



Bergbau AG
coal illuminates life

Interim Report 2017



Group Key Figures

Balance Sheet Figures	30/06/2017 EUR thousand	30/06/2016 EUR thousand
Total assets	34,415	35,609
Non-current assets	4,462	3,135
Current assets	29,711	32,390
Shareholders' equity	4,640	3,840
Provisions	7,178	5,922
Liabilities	22,591	25,837

Income statement figures	2017 EUR thousand	2016 EUR thousand
Sales	104,157	78,165
EBITDA	709	436
Operating income (EBIT)	650	378
Net profit / loss*	495	81

*TEUR 954 EUR (Half-Year) Net profit excluding TEUR 459 non-cash pension provisions (as of 30.06.2016: TEUR 339 pension provisions)

Financial Calendar (Status: September 2017)

	Expected publication date
Interim Report 2017	30 September 2017
End of the financial year	31 December 2017
Annual financial statements 2017	30 Juni 2018
Interim Report 2018	28 September 2018



Table of Contents

Letter to the Shareholders	4
Macroeconomic Development	6
Investor Relations	11
Management Report	14
Consolidated Balance Sheet	18
Consolidated Income Statement	20
Imprint	21

The English version of the interim report and the H1 consolidated financial statements 2017 of HMS Bergbau AG is a one-to-one translation. The English version is not audited; in the event of variances, the German version shall take precedence over the English translation.

Letter to the Shareholders

Dear Shareholders,

Following 2015 and 2016, which were challenging years from a business perspective, a reversal in the global economic development trend materialised in the first half of 2017, in line with market participants' expectations. As a result, commodity price levels have been increasing, albeit moderately, since the end of 2016. At the same time, global commodities trading is gaining momentum. We saw improved utilisation of our structures, stronger risk diversification and a slight increase in gross margins in the first half of 2017 thanks to the expansion of our global trading activities to include further commodities in addition to coal – such as petcoke, cement clinker, cement, ores and fertilisers – which started in 2015. The strategy, adapted to the changed market situation, and the constantly increasing quality of our team of employees had a positive influence on our business activities and encourage us to continue on our chosen path.

The positive factors overall in the first six months of the current financial year therefore led to an expansion of our business activities and volume. Solid international trade relationships and higher tonnage, coupled with an increase in prices, made it possible to expand both total performance and profitability. The Group's total performance increased by roughly 33 % year on year, from EUR 78.2 million to EUR 104.2 million, in the first half of 2017. In the reporting period, EBIT rose from EUR 378 thousand in the first six months of 2016 to EUR 650 thousand as of 30 June 2017. Profit for the period from 1 January to 30 June 2017 stood at EUR 495 thousand (previous year: EUR 81 thousand).

Due to the balance sheet date, total assets fell slightly to EUR 34.4 million as of 30 June 2017, following EUR 41.0 million as of 31 December 2016. This was mainly the result of the reporting-date-related decrease in trade receivables to around EUR 17.5 million. On the equity and liabilities side, equity improved by around EUR 480 thousand to EUR 4.6 million. The equity ratio stood at 13.5 % as of 30 June 2016 – some 3.5 percentage points better than on 31 December 2016.

Despite the recovery of the markets, we continued to work on promoting HMS Bergbau AG's positioning in international commodity markets in 2017 so as to consolidate and expand the position we have achieved. The constantly rising demand for a wide

range of commodities should also put HMS Bergbau AG's dependence on individual product groups into perspective beyond 2017. In the process, HMS Bergbau AG continues to draw on and open up its existing network, commodities expertise that it has acquired over the years, as well as its global logistics know-how. At the same time, it is tapping into and continuing to further develop new supply and sales markets – especially in Asia, Africa and the Middle East – within the scope of this horizontal integration strategy.

HMS Bergbau AG's business performance continues to be promising as the second half of 2017 begins. Commodity prices appear, at the very least, to be stabilising at the current level. Along with the expansion of trade in further commodities, positive global economic forecasts, increased international trading volumes and new marketing agreements – primarily in South Africa, Botswana and Indonesia – encourage us to take an optimistic view of the months ahead.

Accordingly, management confirms the previous forecast for the current financial year, which anticipates a slight rise in sales revenues as well as attractive gross margins moving forward on account of the further vertical and horizontal integration of trading business. A positive annual result is still expected for financial year 2017.

Berlin, September 2017



Heinz Schernikau

CEO



Steffen Ewald

CFO

Management & Supervisory Board

CEO



Heinz Schernikau is the CEO of HMS Bergbau AG and founded the Company in Berlin in 1995. He has been in the international coal trade since 1973 and his positions include advisor to the Board of leading coal producers in Asia and Europe. He has established extensive international contacts and places particular importance on achieving long-term business relationships, mutual trust and reliability.

CFO



Steffen Ewald is the CFO of HMS Bergbau AG. After graduating in business administration, Ewald began his career at a medium-sized, international power plant engineering company, rising through the ranks to become Commercial Manager. Before switching to HMS Bergbau AG, Ewald was responsible for Group Finance and Reporting at the German holding company of an international media corporation.

Supervisory Board

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

Macroeconomic Development

Numerous economic forecasts were revised upwards in the first half of 2017. In April 2017, the International Monetary Fund (IMF) increased its forecast for global economic development for the current year by 0.1 % to 3.5 %. That positive outlook was confirmed in July 2017 and the forecast for Europe, in particular, improved. In mid-2017, the Institute for the World Economy (Institut für Weltwirtschaft – IfW) also identified an upturn in global economic development and increased its forecast for the current year to 3.6 % and for 2018 to 3.7 %.

According to the IfW, dynamism has shifted from private consumption to investment in the advanced economies. The institute expects GDP growth in 2017 and 2018 of 2.2 % and 2.1 % respectively.

In the USA, the IfW predicts an increase of 2.2 % in the current year and 2.5 % in the following year as a result of increased investment. The IMF recently revised its forecast for the USA slightly downwards due to “uncertain” development with regard to government spending and tax revenue.

The IfW increased its forecast for the eurozone slightly, to 2.0 % for 2017 and 1.9 % for 2018. That would represent stronger growth of the European economy than in previous years. The IfW also increased its forecast for Germany slightly, compared to the end of 2016. It predicts GDP growth of 1.7 % in the current year and 2.0 % in the following year. The ifo Institute also predicts the same growth rates. Germany would thereby continue its seven-year phase of positive development, although that rate of growth is lower than for Europe as a whole. In the UK, the expected rate of growth for the current year, 1.6 %, is slightly lower than the rate of 1.8 % achieved in the previous year.

Production is expected to grow more rapidly in the emerging markets. However, in China the rate of growth is expected to decrease to 6.5 % in the current year and 6.0 % in 2018.

Risks

Current economic analysis explicitly emphasises an increase in global economic policy risks and their possible impact on forecasts. They include the protectionist tendencies of the USA and other countries, the UK's departure from the EU, oil price developments and the diverging development of base interest rates in the USA and Europe.

Commodities

Following a low of approximately USD 30 per barrel of Brent at the beginning of 2016, oil prices increased in the following quarters, reaching an average of just less than USD 50 in the fourth quarter of 2016. That resulted in an average price of USD 45 per barrel of Brent for 2016 as a whole. In early December 2016, the Organization of the Petroleum Exporting Countries (OPEC) decided to decrease production, leading to a moderate increase in prices. That was because of historically high inventories and the resumption of shale oil production in the USA due to rising prices. After a slight increase in the crude oil price in March 2017, it decreased again in May 2017.

The OPEC countries met with the independent crude oil producers on 25 May and, as expected, agreed to extend the production cuts over the next nine months. They plan to reduce crude oil production by 1.8 million barrels per day with the aim of stabilising the crude oil price. However, that did not prevent the crude oil price from decreasing following the announcement of the agreement. On the one hand, market participants had expected greater cuts to production volumes and, on the other, there is doubt about whether the agreement will be effective in the long term. That resulted in a further decrease in the crude oil price to an average of USD 46.28 per barrel in June 2017. The crude oil price in June 2017 was therefore 4.5 % lower than in June 2016.

The OPEC countries were unable to sustainably stop price decreases in the crude oil market because countries outside the organisation made up for the decrease in production. Above all, development of the USA's fracking industry continued unabated, resulting in increased volumes of crude oil on the world market. Other countries that were not party to the OPEC agreement to reduce supply also produced record quantities of crude oil in June, particularly Libya and Nigeria. Along with the very high global supply of crude oil, concerns about a demand-driven price reaction resulting from a weakening global economy have increased. Decreasing global crude oil prices will reinforce those fears. These developments could result in the long-term stagnation of the crude oil price at a low level.

Only the price of the fossil fuel coal increased in the course of 2017, by 6.2 % to USD 54.35 as at 30 June 2017. That meant coal was approx 45 % more expensive in mid-2017 than a year earlier, in June 2016. Overall, the energy raw materials index decreased by 6.7 % in June

2017, to 91.9 points.

According to Hamburgischen Weltwirtschaftsinstitut (HWWI), commodity prices were at their lowest level in 12 years at the beginning of 2016, as were oil prices. There was a significant recovery over the course of the year, with considerable price increases at times. Considering the long cycles that characterise commodity markets, those developments are expected to stabilise in 2017. That means commodity prices will remain overall relatively moderate.

The HWWI commodity price index continued its downward trend in June 2017. The index fell for the second consecutive month and commodities were 0.7 % cheaper in June 2017 than a year earlier, in June 2016. There were particularly significant decreases in crude oil, natural gas and iron ore prices. Overall, energy commodity prices decreased by 6.7 %. The index excluding energy decreased by just -2.5 %. The industrial raw materials index decreased by 3.0 %. The food, beverage and tobacco index decreased by 1.8 %.

There was a particularly large decrease of 11.2 % in the average coal price in May 2017, following a slight increase in the coal price in the previous month. That was due, among other things, to higher coal exports from China, which increased market supply. China had recently restricted coal production in order to increase the effectiveness of the industry, but has now started

exporting excess coal not required by the domestic market again. Nonetheless, the coal price was almost 50 % higher than in the previous year. The average price of natural gas decreased slightly in May 2017 by 0.4 %.

Primary energy consumption

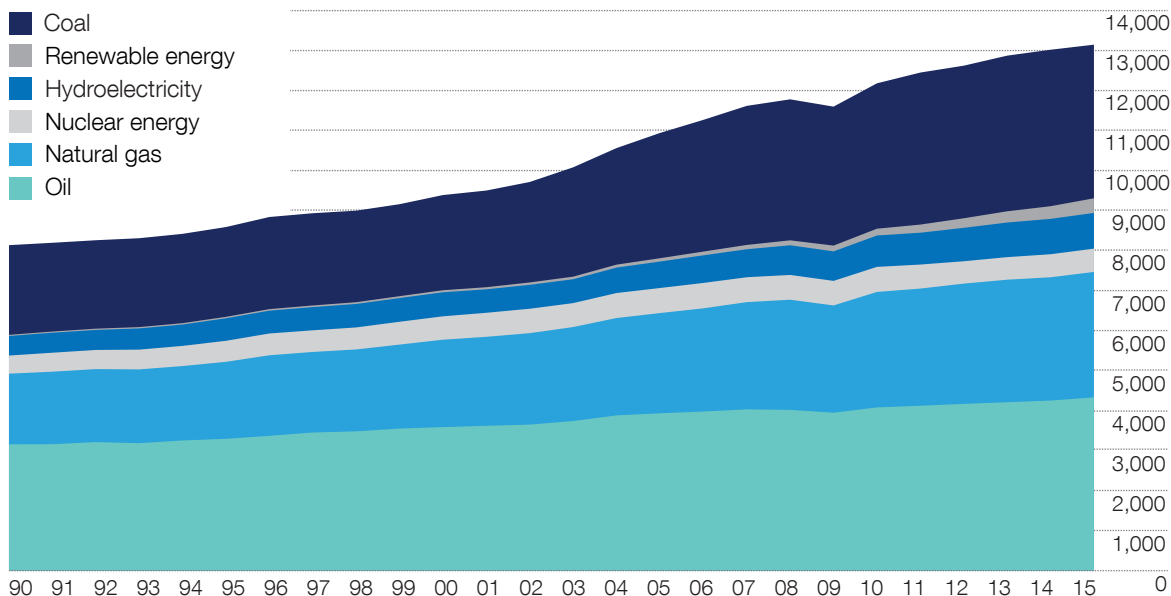
The expansion of the international trade in goods and the ever increasing production of goods have led to a sharp rise in global energy consumption, which has more than doubled in the last four decades alone. Due to the rise of renewable energy, among other factors, there has been a change not only in the absolute quantity of the respective sources of energy, but also in the energy mix.

The International Energy Agency forecasts that the need for primary energy will increase by around double the current figure of 321,000 billion kWh by 2060. These forecasts assume that the standard of living in emerging markets will have reached the level found in Western industrialised nations. According to experts in the World Energy Outlook, published annually, energy consumption in Africa, India, China, South East Asia and the Middle East is also expected to increase by one-third between 2015 and 2040.

According to the BP Energy Outlook, global primary energy consumption will only increase by an average of 1.2 % p.a. over the next 20 years, compared to 2.2 % between 1995 and 2015. The increase in energy consumption primarily depends on the growth of global

Primary energy consumption worldwide

Million tons of oil equivalent



Source: BP Statistical Review of World Energy 2016, © 2016 BP p.l.c.

economic output. However, as a result of energy saving measures, energy consumption has not risen in line with economic growth for a number of years. While global gross domestic product is expected to double by 2035, energy consumption is only expected to increase by approximately 30 %. The emerging markets, particularly China and India, are contributing to that growth. China will initially remain the largest growth market for energy. At the end of the forecast period, in 2035, India is expected to take that position.

The BP Energy Outlook expects continued growth in the share of the energy market accounted for by renewable energy over the next 20 years. Together with nuclear and hydropower, it will account for half of market growth in the coming years. Despite that growth, oil, gas and coal will continue to be the most important energy sources. The market share of fossil fuels will decrease from approximately 85 % in 2015 to 75 % in 2035, but the market as a whole will grow considerably. While gas will see continued growth, the growth of oil and coal will slow. According to the study conducted by BP, global coal consumption will only increase by 0.2 % and will peak in the mid 2020s. Over the last 20 years, coal consumption increased by 2.7 %. Those developments mean that, by 2035, gas is expected to be the second most important energy source, relegating coal to third place in the primary energy market (coal will continue to occupy first place in the electricity generation market).

The slight decrease in coal consumption will result from the increased use of other energy sources in China. However, China will nonetheless remain the most important market for coal and will account for almost half the consumption of this resource in 2035. In the USA, the new president wants to rely more heavily on fossil fuels such as coal. The impact on the coal market cannot be predicted at this time.

Primary energy consumption in Germany

In the first six months of the current year, energy consumption in Germany totalled 6,882 petajoules (PJ) or 234.8 million tonnes of hard coal units (million t HCU) – an increase of 0.8 % compared to the same period in the previous year. Positive economic development and the somewhat cooler weather at the start of the year increased demand for mineral oil products and natural gas. Good wind conditions and a high number of sunshine hours led to a significant increase in electricity feed-ins from renewable energies.

Total mineral oil consumption increased by 2.6 %. Above all, fuel contributed to that development. Sales of diesel fuel increased by 6.5 %, petrol sales increased by 2.5 % and sales of aviation fuel increased by almost 8 %. There was also a significant increase in deliveries of petroleum to the chemical industry. Meanwhile, there was a decrease in sales of light heating oil.

Natural gas consumption was more than 3 % higher than in the previous year. The use of natural gas in heating supply, and demand from the industrial sector increased in the first half of the year. The sustained strong competitive situation and the promotion of electricity production using highly efficient CHP plants led to a further increase in the use of natural gas in power stations.

Hard coal consumption decreased by 6.7 % in the first half of 2017. There was a decrease of 9 % in the use of hard coal in power stations, primarily due to increased feed-ins from renewable energy. The iron and steel industry reduced its use of coking coal and coal only slightly.

Lignite consumption increased by just less than 3 % in the first six months of the current year. That increase is the result of improved power plant availability compared to the previous year. Electricity generation from lignite power plants was therefore again in line with the average over a number of years.

There was a 17.5 % decrease in nuclear energy due to amended maintenance planning.

The share of total energy consumption accounted for by renewable energy increased by more than 6 % in the first half of 2017. Despite a dark period in January, electricity feed-ins from wind and PV plants increased by 19 % and 14 % respectively. The contribution from biomass also increased by 5 %. Meanwhile, hydropower generation was 18 % lower than in the previous year.

Trade

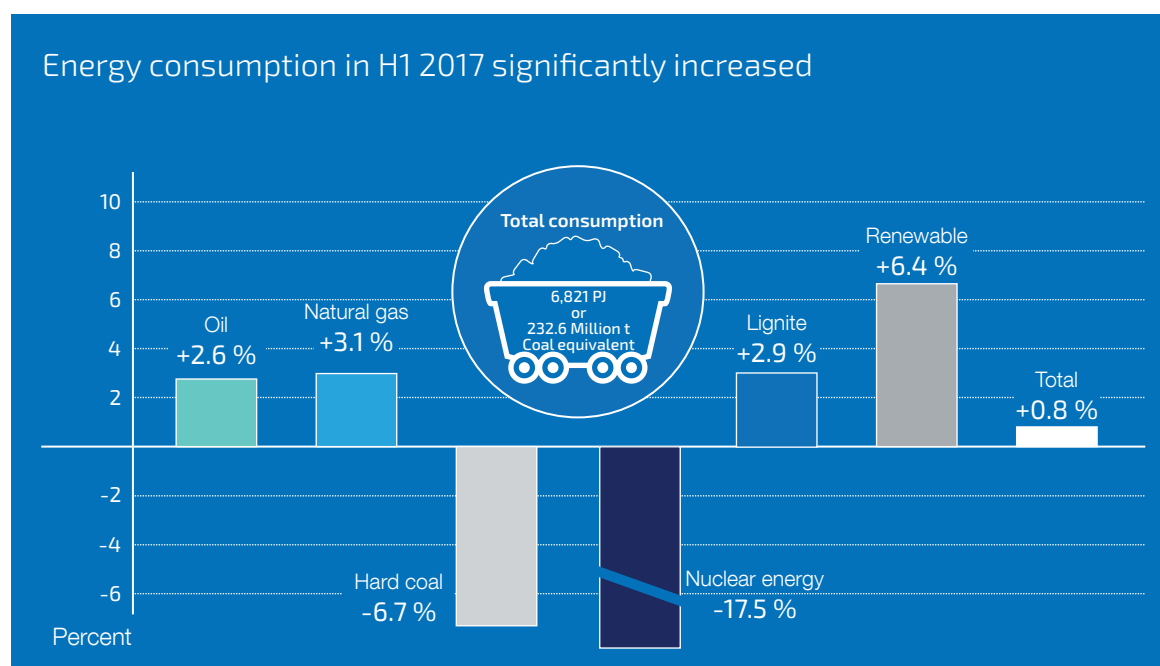
HMS Bergbau Group's successful international trading activities are characterised by stable business relationships with customers and suppliers, which are built on trust.

HMS Bergbau Group's main customers include HMS Bergbau Group's main customers include power plant operators, as well as steel and cement manufacturers.

We also supply industrial companies, such as glassworks, paper factories and waste processing plants. Our customers include private companies as well as government entities originating from Asia, Europe, the Middle East and Africa.

HMS Bergbau Group cooperates with reliable and well-known producers, largely based in Russia, Poland,

Indonesia, South Africa, and North and South America. In addition to this, we represent numerous international coal-producing companies. In this role, HMS Bergbau Group handles all their coal marketing activities in selected markets. HMS Bergbau is also a partner for the global distribution of IchorCoal production.



Vertical integration

We intend to secure a reliable supply for consumers in the long term by accessing resources and coal through marketing agreements with international suppliers. In addition to this, HMS Bergbau Group plans to mine its resources itself in future. This strategy is being systematically pursued in 2017.

At the start of 2017, HMS Bergbau AG expanded its operational activities in South Africa through its subsidiary HMS Bergbau Africa (Pty) Ltd. By signing a memorandum of understanding (MoU) with Shumba Energy, Botswana, HMS Bergbau secured future exclusive access to more than two billion tonnes of high-quality coals. The contract provides for the exclusive marketing of the coals by HMS Bergbau AG's international network of partners. Both parties expect the first deliveries to be made from 2019.

Horizontal integration

The expansion of global trade to include other commodities (apart from coal), such as ores, fertilizers and cement products, is intended to become another key pillar for HMS Bergbau AG in the medium term.

In this way, it will be possible to offer solutions for and meet the constantly growing demand for a wide range of different commodities from existing and new customers through HMS Bergbau structures.

This strategy is being systematically pursued in financial year 2017. In the process, HMS Bergbau AG draws on and opens up its existing network, expertise that it has acquired over the years, as well as its global transport options. At the same time, it is tapping into and continuing to further develop new sourcing markets – especially in Asia, Africa and the Middle East – within the scope of this horizontal integration strategy. Through the expansion of its activities, HMS Bergbau AG seeks to optimise the utilisation of its capacities, to further diversify risks, to increase gross margins and finally to create competitive advantages.

Logistics

HMS Bergbau Group offers its customers and business partners a complete spectrum of services, from the timely supply of commodities to the organisation of the entire transport logistics process. The portfolio of services

offered by our highly professional and experienced team covers shipping on demand, the organisation of domestic store transport, harbour procedures, warehousing management, coal processing and technical monitoring. For example, HMS Group organises all logistics needs for its partners in South Africa, from transport by lorry and rail to port handling, thereby ensuring a high level of supply security for its suppliers and customers.

Investor Relations

Development of capital markets

After the year-end rally in the fourth quarter of 2016, the most important exchanges in Europe, the USA and Asia initially displayed a sideways trend in the first weeks of the new year, due to a lack of clear impetus. After the inauguration of the new US president, sentiment improved on the US exchanges from late January 2017 after the new US government raised the prospect of significant tax cuts, deregulation and infrastructure measures. At the end of January 2017, the Dow Jones Industrial Average exceeded the 20,000 point mark for the first time, rising to over 21,000 points at times in early March. However, investors began to have doubts about the rapid implementation of the announced measures in the USA, and those doubts grew, leading to profit taking over the course of the month.

Prices also increased on European stock exchanges in February 2017. However, those increases were more modest, as protectionism in the USA and uncertainty regarding the outcome of elections in the Netherlands in March had a restraining effect. Corporate results in Europe and the USA were better than expected and had a supporting effect. Positive economic data from Germany and the eurozone resulted in further increases in European shares at the end of March. At the beginning of March, the DAX exceeded 12,000 points, and it ended the first quarter of 2017 at 12,312.87 points, a gain of 7.2 %. In the first quarter, the EURO STOXX 50 increased by 6.4 % to 3,500.93 points.

In the first weeks of the second quarter, investors were surprised by suggestions from the Federal Reserve

that it may accelerate the normalisation of its monetary policies. The political tension between the USA and North Korea, and the Syrian conflict, also led to increasing uncertainty. That resulted in price decreases on stock markets around the world. Many investors were also waiting for the results of the first round of the French presidential election on 23 April 2017. That result increased confidence on the European markets. On 30 June 2017, the DAX reached a level of 12,325 points, equal to the high level seen in April 2017.

While the major corporations listed in the DAX received significant publicity, far less attention was paid to the so-called small and mid-caps.

HMS share performance

At the beginning of 2017, the price of shares in HMS Bergbau AG increased significantly – by more than 50 % at their peak. Since then, the performance of the HMS Bergbau share has been comparable with that of the DAXglobal Coal index. From early 2016 until March 2017, the index increased by almost 50 % at its peak, before levelling off in a similar way to shares in HMS Bergbau AG. The international Bloomberg Commodity index developed far more modestly from the start of 2016. By mid-2017, it had increased by just 10 %.

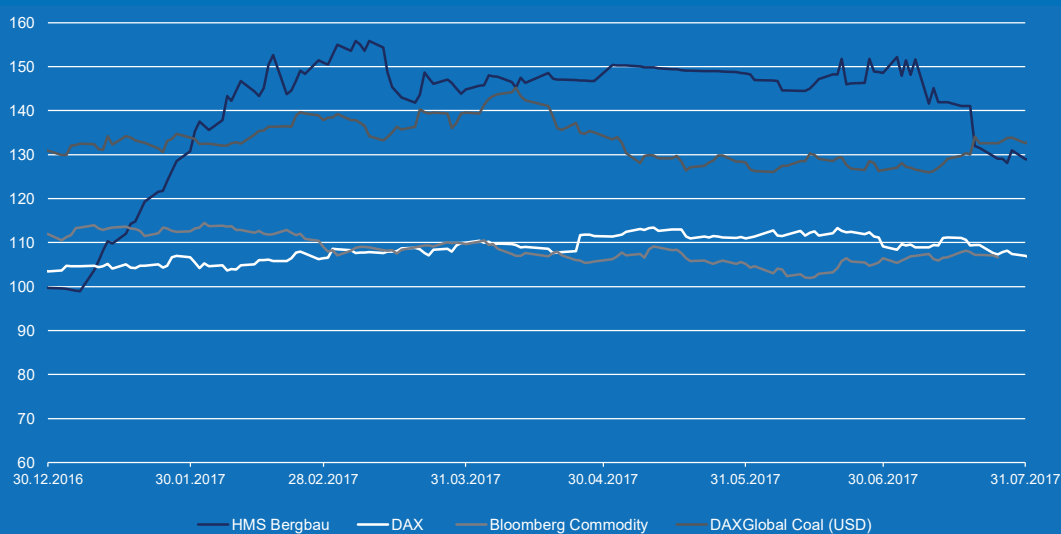
Since the elimination of the Entry Standard segment by Deutsche Börse AG at the end of February 2017, shares in HMS Bergbau AG have been listed on Frankfurt Stock Exchange's so-called Basic Board. The Entry All Share second-line index is, therefore, no longer used as a reference.

The price of shares in HMS Bergbau increased by up to 50 % at the beginning of the reporting period. While the share price fluctuated at around EUR 8.00 over the course of 2016, it increased to more than EUR 12.00 in the first half of 2017. The share price increased from EUR 8.42 on the last day of trading in the previous year to EUR 12.56 at the end of the reporting period on 30 June 2017.

Compared to the DAX share index, the development of shares in HMS Bergbau was below average or similar in 2016. At the beginning of the reporting period, the share outperformed the index. HMS Bergbau thereby matched the good performance of the DAXglobal Coal, displaying similar development in the first half of 2017. Meanwhile, the performance of the international Bloomberg Commodity index decreased slightly in the first six months of 2017.

HMS Bergbau AG's market capitalisation increased from EUR 36.80 million at the end of 2016 to EUR 54.89 million at the end of the first half of 2017. Overall, the development of shares in HMS Bergbau was very positive.

Performance of HMS-Bergbau share by June 30, 2017

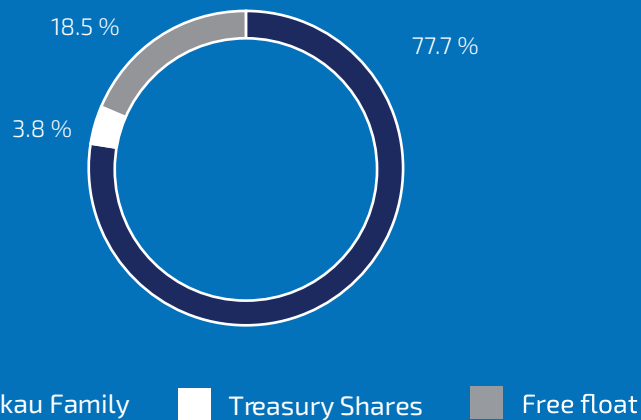


Shareholder structure

The share capital of HMS Bergbau AG as of 30 June 2016 consisted of 4,370,000 shares, each with a nominal value of EUR 1.00, and therefore totalled EUR

4,370,000.00. With a 77.7 % stake, the Schernikau family is the largest shareholder. HMS Bergbau AG holds 3.8 % as treasury shares, while 18.5 % is in free float.

Shareholder structure as at June 30, 2017



Statutory shareholders' meeting 2017

This year's statutory shareholders' meeting of HMS Bergbau AG was held in Berlin on 22 August 2017. Items on the agenda included approval of the Management Board's and Supervisory Board's actions, and the selection of an auditor. The shareholders approved all points on the agenda with a majority of 100 % of share capital present at the statutory shareholders' meeting.

ensures transparency in shareholder communications. The Management Board also regularly meets with institutional investors, financial journalists and industry analysts to discuss the business model, prospects for the Company's future and other issues relevant to the capital markets.

Investor relations activities

Aside from the publication of financial reports, the Company's Management Board also regularly informs shareholders promptly and comprehensively of important matters by means of corporate news. All capital market-relevant information is published in both German and English, thereby exceeding the requirements of the stock exchange.

In addition, the Company's website, which was completely redesigned and further enhanced, also

Key share figures as of 30 June 2017

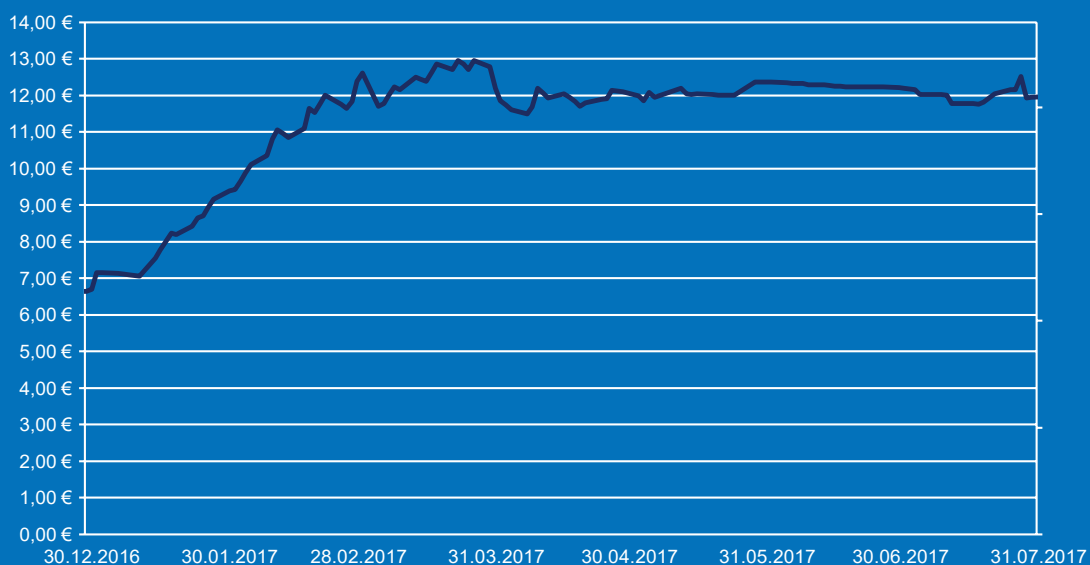
Basic Information

ISIN/WKN	DE0006061104/606110
Stock symbol	HMU
Bloomberg stock symbol	HMU GY
Reuters stock symbol	HMUG.DE
Market segment / Transparency level	Open Market / Basic Board
Designated Sponsor / Listing partner	Oddo Seydler Bank AG
Investor Relations	GFEI Aktiengesellschaft
Share capital in EUR	4,370,000.00
Number of shares	4,370,000
Free float (in percent)	18.49 %

Performance information in EUR

Share price on 30 December 2016 (Xetra closing price)	8.42
Share price on 30 June 2017 (Xetra closing price)	12.56
Market capitalisation on 30 December 2016	36,795,400
Market capitalisation on 30 June 2017	54,887,200

Share price by August 31, 2017



Management Report

Business development in the first half of 2017

HMS Bergbau Group is a globally operating group that trades in coal and energy commodities worldwide and supplies steam coal, coking coal and coking products, as well as other commodities such as ores, cement fertilisers and similar raw materials, to major international power plants, cement manufacturers and industrial consumers.

In 2017, HMS Bergbau AG amended its strategy to include additional raw materials such as ore, metals and cement products in its business activities and plans to develop into an international raw material trading

company. Until now, the focus of its activities remains the coal business. HMS Bergbau AG's expertise throughout the value chain in this segment, from mining to logistics and customer deliveries, has been built up over decades and is widely recognised.

The following table shows the HMS Bergbau Group structure and its subsidiaries as of 30 June 2017:



Consolidated Results of Operations

Results of operations of HMS Group in the first half of 2017 compared to the same period in 2016 were as follows:

	30/06/2017 EUR thousand	%	30/06/2016 EUR thousand	%	Change EUR thousand	%
Revenues	104,156	100	78,165	100	25,991	33
Total performance	104,156	100	78,165	100	25,991	33
Cost of materials	99,996	96	75,935	97	24,061	32
Personnel costs	954	1	783	1	171	22
Depreciation and amortisation	58	0	58	0	0	0
Other operating expenses						
./. other operating earnings	2,511	2	1,010	1	1,501	149
Tax expenses	1	0	1	0	0	0
Operating expenses	103,520	99	77,787	100	25,733	33
Operating result	636	1	378	1	258	68
Earnings from investment and financial result	-126		-297		171	-58
Earnings before income taxes	510		81		429	530
Extraordinary expenses	0		0		0	n.a.
Income taxes	-15		0		-15	n.a.
Net profit*	495		81		414	511

* TEUR 954 EUR (Half-Year) Net profit excluding TEUR 459 non-cash pension provisions (as of 30.06.2016: TEUR 339 pension provisions)

Results of operations of HMS Group for the first half of 2017 were stronger than in the same period in 2016. HMS Group's sales rose, from EUR 78.2 million to EUR 104.2 million, primarily on account of stabilising commodity prices and higher volumes. In line with the rise in sales, the cost of materials also increased from EUR 75.9 million in the first half of 2016 to EUR 100 million. Personnel costs increased to EUR 954 thousand in the first six months of 2017, compared to EUR 783 thousand in the previous year. That is due to increased book expenses relating to employee expenses for pension provisions, while basic employee expenses have not increased.

As of 30 June 2017, HMS Group had generated positive earnings from ordinary activities of EUR 511 thousand, following EUR 82 thousand in the first half of 2016. The improved results of operations are due to the higher overall order volume and the improved economic environment in international coal markets.

Group assets

Net assets of HMS Group as of 30 June 2017 compared to 31 December 2016 were as follows:

	30/06/2017 EUR thousand	%	31/12/2016 EUR thousand	%	Change EUR thousand	%
Assets						
Non-current assets	4,462	13	4,053	10	409	10
Inventories	994	3	1,121	3	-127	-11
Receivables	17,544	51	24,158	59	-6,614	-27
Cash and cash equivalents	853	3	1,564	4	-711	-46
Other assets	10,562	31	10,099	25	463	5
	34,415	100	40,995	100	-6,580	-16
Capital						
Shareholders' equity	6,018	18	5,538	14	480	9
Own shares	-1,378	-4	-1,378	-3	0	0
Non-current liabilities	6,181	18	5,722	14	459	8
Current liabilities	23,594	69	31,113	76	-7,519	-24
	34,415	100	40,995	100	-6,580	-16

Total assets decreased slightly to EUR 34.4 million due to the balance sheet date (31 December 2016: EUR 41.0 million). That was primarily due to the reporting-date-related decrease in trade receivables to approximately EUR 17.5 million. Current assets decreased accordingly to EUR 29.7 million (31 December 2016: EUR 36.9 million). Non-current assets amounted to EUR 4.5 million as of the balance sheet date, 30 June 2017, following EUR 4.1 million as at 31 December 2016.

On the equity and liabilities side, equity changed by around EUR 480 thousand to EUR 4.6 million. Trade payables decreased considerably, by EUR 7.9 million, to EUR 10.0 million (31 December 2016: EUR 18.0 million). Liabilities to banks of EUR 5.9 million as at 30 June 2017 remained almost unchanged compared to 31 December 2016.

Development in individual divisions

While the global population has more than doubled over the past 50 years, global energy consumption has tripled in the same period of time. Further growth in the global population, rising per capita energy consumption

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

Despite the fact that the share of renewable energies in the global energy balance is set to increase by an estimated 2.5 % per year, the US Department of Energy predicts that approximately 80 % of global energy demand will be met by fossil fuels by 2040. Coal consumption will grow more quickly than demand for crude oil beyond 2030. One major factor here is the huge demand for coal in China, India and other Asia

coupled with a slowdown in the growth rate in terms of OECD member states' crude oil demand.

The strategic realignment of HMS Bergbau AG as a pure trading and marketing company in the commodities industry means that we possess unrivalled specialist expertise, decades of experience, a strong network of international contacts in this sector and a solid market position. Furthermore, we expect to conclude further exclusive marketing and representation contracts with renowned producers in addition to our existing contracts, thereby generating substantial growth in our core business over the next few years. The focus of our international expansion strategy is on Africa, India and Asia, the most important production and consumer markets in the world.

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

Trade

HMS Bergbau Group's international trading in coal is characterised by relationships of trust with customers and suppliers. HMS Bergbau Group's principal customers include power plant operators and cement manufacturers. We also supply coal to steel manufacturers and industrial companies such as glassworks and paper factories. HMS Bergbau Group serves both the private and public sectors. HMS Bergbau Group purchases the traded raw materials from reliable major-name production and sales companies, largely based in Indonesia, South Africa, Russia, Poland, and North and South America.

HMS Bergbau Group's successful international trading activities are characterised by stable business relationships with customers and suppliers, which are built on trust.

HMS Bergbau Group's main customers include power plant operators, as well as steel and cement manufacturers. We also supply industrial companies, such as glassworks, paper factories and waste processing plants.

Our customers include private companies as well as government entities originating from Asia, Europe, the Middle East and Africa.

HMS Bergbau Group cooperates with reliable and well-known producers, largely based in Russia, Poland, Indonesia, South Africa, and North and South America. We also represent selected international producing companies. In this role, HMS Bergbau Group handles all their coal marketing activities in selected markets. HMS is also a partner for the global distribution of IchorCoal production.

Horizontal integration

The expansion of global trade to include other commodities (apart from coal), such as petcoke, cement clinker, cement, ores and fertilizers, is intended to become another key pillar for HMS Bergbau AG in the medium term. In this way, it will be possible to offer solutions for and meet the constantly growing demand for a wide range of different commodities from existing and new customers through HMS structures. This strategy was already systematically pursued in financial year 2016. In the process, HMS Bergbau AG draws on and opens up its existing network, expertise that it has acquired over the years, as well as its global transport options. At the same time, it taps into and continues to further develop new sourcing markets – especially in Asia, Africa and the Middle East – within the scope of this horizontal integration strategy. Through the expansion of its activities, HMS Bergbau AG seeks to optimise the utilisation of its capacities, to further diversify risks, to increase gross margins and finally to create competitive advantages.

Logistics

HMS Bergbau Group offers its customers and business partners a complete spectrum of services, from the timely supply of commodities to the organisation of the entire transport logistics process. The portfolio of services offered by our highly professional and experienced teams covers shipping on demand, the organisation of domestic store transport, harbour procedures, warehousing management, coal processing and technical monitoring.

For example, HMS Group organises all logistics needs for its partners in South Africa, from transport by lorry and rail to port handling, thereby ensuring a high level of supply security for its suppliers and customers.

Events after the balance sheet date

No major events occurred after the balance sheet date.

Consolidated Balance Sheet as of 30/06/2017 (unaudited)

Assets

	EUR	30/06/2017 EUR	31/12/2016 EUR
A. Non-current assets			
I. Intangible assets			
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	14,879.15		7,829.87
2. Property, plant and equipment	79,859.30		105,078.03
		94,738.45	112,907.90
II. Property, plant and equipment			
1. Technical equipment and machinery	0.00		0.00
2. Other equipment, office and factory equipment	115,252.54		130,720.34
3. Deposits paid / plant under construction	3,784,320.89		3,381,371.39
		3,899,573.43	3,512,091.73
III. Financial assets			
Investments in associated companies	467,829.56		428,204.36
		4,462,141.44	4,053,203.99
B. Current assets			
I. Inventories			
1. Goods	994,242.54		1,120,589.27
		994,242.54	1,120,589.27
II. Receivables and other assets			
1. Trade receivables	17,544,177.84		24,157,951.47
2. Receivables from associates	142,478.54		147,362.13
3. Other assets	10,177,682.91		9,873,414.36
		27,864,339.29	34,178,727.96
III. Cash-in-hand and bank deposits			
Cash-in-hand and bank deposits		852,678.26	1,564,174.59
		29,711,260.09	36,863,491.82
C. Prepaid expenses			
		241,548.54	78,355.38
		34,414,950.07	40,995,051.19

Liabilities

		30/06/2017	31/12/2016
	EUR	EUR	EUR
A. Shareholders' equity			
I. Subscribed capital		4,205,496.00	4,205,496.00
II. Capital reserve		3,936,489.88	3,936,489.88
Paid in Capital		8,141,985.88	8,141,985.88
III. Profit reserves			
1. Statutory reserve	5,112.92		5,112.92
2. Other profit reserves	273,158.45		273,158.45
		278,271.37	278,271.37
IV. Consolidated net profit/loss	-3,623,261.93		-4,118,219.59
V. Difference in equity due to currency conversion	-156,560.76		-142,010.96
		-3,779,822.69	-4,260,230.55
		4,640,434.56	4,160,026.70
B. Difference from capital consolidation		0.00	0.00
C. Provisions			
1. Pension provisions and similar obligations	5,508,629.84		6,599,218.00
2. Tax provisions	99,468.74		97,739.66
3. Other provisions	314,268.14		278,175.82
		5,922,366.72	6,975,133.48
D. Liabilities			
1. Liabilities to banks	5,915,397.78		5,908,964.65
2. Trade payables	10,044,029.59		17,953,905.48
3. Other liabilities	6,631,895.72		6,372,203.27
		22,591,323.09	30,235,073.40
E. Deferred income		5,267.84	9,498.07
		34,414,950.07	40,995,051.19

Consolidated Income Statement for the 1st half of fiscal year 01/01/2017 - 30/06/2017 (unaudited)

	01/01/-30/06/2017 EUR thousand	01/01/-30/06/2016 EUR thousand
1. Revenues	104,156	78,165
2. Changes in inventories	0	0
3. Other operating earnings	173	429
	104,329	78,594
4. Cost of materials		
Costs for raw materials and supplies and for goods purchased	-99,995	-75,540
Cost for services purchased	0	-396
	-99,995	-75,936
5. Personnel costs		
a) Wages and salaries	-710	-561
b) Social security costs and pension support costs	-243	-223
	-954	-783
6. Depreciation and amortisation		
Amortisation of intangible assets and depreciation of property, plant and equipment	-59	-58
7. Other operating expenses	-2,685	-1,439
8. Income from investments of associated companies	13	0
9. Other interest and similar earnings	264	26
10. Interest and similar expenses	-403	-322
11. Earnings from ordinary activities	511	82
12. Extraordinary expenses	0	0
13. Income taxes	-15	0
14. Other taxes	-2	-1
15. Net profit / loss	495	81
EBITDA	709	436
EBIT	650	378

* TEUR 954 EUR (Half-Year) Net profit excluding TEUR 459 non-cash pension provisions (as of 30.06.2016: TEUR 339 pension provisions)

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The report includes forward-looking statements that reflect the current opinion of HMS Bergbau AG's management with regard to future events. Any statement contained in this report reflecting or building upon intentions, assumptions, expectations, forecasts and underlying assumptions is a forward-looking statement. These statements are based upon plans, estimates and forecasts that are currently available to HMS Bergbau AG's management. They therefore only refer to the day on which they were made. Forward-looking statements are naturally subject to risks and uncertainties, which could result in actual developments differing significantly from these forward-looking statements or events implied or expressed therein. HMS Bergbau AG does not assume any liability for such statements and does not intend to update such statements in view of new information or future events. This half-year report ("interim report") of HMS Bergbau AG does not represent annual financial statements in accordance with German commercial law and the regulations of the German Stock Corporation Act; no information or figures contained in this report have been subject to an official audit by an auditor. This report is for reference only within the scope of HMS Bergbau AG's disclosure obligations in accordance with the general terms and conditions of Deutsche Börse AG concerning OTC trading on the Frankfurt Stock Exchange.

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Responsible publisher:



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

Concept, editing and design:



GFEI Aktiengesellschaft
 Ostergrube 11
 30559 Hannover
 Germany
 T: +49 (0) 511 47 40 23 10
 F: +49 (0) 511 47 40 23 19
 E-mail: kontakt@gfei.de
www.gfei.de

Contact

Germany^H

HMS Bergbau AG (headquarter)

An der Wuhlheide 232
12459 Berlin
Germany

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

Germany^{RO}

HMS Bergbau AG Coal Division

An der Wuhlheide 232
12459 Berlin
Germany

T: +49 (30) 65 66 81 - 70
F: +49 (90) 65 66 81 - 79
E-Mail: info@hms-cd.com

Indonesia^S

PT. HMS Bergbau Indonesia

Menara Rajawali, 25th Floor
Mega Kuningan
Jakarta 12950
Indonesia

T: +62 (21) 57 64 57 77 9
F: +62 (21) 57 94 82 03
E-mail: hmsi@hms-ag.com

Singapore^S

HMS Bergbau Singapore Pte. Ltd.

39 HongKong Street
#05-01
Singapore 059678
Singapore

T: +65 6908 57 95 / 57 96
F: +65 6908 57 97
E-mail: singapore@hms-ag.com

Poland^S

Silesian Coal S. A.

z siedzibą w Katowicach
ul. E. Imieli 14
41-605 Świętochłowice
Poland

T: +48 (32) 77 10 20 0
F: +48 (32) 77 10 20 0
E-mail: hmsspoland@hms-ag.com

South Africa^S

HMS Bergbau Africa (Pty) Ltd.

30 Jellicoe Avenue
3rd Floor
Rosebank, Johannesburg, 2196
South Africa

T: +27 (10) 140 36 30
E-Mail: hmsa@hms-ag.com

India^{RO}

HMS Growell India

Mumbai
India

T: +91 (22) 22 66 55 22
E-mail: hmsgrowell@hms-ag.com

Pakistan^{RO}

HMS Bergbau Pakistan

Lahore
Pakistan

T: +92 (42) 36 31 32 35 & 36
E-mail: hmssakistan@hms-ag.com

USA^{RO}

HMS Bergbau North America

Bristol, Tennessee
USA

T: +1 (423) 34 02 37 9
E-mail: hmsusa@hms-ag.com

Kenya^{RO}

HMS Bergbau Kenya

Nairobi
Kenya

T: +254 (733) 96 66 05
E-mail: hmskenya@hms-ag.com

Malaysia^{RO}

HMS Bergbau Malaysia

Ipoh, Perak
Malaysia

T: +60 (55) 46 91 44
E-mail: hmsmalaysia@hms-ag.com

China^{RO}

HMS Bergbau China

Zhongshan, Guangdong Prov.
China

T: +86 (760) 88 22 33 68
E-Mail: hmschina@hms-ag.com

Sri Lanka^{RO}

HMS Bergbau Sri Lanka

Colombo

T: +94 (77) 46 89 155
E-Mail: hmssrilanka@hms-ag.com

United Arab Emirates^{RO}

HMS Bergbau UAE

Dubai

T: +971 (674) 81 999
E-Mail: hmsdubai@hms-ag.com

Legend:

^H Headquarter

^S Subsidiaries

^{RO} Representative Offices