



**Interim consolidated abridged
statements of the capital group**

Ceramika Nowa Gala SA

for the period from 1 January 2015 to 30 June 2015

Końskie, 28 August 2015

Consolidated statement of profit and loss and other comprehensive incomes

for the period of 1 January 2015 - 30 June 2015

Amounts in PLN thousand (PLN '000)

	first half-year of 2015	first half-year of 2014
Revenues	92,060	91,958
Cost of sales	69,039	69,087
Gross profit	23,021	22,871
Other income	597	649
Selling and administrative expenses	20,650	20,196
Other expenses	1,139	1,154
Profit before interest and tax	1,829	2,170
Finance income	396	62
Finance costs	897	1,554
Share in profits of associates and joint ventures	-	-
Profit before tax	1,328	678
Income tax expense	-302	-1,067
Profit from continued operations	1,630	1,745
Profit from discontinued operations	-	-
Net profit	1,630	1,745
Other comprehensive income that may not be transferred to the profit in the future		
Costs of buyback of shares	-	-
Other comprehensive income that may be transferred to the profit in the future		
Exchange rate differences from translation	-3	-1
Total comprehensive income	1,627	1,744
Profit attributable to		
shareholders of the parent company	1,630	1,745
non-controlling interests	-	-
	1,630	1,745
Total comprehensive income attributable to		
shareholders of the parent company	1,627	1,744
non-controlling interests	-	-
	1,627	1,744

	Entity	first half-year of 2015	first half-year of 2014
Annualized profit(loss)	PLN thousand	2,127	2,021
Weighted average number of shares*	thousand pcs	46,894	46,894
Basic earning (loss) per share on continued operations	PLN	0.05	0.04
Weighted average diluting number of shares*	thousand pcs	46,894	46,894
Diluted earnings (loss) per share on continued operations	PLN	0.05	0.04

* without treasury shares held by the company or subsidiary

Consolidated statement of financial position as of 30 June 2015

Amounts in PLN thousand (PLN '000)

Assets	30/06/2015	31/12/2014
Non-current assets		
Goodwill	18,851	18,851
Other intangible assets	4,264	4,614
Property, plant and equipment	106,356	109,595
Investment property	7,550	7,550
Other financial assets	145	145
Deferred tax assets	11,208	11,069
Total non-current assets	148,374	151,824
Current assets		
Inventory	85,368	86,457
Trade and other receivables	41,595	36,015
Receivables from current income tax	36	950
Other financial assets	-	-
Cash and cash equivalents	13,270	13,206
Other current assets	1,033	596
Total current assets	141,302	137,224
Assets classified as available for sale in accordance with IFRS 5	-	-
Total assets	289,676	289,048

(continued on the next page)

Consolidated statement of financial position (contd.)

Amounts in PLN thousand (PLN '000)

Equity and liabilities	30/06/2015	31/12/2014
Equity		
Share capital	46,894	46,894
Reserves	125,274	131,770
Revaluation reserve	-	-
Exchange rate differences from translation	5	8
Other reserves	8,719	8,719
Treasury shares	-	-
Retained earnings	16,715	13,278
Equity attributable to the shareholders of the parent company	197,607	200,669
Non-controlling interests	-	-
Total equity	197,607	200,669
Non-current liabilities		
Borrowings	9,912	49,252
Provision for deferred income tax	6,487	6,796
Provision for employee benefits	24	24
Total non-current liabilities	16,423	56,072
Current liabilities		
Trade and other payables	32,219*	18,714
Current tax liability	91	24
Borrowings	34,793	5,546
Other financial liabilities**	1,179	-
Provision for employee benefits	1,745	1,019
Other provisions	5,619	7,004
Total current liabilities	75,646	32,307
Liabilities associated with assets classified as available for sale in accordance with IFRS 5	-	-
Total liabilities	92,069	88,379
Total liabilities and equity	289,676	289,048
Book value (in PLN thousand)	197,607	200,669
Number of shares (in thousand pcs)	46,894	46,894
Book value per one share (in PLN)	4.21	4.28
Diluted number of shares (in thousand pcs)	46,894	46,894
Diluted book value per share (in PLN)	4.21	4.28

* PLN 32,219 thousand includes the liability to pay a dividend of PLN 4,689 thousand (see 9)

** factoring agreement of the subsidiary

Consolidated cash flow statement

for the period of 1 January 2014 - 30 June 2015

Amounts in PLN thousand (PLN `000)

	first half-year of 2015	first half-year of 2014
<u>Operating activities</u>		
Net profit (loss)	1,630	1,745
Amortisation and depreciation	6,808	6,606
interest revenues and costs	771	1,417
Revenues and costs from exchange rate differences	292	-78
Gain (loss) on disposal of intangible and tangible non-current assets	7	178
Movement of provisions, write downs, prepayments and accruals	-1,095	-1,919
Income tax expense	-302	-1,067
Other adjustments	-3	-1
Cash flow from operations before movements in working capital	8,108	6,881
Movement of inventory	1,088	-828
Movement of receivables	-11,050	-5,519
Movements in payables	15,944	2,717
Gross cash flow from operations	14,090	3,251
Received interest from operating activities	37	-
Interest paid from operating activities	-1	2
Income tax paid	-183	291
Net cash flows from operating activities	13,943	3,545
<u>Investing activities</u>		
Proceeds from disposal of tangible and intangible non-current assets	20	81
Purchase of tangible and intangible non-current assets	-3,883	-4,857
Net cash flows from investing activities	-3,883	-4,776

(continued on the next page)

Consolidated cash flow statement (contd.)

Amounts in PLN thousand (PLN `000)

	first half-year of 2015	first half-year of 2014
Financing activities		
Proceeds from borrowings	891	45,475
Proceeds from factoring*	1,179	-
Repayment of borrowings	-10,943	-32,660
Repayment of factoring*	-	-4,127
Paid interest pertaining to financing activity	-823	-1,422
Net cash flows from financing activities	-9,696	7,266
Net cash flows from activity		
	384	6,035
Cash and cash equivalents at the beginning of the period	13,206	5,120
Exchange rate difference	-320	85
Cash and cash equivalents at the end of the period	13,270	11,240
Structure of cash and cash equivalents		
Cash available for use	11,141	11,067
Cash unavailable for use	2,129**	173
	13,270	11,240

* applies to factoring agreement of a subsidiary

** PLN 2,000 thousand pertained to a loan granted by a subsidiary, Ceramika Nowa Gala II Sp. z o.o., to a subsidiary Energia Park Trzemoszna Sp. z o.o. (see 7)

Consolidated statement on changes in equity for the period of 1 January 2015 - 30 June 2015

Amounts in PLN thousand (PLN '000)

	Attributable to the shareholders of the parent company							Total	Non-controlling interests	Total equity
	Share capital	Reservs	Exchange rate differences from translation	Other reserves	Revaluation reserve	Treasury shares	Retained earnings			
As of 1 January 2014	56,114	150,907	6	8,719	-	-24,377	10,807	202,176	-	202,176
Total comprehensive income*	-	-	-1	-	-	-	1,745	1,744	-	1,744
Coverage of loss from previous years	-	-	-	-	-	-	-	-	-	-
Division of profit from previous years	-	7,262	-	-	-	-	-7,262	-	-	-
Adopted dividend	-	-	-	-	-	-	-3,751	-3,751	-	-3,751
Redemption of treasury shares	-	-	-	-	-	-	-	-	-	-
Purchase of shares	-	-	-	-	-	-	-	-	-	-
As of 30 June 2014	56,114	158,169	5	8,719	-	-24,377	1,539	200,169	-	200,169
As of 1 January 2015	46,894	131,770	8	8,719	-	-	13,278	200,669	-	200,669
Total comprehensive income*	-	-	-3	-	-	-	1,630	1,627	-	1,627
Coverage of loss from previous years	-	-1,807	-	-	-	-	1,807	-	-	-
Division of profit from previous years	-	-	-	-	-	-	-	-	-	-
Adopted dividend	-	-4 689	-	-	-	-	-	-4 689	-	-4,689
Redemption of treasury shares	-	-	-	-	-	-	-	-	-	-
Purchase of shares	-	-	-	-	-	-	-	-	-	-
As of 30 June 2015	46,894	125,274	5	8,719	-	-	16,715	197,607	-	197,607

* After the first half-year of 2015, the amounts of total income were attributed to the following equity items: net profit in the amount of PLN 1,630 thousand that increased the value of retained earnings and exchange rate differences in the amount of PLN 3,000 that decreased the relevant item. * After the first half-year of 2014, the amounts of total income were attributed to the following equity items: net profit in the amount of PLN 1,745 thousand that increased the value of retained earnings and exchange rate differences in the amount of PLN 1,000 that decreased the relevant item.

Financial highlights

Euro exchange rates used for translating the items in the following table:

- when it comes to balance sheet data, we used the average exchange of NBP: 4.2623 PLN/EUR as at 31 December 2014 and 4.1944 PLN/EUR as at 30 June 2015;
- when it comes to data derived from profit and loss account as well as the cash flow statement, we used the following exchange rates, which constituted arithmetic average of the NBP rates: 4.1784 PLN/EUR in the first half-year of 2014, 4.1341 PLN/EUR in the first half-year of 2015.

We used the following average exchange rates of NBP for USD for translating the currency items: 3.5072 PLN/USD as at 31 December 2014 and 3.7645 PLN/USD as at 30 June 2015.

Consolidated data	in PLN thousand		in EUR thousand	
	first half-year of 2015	2014 (comparable data)**	first half-year of 2015	2014 (comparable data)**
I. Revenues	92,060	91,958	22,268	22,008
II. Profit(loss) before interest and tax	1,829	2,170	442	519
III. Profit (loss) before tax	1,328	678	321	162
IV. Net profit (loss)	1,630	1,745	394	418
V. Net cash flows from operating activities	13,943	3,545	3,373	848
VI. Net cash flows from investing activities	-3,863	-4,776	-934	-1,143
VII. Net cash flows from financing activities	-9,696	7,266	-2,345	1,739
VIII. Net cash flows (in total)*	64	6,120	15	1,465
IX. Total assets	289,676	289,048	69,063	67,815
X. Liabilities and provisions for liabilities	92,069	88,379	21,950	20,735
XI. Non-current liabilities	16,423	56,072	3,915	13,155
XII. Current liabilities	75,646	32,307	18,035	7,580
XIII. Equity	75,646	200,669	47,112	47,080
XIV. Share capital	46,894	46,894	11,180	11,002
XV. Number of shares	46,893,621	46,893,621	-	-
XVI. Basic profit (loss) per share (in PLN/EUR)	0.05	0.04	0.01	0.01
XVII. Diluted profit (loss) per share (in PLN/EUR)	0.05	0.04	0.01	0.01
XVIII. Book value per one share (in PLN/EUR)	4.21	4.28	1.00	1.00
XIX. Diluted book value per one share (in PLN/EUR)	4.21	4.28	1.00	1.00
XX. Declared or paid dividend per one share (in PLN/EUR)	0.1	0.08	0.02	0.02

* We provide balance sheet movement of cash, taking into account the movement of revaluation on account of exchange rate differences.

** For balance sheet items, comparable data applies to the status as at 31/12/2014, while in other items, comparable data applies to first half-year of 2014.

Additional information

to the consolidated interim abridged financial statements for the period from 1 January 2015 to 30 June 2015

1. Principles adopted in the preparation of the consolidated interim semi-annual report

When preparing the consolidated financial statements, the company applies the accounting principles consistent with the International Financial Reporting Standards. All data results from accounting books of companies, subsidiaries, off-balance sheet records and consolidation documentation.

The capital group is composed of the following business entities whose financial statements are subject to full consolidation:

- Ceramika Nowa Gala SA – parent company;
- Ceramika Nowa Gala II sp. z o.o. – subsidiary company;
- Ceramika Gres SA – subsidiary company
- CNG Luxembourg S.à.r.l. – subsidiary company;
- Energia Park Trzemoszna sp. z o.o. – company controlled by subsidiaries (currently the company is not active).

Except for CNG Luxembourg S.a.r.l. subsidiary, the accountancy of subsidiary companies is conducted based on the same accounting principles as in the parent company. The accountancy of CNG Luxembourg S.a.r.l. is conducted based on accounting standards applicable in Luxembourg and its financial statements are subject to relevant amendments in the consolidation process.

This consolidated abbreviated interim financial statement was compiled in line with IAS 34. The applied accounting principles are the same as those which governed the preparation of the financial statement for the year 2014.

The abbreviated interim financial statement was prepared with the assumption that the companies which belong to the the group would continue their activities in the foreseeable future. On the day of this financial statement's approval for publication there were no circumstances which would indicate any threat to the continuation of activities conducted by the companies that belong to this group

The abbreviated interim financial statement does not contain all information and disclosures which are required to be included in a consolidated financial statement. Hence, all information contained herein should be read in conjunction with the consolidated financial statement of the company, compiled in line with IFRS for the financial year which ended on December 31, 2014.

2. Seasonal character of the issuer's business activity

Similarly to other construction sectors, the ceramic tile industry is characterised by seasonal demand for the sold goods. The lowest demand can be observed in winter (1st quarter and the the last two months of the year), whereas the highest demand usually falls on summer months.

3. Impact of unusual events on financial statements

- Charges on the financial result as a consequence of production standstills: PLN 4.250 thousand;

- Compensation of the dividend from the subsidiary Ceramika Nowa Gala II Sp. z o.o. (see 10). The transaction influences the separate statement and is subject to elimination in the consolidated statement;
- Declaration of a dividend (see 9): PLN 4.689 thousand.

4. Information on essential adjustments on account of provisions, including provision and assets resulting from deferred income tax and write-downs on assets

- Creation of provisions for liabilities: PLN 6,999 thousand;
- Use of provisions for liabilities: PLN 7,658 thousand;
- Increase in provisions for deferred income tax: PLN 366 thousand;
- Use of provisions for deferred income tax: PLN 675 thousand;
- Increase in assets resulting from deferred income tax: PLN 2,582 thousand;
- Use of assets resulting from deferred income tax: PLN 2,443 thousand;
- Increase in the value of write-downs on assets: PLN 524 thousand.

5. Business segments

The organisational structure of the group is based on a functional scheme. We distinguish four basic areas of activity: sale, production, finances, and administration and logistics. The key decisions concerning the ongoing activity and development strategy of the group are made by the management board. The group specialises in the production of ceramic gres tiles, which are sold under two brands: Ceramika Nowa Gala and Ceramika Gres, however one sales policy applies to the whole group. In accordance with IFRS 8 requirements, only one operating segment has been distinguished.

5.1. Information on geographic areas

Amounts in PLN thousand (PLN `000)

	COUNTRY		EXPORT		TOTAL	
	first half-year of 2015	first half-year of 2014	first half-year of 2015	first half-year of 2014	first half-year of 2015	first half-year of 2014
Revenues	76,880	75,978	15,180	15,980	92,060	91,958
Cost of sales	53,583	52,146	10,947	11,496	64,530	63,642
Sales result	23,297	23,832	4,233	4,484	27,530	28,316
Unallocated costs					4,509	5,445
Gross profit					23,021	22,871

Assets	30.06. 2015	31.12. 2014	30.06. 2015	31.12. 2014	30.06. 2015	31.12. 2014
Trade receivables	32,735	28,099	6,735	5,923	39,470	34,022
Other receivables (unallocated)					2,125	1,993
					41,595	36,015

None of the countries to which the products of the group are exported exceeds 10% of the share in consolidated revenues.

All fixed assets belonging to the companies included in the group are located on the Polish territory. CNG Luxembourg subsidiary does not own fixed assets and does not manufacture goods or conduct trade operations.

5.2. Information on products

The group specialises in the production of ceramic tiles and supplementary elements, sold within one joint offer. The remaining sales are marginal and concern raw materials and services.

Amounts in PLN thousand (PLN '000)

	CERAMIC PRODUCTS		OTHER SALES		TOTAL	
	first half-year of 2015	first half-year of 2014	first half-year of 2015	first half-year of 2014	first half-year of 2015	first half-year of 2014
Revenues to external customers	91,805	91,070	255	888	92,060	91,958
Purchased fixed assets	3,573	6,774	-	-	3,573	6,774

5.3. Information on significant customers

In the first half-year of 2015, the share of none of the customers of the group exceeded 10% of the value of consolidated revenues from sales.

6. Changes in off-balance sheet items with regard to the annual report for 2014

With regard to the information published in the last consolidated annual report, there have been changes in off-balance sheet items. The obligation to purchase machines and equipment was fully paid.

7. Credit agreements concluded in the first half-year of 2015

7.1. Ceramika Nowa Gala SA

Addendum to credit agreement with mBank S.A. from 28 October 2002

30 June 2015 was the deadline for repayment of the overdraft credit granted to the company by mBank S.A. in the amount of PLN 4,280 thousand. On 25 June 2015, Ceramika Nowa Gala SA signed an addendum to the credit agreement, extending the deadline to repay the credit until 29 June 2017, with the existing collateral. At the same time, the company decreased its existing overdraft limit from PLN 4,280 thousand to PLN 4,200, in line with the strategy which assumes debt reduction.

8. Gas fuel purchase agreement concluded by the companies of the capital group and PGNiG Obrót Detaliczny sp. z o.o.

On 23 January 2015 Ceramika Nowa Gala SA and its subsidiaries: Ceramika Gres SA and Ceramika Nowa Gala II sp. z o.o. signed a supply contract for gas fuels with PGNiG Obrót Detaliczny sp. z o.o.. All contracts were made for unlimited time period, on similar terms and conditions. Estimated value of purchases under those contracts in the 5-year validity period was to be approx. PLN 130,482 thousand. Below you will find the highlights regarding the highest-value contract:

- the contract was made by a subsidiary, Ceramika Gres SA;
- the price the company will pay for the delivered gas fuel will depend on the current tariff;

- performance bond collateral will take the form of voluntary subjection to enforcement up to PLN 2,500 thousand;
- if the actual annual delivery of gas fuel will be lower than the minimal amount stipulated in the contract, the subsidiary will be obliged to pay liquidated damages to the seller, in the amount of 75% of the price for the gas fuel not delivered;
- the contract is concluded for unlimited time period;
- the contract's currency is the Polish zloty;
- estimated value of purchases under those contracts in the 5-year validity period was to be approx. PLN 58,137 thousand.

In August, a decision was made to change a gas supplier. All companies of the group signed new comprehensive contracts on the purchase and delivery of gas. Under the contracts signed, the new supplier received a power of attorney to terminate contracts with PGNiG (more details are provided in 14.2). As a result, the estimated gas purchases from PGNiG will not be realised.

9. Adoption of the resolution on dividend payment by the general meeting

On 17 June 2015 the company's general meeting adopted resolution no. 8, according to which the amount of PLN 4,689,362.10 was to be allocated towards dividend payment. The dividend will be paid from the spare capital (cumulated profits from previous years). One share equalled PLN 0.10 of the dividend. The right to the dividend was established at 28 August 2015 and the dividend will be paid on 11 September 2015

10. Compensation of the dividend from the subsidiary Ceramika Nowa Gala II Sp. z o.o.

In line with the resolution of the general meeting of Ceramika Nowa Gala II sp. z o.o., in 2014 the profit of the subsidiary for 2013 in the amount of PLN 11,242,827.77 was allocated for the payment of the dividend for the sole shareholder, Ceramika Nowa Gala SA. The dividend was set off against other accounts in February 2015.

11. Adoption of the resolutions on dividend payment for Ceramika Nowa Gala SA by subsidiaries

On 17 June 2015, the general meeting of Ceramika Nowa Gala II sp. z o.o., by means of adopting resolution no. 3, decided that the net profit for 2014 in the amount of PLN 10,516,237.60 will be allocated towards dividend payment to parent company, Ceramika Nowa Gala SA. The dividend will be paid by 28 February 2016.

Moreover, on 16 June 2015, the general meeting of Ceramika Gres SA, by means of adopting resolution no. 5/2015, decided that the net profit for 2014 in the amount of PLN 5,493,982.98 will be allocated towards dividend payment to parent company, Ceramika Nowa Gala SA. The dividend will be paid by 28 February 2016.

12. Position of the management board concerning the implementation of financial result forecasts for the year 2015

The company has not published forecasts for the year 2015.

13. Infringing the terms and conditions applicable to selected financial indicators arising from credit agreements.

It is possible to repay each and every bank credit earlier. Banks are entitled to make the credits mature before their repayment deadline, to increase the margins and demand additional collateral if a member of a capital group infringes the basic terms and conditions

of credit agreements or if the condition of the company deteriorates, posing a threat to repayment of the credits.

As at the balance sheet date, as regards the credits granted to Ceramika Nowa Gala SA by mBank SA, the terms and conditions applicable to achieving certain profit margins on sales and net profit margin as determined by the bank. Despite the fact that the aforementioned terms and conditions were not met, the bank, in line with the letter of 3 August 2015, does not intend to terminate the credit agreements made.

The company believes that all credits that should be renewed in the upcoming 12 months, like in previous periods, will be renewed, and the possibility of changing the bank is not excluded.

14. Important events that took place after the balance sheet date and before the date of the publication of this report

14.1. Licence to sell gas fuel to a subsidiary

On 7 August 2015, by the decision of the President of the Energy Regulatory Office, Energia Park Trzemoszna sp. z o.o. (member of the capital group) received a licence to trade in gas fuels for the period from 2 August 2015 to 31 December 2030. Based on that licence, the group intends to purchase gas to meet the needs of companies that belong to the capital group. In order to launch the operations pursuant to the said licence, a tariff to trade gas fuels must be approved by the President of ERO and an agreement must be signed with the Distribution System Operator and the Transmission System Operator.

14.2. Change of gas supplier to capital group companies

On 26 August 2015 Ceramika Nowa Gala SA and subsidiaries: Ceramika Gres SA and Ceramika Nowa Gala II sp. z o.o. signed contracts with RWE Polska SA with its seat in Warsaw, regulating the terms and conditions of supplying the said companies with natural gas.

All contracts mentioned above were made for limited period of time until 31 December 2016, and their total estimated value for their duration is PLN 30,100 thousand.

Below you will find the highlights pertaining to the highest-value contract, made by Ceramika Nowa Gala SA:

- the price to be paid by the company for the delivered gas fuel will be calculated based on GAS_BASE-type contracts listed on the Commodity Derivatives Market and POLPX-gas index price at the Power Polish Exchange, increased by the seller's margin. In case of significant differences between the real and estimated gas consumption, the purchase price may be additionally adjusted;
- next to the price for the gas fuels, the company will be obliged to pay fees for distribution, in line with the current Tariff of the Distribution System Operator;
- under the contract signed, the seller received a power of attorney to conduct the process of changing the current supplier and to report that change in line with the terms and conditions of "Instruction on the Operation and Use of the Transmission Grid" drawn up by the Distribution System Operator;
- both parties to the contract are entitled to terminate it in writing, with 3-month period of notice, yet in such case the party terminating the contract will be obliged to pay liquidated damages. The calculation of the liquidated damages will be based on the difference between the amount of gas ordered and actually purchased, multiplied by the difference in gas price in the course of the duration of the contract and the weighted average daily purchase or sale price of gas fuel set by the Transmission

System Operator GAZ-SYSTEM as at the day of effective termination of the contract, and adjusted by the factor stipulated in the contract;

- estimated contract value in the course of contract duration is approx. PLN 13,300 thousand.

Signature

This report was drawn up and signed on **28 August 2015**. It will be published on 31 August 2015.

Management Board

Chief Accountant

Separate statement of profit and loss and other comprehensive income statement for the period of 1 January 2015 - 30 June 2015

Amounts in PLN thousand (PLN '000)

	first half-year of 2015	first half-year of 2014
Revenues	74,450	74,041
Cost of sales	66,182	67,287
Gross profit	8,268	6,754
Other income	34	95
Selling and administrative expenses	11,829	13,460
Other expenses	277	536
Profit before interest and tax	-3,804	-7,147
Finance income	16,316*	130
Finance costs	220	513
Profit before tax	12,292	-7,530
Tax	-584	-1,353
Profit from continued operations	12,876	-6,177
Profit from discontinued operations	-	-
Profit for the year	12,876	-6,177
Other comprehensive income that may not be transferred to the profit in the future		
Costs of the buyback of shares	-	-
Total comprehensive income	12 876	-6,177

* including the dividends from subsidiaries: from Ceramika Nowa Gala II sp. z o.o.: PLN 10,516 thousand and Ceramika Gres SA: PLN 5,494 thousand

	Entity	first half-year of 2015	first half-year of 2014
Annualized profit(loss)	PLN thousand	17,195	-13,355
Weighted average number of shares*	thousand pcs	46,894	46,894
Basic earning (loss) per share on continued operations	PLN	0.37	--0.28
Weighted average diluting number of shares	thousand pcs	46,894	46,894
Diluted earnings (loss) per share on continued operations	PLN	0.37	-0.28

Separate statement of financial position as of 30 June 2015

Amounts in PLN thousand (PLN '000)

Assets	30/06/2015	31/12/2014
Non-current assets		
Intangible assets	459	496
Property, plant and equipment	43,999	47,566
Investments in subsidiaries	78,958	78,859
Other financial assets	121	121
Deferred tax assets	6,995	6,937
Total non-current assets	130,532	133,979
Current assets		
Inventory	59,802	59,724
Trade and other receivables	42,290	36,150
Receivables from current income tax	-	874
Loans granted to subsidiaries	110	107
Other financial assets	-	-
Cash and cash equivalents	2,129	6,591
Other current assets	659	342
Total current assets	104,990	103,788
Assets classified as available for sale in accordance with IFRS 5	-	-
Total assets	235,522	237,767

(continued on the next page)

Separate statement of financial position (contd.)

Amounts in PLN thousand (PLN `000)

Equity and liabilities	30/06/2015	31/12/2014
Equity		
Share capital	46,894	46,894
Reserves	133,237	139,786
Revaluation reserve	-	-
Other reserves	-	-
Treasury shares	-	-
Retained earnings	12,876	-1,859
Total equity	193,007	184,821
Non-current liabilities		
Borrowings	9,912	13,575
Provision for deferred income tax	9,912	5,225
Other provisions	-	-
Total non-current liabilities	4,699	18,800
Current liabilities		
Trade and other payables	21,618*	22,829
Current tax liability	61	-
Borrowings	1,159	5,546
Provision for employee benefits	1,348	772
Other provisions	3,718	4,999
Total current liabilities	27,904	34,146
Liabilities associated with assets classified as available for sale in accordance with IFRS 5	-	-
Total liabilities	42,515	52,946
Total liabilities and equity	235,522	237,767

* the amount of PLN 21,618 thousand included the liability to pay a dividend of PLN 4,689 thousand (see 8)

	Entity	30/06/2015	31/12/2014
Book value	PLN thousand	193,007	184,821
Number of shares	thousand pcs	46,894	46,894
Book value per share	PLN thousand	4.12	3.94
Diluted number of shares	thousand pcs	46,894	46,894
Diluted book value per share	PLN	4.12	3.94

Separate cash flows statement

for the period of 1 January 2015 - 30 June 2015

Amounts in PLN thousand (PLN '000)

	first half-year of 2015	first half-year of 2014
<u>Operating activities</u>		
Net profit or loss	12,876	-6,177
Amortisation and depreciation	3,835	3,722
Revenues on account of dividends	-16,010	-
Revenues and costs on account of interest	80	391
Revenues and costs on account of exchange rate differences	59	-14
Gain on disposal of intangible and tangible non-current assets	-2	85
Movement of provisions, write downs and prepayments and accruals	-1,022	-1,057
Income tax expense	-584	-1,353
Cash flow from operations before movements in working capital	-768	-4,403
Movement of inventory	-77	-3,030
Movement of receivables	-1,378	1,114
Movements in payables	7,399	9,112
Gross cash flow from operations	5,176	2,793
Received interest from operating activities	24	-
Interest paid from operating activities	-1	-1
Income tax paid	-85	316
Net cash flows from operating activities	5,114	3,108
<u>Investing activities</u>		
Proceeds from disposal of tangible and intangible non-current assets	12	19
Purchase of tangible and intangible non-current assets	-1,277	-4,281
Granted loans	-	-262
Net cash flows from investing activities	-1 265	-4,524

(continued on the next page)

Separate cash flows statement (contd)

Amounts in PLN thousand (PLN '000)

	first half-year of 2015	first half-year of 2014
Financing activities		
Proceeds from borrowings	891	5,700
Repayment of borrowings	-8,900	-909
Interest paid from financing activities	-215	-504
Net cash flows from financing activities	-8,224	4,287
Net cash flows from activity		
	-4,375	2,871
Cash and cash equivalents at the beginning of the period	6,591	1,079
Effect of exchange rate difference	-87	21
Cash and cash equivalents at the end of the period	2,129	3,971
Structure of cash and cash equivalents		
Cash available for use	2,068	3,875
Cash unavailable for use	61	96
	2,129	3,971

Separate statement of changes in equity for the period of 1 January 2015 - 30 June 2015

Amounts in PLN thousand (PLN '000)

	Share capital	Reserves	Other reserves	Revaluation reserve	Treasury shares	Retained earnings	Total equity
As of 1 January 2014	56,114	123,456	-	-	-538	35,237	214,269
Total comprehensive income*	-	-	-	-	-	-6,177	-6,177
Coverage of loss from previous years	-	-	-	-	-	-	-
Division of profit from previous years	-	31,486	-	-	-	-31,486	-
Adopted dividend	-	-	-	-	-	-3,751	-3,751
Redemption of treasury shares	-	-	-	-	-	-	-
Purchase of shares	-	-	-	-	-	-	-
As of 30 June 2014	56,114	154,942	-	-	-538	-6,177	204,341
As of 01 January 2015	46,894	139,786	-	-	-	-1,859	184,821
Total comprehensive income*	-	-	-	-	-	12,876	12,876
Coverage of loss from previous years	-	-1,859	-	-	-	1,859	-
Division of profit from previous years	-	-	-	-	-	-	-
Adopted dividend	-	-4,690	-	-	-	-	-4,690
Redemption of treasury shares	-	-	-	-	-	-	-
Purchase of shares	-	-	-	-	-	-	-
As of 30 June 2015	46,894	133,237	-	-	-	12,876	193,007

* For the first half-year of 2015 the total comprehensive income includes only net profit of PLN 12,876 thousand. For the first half-year of 2014 the total comprehensive income included only net loss of PLN 6,177 thousand.

Financial highlights

Euro exchange rates used for translating the items in the following table:

- when it comes to balance sheet data, we used the average exchange of NBP: 4.2623 PLN/EUR as at 31 December 2014 and 4.1944 PLN/EUR as at 30 June 2015;
- when it comes to data derived from profit and loss account as well as the cash flow statement, we used the following exchange rates, which constituted arithmetic average of the NBP rates: 4.1784 PLN/EUR in the first half-year of 2014, 4.1341 PLN/EUR in the first half-year of 2015.

We used the following average exchange rates of NBP for USD for translating the currency items: 3.5072 PLN/USD as at 31 December 2014 and 3.7645 PLN/USD as at 30 June 2015.

Data	in PLN thousand		in EUR thousand	
	first half-year of 2015	2014 (comparable data)*	first half-year of 2015	2014 (comparable data)*
I. Revenues	74,450	74,041	18,009	17,720
II. Profit(loss) before interest and tax	-3,804	-7,147	-920	-1,710
III. Profit (loss) before tax	12,292	-7,530	2,973	-1,802
IV. Profit (loss) for the year	12,876	-6,177	3,115	-1,478
V. Net cash flows from operating activities	5 114	3,108	1,237	744
VI. Net cash flows from investing activities	-1 265	-4,524	-306	-1,083
VII. Net cash flows from financing activities	-8 224	4,287	-1,989	1,026
VIII. Total net cash flows	-4 462	2,892	-1,079	692
IX. Total assets	235 522	237,767	56,152	55,784
X. Liabilities and provisions for liabilities	42 515	52,946	10,136	12,422
XI. Non-current liabilities	14 611	18,800	3,483	4,411
XII. Current liabilities	27 904	34,146	6,653	8,011
XIII. Equity	193 007	184,821	46,015	43,362
XIV. Share capital	46 894	46,894	11,180	11,002
XV. Number of shares	46 893 621	46,893,621	-	-
XVI. Basic profit (loss) per share (in PLN/EUR)	0,37	-0.28	0.09	-0.07
XVII. Diluted profit (loss) per share (in PLN/EUR)	0,37	-0.28	0.09	-0.07
XVIII. Book value per one share (in PLN/EUR)	4,12	3.94	0.98	0.92
XIX. Diluted book value per one share (in PLN/EUR)	4,12	3.94	0.98	0.92
XX. Declared or paid dividend per one share (in PLN/EUR)	0,1	0.08	0.02	0.02

* We provide balance sheet movement of cash, taking into account the movement of revaluation on account of exchange rate differences.

** For balance sheet items, comparable data applies to the status as at 31/12/2014, while in other items, comparable data applies to first half-year of 2014.

Additional information

to the interim separate financial statements of Ceramika Nowa Gala SA for the period from 1 January 2015 to 30 June 2015

1. Principles adopted in the preparation of the interim abridged separate semi-annual report

This separate abbreviated interim financial statement was compiled in line with IAS 34. The applied accounting principles are the same as those which governed the preparation of the financial statement for the year 2014.

The statement was drafted on the assumption that the Company will continue to operate in the foreseeable future. As at the day of approving it for publication, no circumstances were identified that would indicate a threat to continued operations of the company.

The separate abbreviated interim financial statement does not contain all information and disclosures which are required to be included in a consolidated financial statement. Hence, all information contained herein should be read in conjunction with the separate annual financial statement of the company, compiled in line with IFRS for the financial year which ended on December 31, 2014.

2. Seasonal character of the issuer's business activity

Similarly to other construction sectors, the ceramic tile industry is characterised by seasonal demand for the sold goods. The lowest demand can be observed in winter (1st quarter and the the last two months of the year), whereas the highest demand usually falls on summer months.

3. Impact of unusual events on financial statements

- Charges on the financial result as a consequence of production standstills: PLN 2.336 thousand;
- compensation of the remaining part of the dividend paid by a subsidiary, Ceramika Nowa Gala II sp. z o.o., to a parent company (see 9). The transaction influences the separate statement and is subject to elimination in the consolidated statement;
- Declaration of a dividend (see 8): PLN 4.689 thousand;
- adoption of the resolutions on dividend payment for Ceramika Nowa Gala SA by general meetings of subsidiaries (see 10).

4. Information on essential adjustments on account of provisions, including provision and assets resulting from deferred income tax and write-downs on assets

- Creation of provisions for liabilities: PLN 4.356 thousand;
- Use of provisions for liabilities: PLN 5.061 thousand;
- Increase in provisions for deferred income tax: PLN 48 thousand;
- Use of provisions for deferred income tax: PLN 574 thousand;
- Increase in assets resulting from deferred income tax: PLN 1.947 thousand;
- Use of assets resulting from deferred income tax: PLN 1.889 thousand.

5. Business segments

For the first half-year, Ceramika Nowa Gala SA publishes consolidated financial statements. Therefore, the information on business segments is only provided with reference to consolidated data.

6. Changes in off-balance sheet items with regard to the annual report for 2014

Both at the end of 2014 and at the end of 2015 there were not changes in off-balance sheet items in the separate report of Ceramika Nowa Gala.

7. Credit agreements concluded in the first half-year of 2015

Addendum to credit agreement with mBank S.A. from 28 October 2002

30 June 2015 was the deadline for repayment of the overdraft credit granted to the company by mBank S.A. in the amount of PLN 4,280 thousand. On 25 June 2015, Ceramika Nowa Gala SA signed an addendum to the credit agreement, extending the deadline to repay the credit until 29 June 2017, with the existing collateral. At the same time, the company decreased its existing overdraft limit from PLN 4,280 thousand to PLN 4,200, in line with the strategy which assumes debt reduction.

8. Adoption of the resolution on dividend payment by the general meeting

On 17 June 2015 the company's general meeting adopted resolution no. 8, according to which the amount of PLN 4,689,362.10 was to be allocated towards dividend payment. The dividend will be paid from the spare capital (cumulated profits from previous years). One share equalled PLN 0.10 of the dividend. The right to the dividend was established at 28 August 2015 and the dividend will be paid on 11 September 2015

9. Compensation of the dividend from the subsidiary Ceramika Nowa Gala II Sp. z o.o.

In line with the resolution of the general meeting of Ceramika Nowa Gala II sp. z o.o., in 2014 the profit of the subsidiary for 2013 in the amount of PLN 11,242,827.77 was allocated for the payment of the dividend for the sole shareholder, Ceramika Nowa Gala SA. The dividend was set off against other accounts in February 2015.

10. Adoption of the resolutions on dividend payment for Ceramika Nowa Gala SA by subsidiaries

On 17 June 2015, the general meeting of Ceramika Nowa Gala II sp. z o.o., by means of adopting resolution no. 3, decided that the net profit for 2014 in the amount of PLN 10,516,237.60 will be allocated towards dividend payment to parent company, Ceramika Nowa Gala SA. The dividend will be paid by 28 February 2016.

Moreover, on 16 June 2015, the general meeting of Ceramika Gres SA, by means of adopting resolution no. 5/2015, decided that the net profit for 2014 in the amount of PLN 5,493,982.98 will be allocated towards dividend payment to parent company, Ceramika Nowa Gala SA. The dividend will be paid by 28 February 2016.

11. Position of the management board concerning the implementation of financial result forecasts for the year 2015

The company has not published forecasts for the year 2015.

12. Infringing the terms and conditions applicable to selected financial indicators arising from credit agreements.

It is possible to repay each and every bank credit earlier. Banks are entitled to make the credits mature before their repayment deadline, to increase the margins and demand additional collateral if a company infringes the basic terms and conditions of credit agreements or if the condition of the company deteriorates, posing a threat to repayment of the credits.

As at the balance sheet date, as regards the credits granted to Ceramika Nowa Gala SA by mBank SA, the terms and conditions applicable to achieving certain profit margins on sales and net profit margin as determined by the bank. Despite the fact that the aforementioned terms and conditions were not met, the bank, in line with the letter of 3 August 2015, does not intend to terminate the credit agreements made.

The company believes that all credits that should be renewed in the upcoming 12 months, like in previous periods, will be renewed, and the possibility of changing the bank is not excluded,.

13. Important events that took place after the balance sheet date and before the date of the publication of this report

Apart from the events listed in 14.2 of Additional information to the consolidated financial statements, no important events took place after the balance sheet date.

Signature

This report was drawn up and signed on **28 August 2015**. It will be published on 31 August 2015.

Management Board
Accountant

Chief



**Semi-annual report on the activities of
the capital group, whose parent company
is**

Ceramika Nowa Gala SA

for the period from 1 January 2015 to 30 June 2015

Końskie, 28 August 2015

1. Principles of drawing up the interim, consolidated financial statement and description of the organisational structure of the capital group

The principles of drawing up the interim, consolidated financial statement and the description of the capital group were included in the additional information to the interim, consolidated financial statement.

2. Position of the management board concerning the implementation of financial result forecasts for the year 2015

The company has not published forecasts for the year 2015.

3. Shareholders who held at least 5% of the total number of votes at the general meeting on the day of submitting the consolidated quarterly report

According to the information obtained by the company, the following shareholders hold shares authorising them to at least 5% of votes at the general meeting. The provided information was determined based on communications received by the company from shareholders or based on the number of shares from which a given shareholder was authorised for dividend payments.

Shareholder	Number of shares taken up	Percentage share in the capital	Number of votes at the general meeting	Percentage share in votes at the general meeting
Piotrowski Waldemar	10,806,249	23.04%	10,806,249	23.04%
MetLife Otwarty Fundusz Emerytalny	9,356,722	19.95%	9,356,722	19.95%
PTE Allianz Polska SA	6,049,157	12.90%	6,049,157	12.90%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	5,834,364	12.44%	5,834,364	12.44%
ING Otwarty Fundusz Emerytalny and ING Dobrowolny Fundusz Emerytalny	3 293 725	7.02%	3 293 725	7.02%

Shareholders holding at least 5% of votes at the general meeting according to the consolidated quarterly report for the 1st quarter of 2014 published on 15 May 2015.

Shareholder	Number of shares taken up	Percentage share in the capital	Number of votes at the general meeting	Percentage share in votes at the general meeting
Piotrowski Waldemar	10 806 249	23.04%	10 806 249	23.04%
MetLife Otwarty Fundusz Emerytalny	9 356 722	19.95%	9 356 722	19.95%
PTE Allianz Polska SA	6 049 157	12.90%	6 049 157	12.90%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	5 834 364	12.44%	5 834 364	12.44%
ING Otwarty Fundusz Emerytalny and ING Dobrowolny Fundusz Emerytalny	3 293 725	7.02%	3 293 725	7.02%

4. Statement of the ownership of the company's shares or rights to shares of its executors and supervisory bodies

According to the information obtained by the company, from the date of the publication of the last quarterly report to the date of the publication of this report there have been no changes in the company's shareholding among the executors and supervisory bodies.

As at the day of this report's publication, it follows from the information available to the company that:

- Mr. Waldemar Piotrowski acting as President of the Management Board holds: 10,806,249 shares of the company constituting 23.04% of the share capital and authorising their holder to the same number of votes at the general meeting;
- Mr. Paweł Górnicki acting as Vice-President of the Management Board holds: 352,077 shares of the company constituting 0.75% of the share capital and authorising their holder to the same number of votes at the general meeting;
- Mr. Zbigniew Polakowski acting as proxy holds: 12,070 shares of the company constituting 0.02 % of the share capital and authorising their holder to the same number of votes at the general meeting.

5. Information on proceedings to which the company or its subsidiary is a party, whose value constitutes at least 10% of the company's equity

There are no such proceedings.

6. Information on concluding one or more transactions between the company or its subsidiary and related entities, if those transactions are individually or collectively significant and have been made on terms other than market conditions

In the period covered by this report, no transactions were concluded with related entities by the company or its subsidiaries, either individually or jointly, that would be significant and concluded according to terms other than market terms.

7. Information on granting a loan guarantee, a loan, or credit sureties by Ceramika Nowa Gala SA or its subsidiaries, with values equivalent to at least 10% of the equity of Ceramika Nowa Gala SA

On 7 May 2015 a subsidiary, Ceramika Nowa Gala II sp. z o.o. granted a loan of PLN 2,000 thousand to Energia Park Trzemoszna sp. z o.o. The loan is intended to finance commercial activity, including to ensure collateral in connection with the application made to the President of ERO to grant licence to gas trading.

8. Factors which the company believes to affect the results achieved by the capital group at least within the next half a year.

The factors which may influence financial results of the capital group in the nearest future include:

- exchange rate variability;
- uncertainty about the pace of economic development in the country, as well as on markets to which the group exports its products;
- uncertainty due to the conflict in Ukraine;
- development of sales of new product lines;
- increase in the cost of purchasing certain raw materials;
- seasonal weakening of sales in the 3rd quarter of the year.

Semi-annual report on the Company's activities

In the case of the parent company, there have been no circumstances that may have an impact on the assessment of its financial position and that are not disclosed in this financial statement.

Signature

This report was drawn up and signed on **28 August 2015**. It will be published on 31 August 2015.

Management Board

Chief Accountant