the detail of assets and liabilities held for sale:

<i>EUR thousand</i>	30 June 2009
Property, plant and equipment	34,256
Trade and other receivables	32,341
Cash and cash equivalents	30,185
Other assets	248
Employee benefits	(1,130)
Deferred tax liability	(2,742)
Trade and other payables	(29,390)
<b>Total</b>	<b>63,768</b>

The following table shows the cash flows from discontinued operations:

<i>EUR thousand</i>	1 January 2009- 30 June 2009	1 January 2008- 30 June 2008
Net cash flows from operating activities	(2,912)	23,643
Net cash flows from investing activities	0	(338)
Net cash flows from financing activities	2,261	(2,660)
Net effect of currency translation	670	2,340
<b>Net cash flow from discontinued operations</b>	<b>19</b>	<b>22,985</b>

Net cash flows from operating activities for the six-month period ended 30 June 2008 were higher due to beneficial mark to market positions from electricity trading activities.

## Subsequent Events

The Company entered into an ECA loan agreement for approximately EUR 141 million to finance Phase II of POP 2010 capital investment programme. This loan will cover part of the expected capital expenditures related to the POP 2010 programme, including the portion financed from existing cash resources during the first half of 2009. The Company is currently working towards the financial close and will provide further details to the market in due course.

KARBONIA PL Sp. z o.o. was renamed to NWR KARBONIA Sp. z o.o. on 2 July 2009.

On 9 July 2009, RPG Industries SE transferred its 168,274,654 A Shares in NWR (representing approximately 63.72% of the issued ordinary A Shares and approximately 63.72% of the voting rights of the issued ordinary A Shares) to its wholly owned subsidiary, BXR Mining B.V.

## Off-Balance Sheet Arrangements

In the ordinary course of business, the Company is party to certain off-balance sheet arrangements. These arrangements include assets related to the construction and related geological survey work at Frenštát. These assets are maintained by OKD but are not reflected in its books. The assets were booked as costs and have not been utilised. The original cost of these assets, spent in the years 1980 to 1989, was CZK 921 million (equivalent of EUR 36 million translated with the exchange rate at 30 June 2009), of which CZK 815 million (EUR 32 million) was the value of assets located under ground and CZK 106 million (EUR 4 million) is the value of assets located on the surface. Liabilities related to these arrangements are not reflected in the Company's balance sheet and management does not expect that these off-balance sheet arrangements will have material adverse effects on the Company's financial condition, results of operations or cash flows.

## Other Commitments

### *Contingent liabilities*

Contingent liabilities include clean-up liabilities related to a decommissioned coking plant owned by OKK, and the Group's involvement in several litigation proceedings. It is not possible to estimate the exact potential exposure related to such proceedings, as the monetary value of some of the claims have not been specified and the likely outcome of such proceedings cannot be assessed at this time. However, based on advice of counsel, management believes that the current litigation and claims will not have a significant impact on the Group's financial position. A summary of the main litigation proceedings is included in the annual financial statements of the Company for the year ended 31 December 2008.

The Group is liable for all environmental damage caused by mining activities since the original privatisation. These future costs can be broadly split into two categories of restoration and mining damages. Restoration liabilities are liabilities to restore the land to the condition it was in, prior to the mining activities or as stated in the exploration project. Mining damages are liabilities to reimburse all immediate danger caused by mining activities to third party assets.

Provisions for restoration costs are recognised as the net present value of the estimated costs. Restoration costs represent a part of the acquisition cost of fixed assets and such assets are amortised over the useful life of the mines using the sum of the digits method. The provision is compounded every year to reflect the current price level. In addition the Group analyses the accuracy of the estimated provision annually. Any change in the estimate of restoration costs is recognised within fixed assets and is depreciated over the remaining useful life of the mines.

### *Contractual obligations*

The Group is subject to commitments resulting from its indebtedness. These result mainly from the loans drawn by the Group and notes issued. The following table includes contractual obligations resulting from the Syndicated Loan Agreement and the 7.375% Senior Notes due 2015.

(EUR thousand)	Jul-Dec 2009	2010-2011	After 2011
7.375% Senior Notes due 2015	—	—	300,000
Senior Secured Facilities*	32,129	96,386	578,871
<b>TOTAL</b>	<b>32,129</b>	<b>96,386</b>	<b>878,871</b>

\*calculated with the CZK/EUR exchange rate as of 30 June 2009

Interest has to be paid semi-annually on the 7.375% Senior Notes.

The Company may elect the interest period on the Senior Secured Facilities. The interest rate can be fixed for a total period of six months with a maximum payment period of three months. The interest rate is based on EURIBOR for the EUR part and PRIBOR for the CZK part of the loan with a margin between 0.65% and 1.35% p.a. based on the financial situation of the Group.

The Group has contractual obligations to acquire property, plant and equipment in the total amount of EUR 152 million, of which EUR 104 million result from the POP 2010 program. OKK, a subsidiary of the Company, has contractual obligations in the amount of EUR 41 million relating to the overhaul of two of its coking batteries.

The Group is also subject to contractual obligations under lease contracts in the total amount of EUR 15 million, of which EUR 3 million are short-term obligations.

The restricted payment basket as defined by the Indenture amounts currently to EUR 165,173 thousand.

**Financial Information**  
**for the three-month period**  
**ended 30 June 2009**

The Unrestricted Subsidiary did not affect the financial performance of the Company for the presented period as there is no consolidated subsidiary defined as Unrestricted Subsidiary. Therefore the financial statements of the Group represent also the financial statements of the Restricted Group for the three-month period ended 30 June 2009.



**New World Resources N.V.**  
**Consolidated income statement**

<i>EUR thousand</i>	1 April 2009 - 30 June 2009	1 April 2008 - 30 June 2008
Revenues	243,901	463,055
Change in inventories of finished goods and work-in-progress	(3,759)	0
Consumption of material and energy	(64,652)	(88,367)
Service expenses	(64,404)	(95,953)
Personnel expenses	(85,611)	(129,027)
Depreciation	(35,961)	(39,910)
Amortization	(1,792)	(2,443)
Reversal of impairment of receivables	129	18
Net gain from material sold	1,140	4,650
Gain from sale of property, plant and equipment	1,670	472
Other operating income	1,077	1,105
Other operating expenses	(8,548)	(9,940)
<b>Operating profit</b>	<b>(16,810)</b>	<b>98,491</b>
Financial income	13,209	27,703
Financial expense	(33,733)	(29,822)
<b>Profit before tax</b>	<b>(37,334)</b>	<b>96,372</b>
Income tax expense	(2,637)	(27,912)
<b>Profit/(loss) from continuing operations</b>	<b>(39,971)</b>	<b>68,460</b>
<b>Discontinued operations</b>		
Profit/(loss) from discontinued operations	672	2,880
<b>Profit/(loss) for the period</b>	<b>(39,299)</b>	<b>71,340</b>
Attributable to:		
Non-controlling interests	0	0
<b>SHAREHOLDERS OF THE COMPANY</b>	<b>(39,299)</b>	<b>71,340</b>

**New World Resources N.V.**  
**Consolidated statement of comprehensive income**

**For the three-month period ended 30 June 2009**

<i>EUR thousand</i>	<i>Foreign exchange translation reserve</i>	<i>Restricted reserve</i>	<i>Hedging reserve</i>	<i>Loss for the period</i>	<i>Total comprehensive income</i>
Loss for the period	0	0	0	(39,299)	<b>(39,299)</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences	50,877	7,090	1,882	0	<b>59,849</b>
Derivatives	0	0	1,736	0	<b>1,736</b>
Other movements	0	0	0	279	<b>279</b>
Other comprehensive income for the period including tax effects	<u>50,877</u>	<u>7,090</u>	<u>3,618</u>	<u>279</u>	<b><u>61,864</u></b>
Total comprehensive income for the period attributable to the shareholders of the company	<u>50,877</u>	<u>7,090</u>	<u>3,618</u>	<u>(39,020)</u>	<b><u>22,565</u></b>

**For the three-month period ended 30 June 2008**

<i>EUR thousand</i>	<i>Foreign exchange translation reserve</i>	<i>Restricted reserve</i>	<i>Hedging reserve</i>	<i>Profit for the period</i>	<i>Total comprehensive income</i>
Profit for the period	0	0	0	71,340	<b>71,340</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences	48,794	7,716	0	0	<b>56,510</b>
Derivatives	0	0	51,150	0	<b>51,150</b>
Other movements	0	0	0	(505)	<b>(505)</b>
Other comprehensive income for the period including tax effects	<u>48,794</u>	<u>7,716</u>	<u>51,150</u>	<u>(505)</u>	<b><u>107,155</u></b>
Total comprehensive income for the period attributable to the shareholders of the company	<u>48,794</u>	<u>7,716</u>	<u>51,150</u>	<u>70,835</u>	<b><u>178,495</u></b>

All components of Other comprehensive income are presented net of tax. There is no tax related to Foreign currency translation differences and Other movements as these items are non-taxable.

Deferred tax expense related to Derivatives amounts to EUR 434 thousand and EUR 13,597 thousand for the three-month period ended 30 June 2009 and 2008 respectively.

The net change in fair value of derivatives transferred to profit amounts to EUR 1,265 thousand and EUR 5,311 thousand for the three-month period ended 30 June 2009 and 2008 respectively.

**New World Resources N.V.**  
**Consolidated statement of cash flows**

<i>EUR thousand</i>	1 April 2009- 30 June 2009	1 April 2008- 30 June 2008
<b>Cash flows from operating activities</b>		
Profit before tax and minority interest from continuing operations	(37,334)	96,372
Profit before tax and minority interest from discontinued operations	1,463	3,662
Net profit before taxation and minority interest	(35,871)	100,035
Adjustments for:		
Depreciation	35,958	39,911
Amortization	1,792	2,443
Changes in provisions	5,383	1,273
Profit on disposal of property, plant and equipment	(1,670)	(472)
Interest expense, net	12,016	12,502
Change in fair value of derivatives	(2,339)	(40,863)
Cash-settled share-based payment transactions	327	5,619
Equity-settled share-based payment transactions	4,376	6,441
Unrealized foreign exchange gains on long-term borrowings	12,399	14,044
Profit before working capital changes	32,371	140,933
(Increase) / Decrease in inventories	(607)	(7,026)
(Increase) / Decrease in receivables	(21,931)	39,438
(Decrease) / Increase in payables	(3,481)	62,308
Changes in deferred revenue	(1,871)	21,370
(Increase) / Decrease in restricted cash	6,340	1,227
Currency translation and other non-cash movements	(4,850)	(22,437)
Cash generated from operating activities	5,971	235,813
Interest paid	(17,664)	(22,218)
Corporate income tax paid	(14,059)	(47,104)
<b>Net cash flows from operating activities</b>	<b>(25,752)</b>	<b>166,491</b>
<b>Cash flows from investing activities</b>		
Interest received	1,223	4,955
Purchase of land, property, plant and equipment	(53,521)	(78,655)
Proceeds from sale of property, plant and equipment	2,056	707
<b>Net cash flows from investing activities</b>	<b>(50,242)</b>	<b>(72,993)</b>
<b>Cash flows from financing activities:</b>		
Repayments of syndicated loan	0	(0)
Transaction costs from issued shares (IPO)	0	(1,411)
Repayments of short-term borrowings	(14,410)	194
Proceeds of short-term borrowings	826	999
Proceeds from issued shares (IPO)	0	219,078
Dividends paid	(47,484)	(75,000)
<b>Net cash flows from financing activities</b>	<b>(61,068)</b>	<b>143,859</b>
Net effect of currency translation	3,008	10,858
Net increase in cash and cash equivalents	(134,054)	248,216
Cash and Cash Equivalents at the beginning of period	556,588	420,191
<b>Cash and Cash Equivalents classified as Assets held for sale</b>	<b>30,185</b>	<b>0</b>
<b>Cash and Cash Equivalents at the end of period</b>	<b>392,349</b>	<b>668,407</b>

The notes on pages 20 to 52 are an integral part of this interim financial information.

## **Forward Looking Statements**

Certain statements in this document are not historical facts and are or are deemed to be “forward-looking”. The Company’s prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; “may”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “will”, “could”, “may”, “might”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company’s ability to control or predict. Forward-looking statements are not guarantees of future performances.

Factors, risk and uncertainties that could cause actual outcomes and results to be materially different from those projected include, but are not limited to, the following: risks relating to changes in political, economic and social conditions in the Czech Republic, Poland and the CEE region; future prices and demand for the Company’s products and demand for the Company’s customers’ products; coal mine reserves; remaining life of the Company’s mines; coal production; trends in the coal industry and domestic and international coal market conditions; risks in coal mining operations; future expansion plans and capital expenditures; the Company’s relationship with, and conditions affecting, the Company’s customers; competition; railroad and other transportation performance and costs; availability of specialist and qualified workers; and weather conditions or catastrophic damage; risks relating to Czech or Polish law, regulations and taxation, including laws, regulations, decrees and decisions governing the coal mining industry, the environment and currency and exchange controls relating to Czech and Polish entities and their official interpretation by governmental and other regulatory bodies and by the courts; and risks relating to global economic conditions and the global economic environment. Additional risk factors are described in the Company’s annual report for the year ended 31 December 2008.

Forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in this report to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.

Amsterdam, 17 August 2009

Board of Directors

## Directors' Statement of Responsibility

The Directors are responsible for preparing the interim financial report in accordance with the Dutch laws and regulations implementing the Transparency Directive<sup>5</sup>. The Directors hereby declare that, to the best of his or her knowledge:

- (a) The condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole, and
- (b) The interim management report includes a fair review of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year, as well as of major related parties transactions.

Marek Jelínek  
Director, Chief Financial Officer  
17 August 2009

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<sup>5</sup> Transparency Directive in full is called:

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

## **Review report**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements for the 6 months period and 3 months period ended 30 June 2009, of New World Resources N.V., Amsterdam, The Netherlands, which comprises the consolidated statement of financial position as at 30 June 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the 6 months and 3 months period then ended (the interim financial information) and the notes as included in this report for the first half year 2009 on page XX to XX. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Dutch law including standard 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2009 are not prepared, in all material respects, in accordance with the IAS 34, 'Interim Financial Reporting', as adopted by the EU.

Amstelveen, 17 August 2009  
KPMG ACCOUNTANTS N.V.  
J. Humme RA