



## **Consolidated interim financial statement**

# **Ceramika Nowa Gala SA**

for the period between January 1, 2014 and September 30, 2014

including information on quarterly finances referred to in §87 (1) of the Regulation of the Council of Ministers of 19th February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-Member State may be recognised as equivalent

Końskie, on November 14, 2014

## Consolidated statement of profit and loss and other comprehensive income

### for the period between January 1, 2014 and September 30, 2014

Amounts in PLN thousand (PLN `000).

	3rd quarter of 2014	3 quarters of year 2014	3rd quarter of 2013	3 quarters of year 2013
<b>Revenues</b>	<b>50,508</b>	<b>142,466</b>	<b>58,660</b>	<b>157,732</b>
Cost of sales	36,118	105,205	43,021	120,985
<b>Gross profit</b>	<b>14,390</b>	<b>37,261</b>	<b>15,639</b>	<b>36,747</b>
Other income	255	904	308	1,113
Selling and administrative expenses	10,209	30,405	10,345	30,776
Other expenses	224	1,378	355	1,600
<b>Profit before interests and tax</b>	<b>4,212</b>	<b>6,382</b>	<b>5,247</b>	<b>5,484</b>
Finance income	669	731	-264	22
Finance costs	571	2,125	1,036	4,124
Share in profits of associates and joint ventures	-	-	-	-
<b>Profit before tax</b>	<b>4,310</b>	<b>4,988</b>	<b>3,947</b>	<b>1,382</b>
Income tax expense	364	-703	-71	-721
<b>Profit from continued operations</b>	<b>3,946</b>	<b>5,691</b>	<b>4,018</b>	<b>2,103</b>
Profit from discontinued operations	-	-	-	-
<b>Profit for the year</b>	<b>3,946</b>	<b>5,691</b>	<b>4,018</b>	<b>2,103</b>
<b>Other comprehensive income that may be transferred to the profit in the future</b>				
Exchange rate differences from translation	-	-1	7	-7
<b>Other comprehensive income that may not be transferred to the profit in the future</b>				
Costs pertaining to purchase from treasury shares	-	-	-	-2
<b>Total comprehensive income</b>	<b>3,946</b>	<b>5,690</b>	<b>4,025</b>	<b>2,094</b>
<b>Profit attributable to</b>				
shareholders of the parent company	3,946	5,691	4,018	2,103
non-controlling interests	-	-	-	-
	<b>3,946</b>	<b>5,961</b>	<b>4,018</b>	<b>2,103</b>
<b>Total comprehensive income attributable to</b>				
shareholders of the parent company	3,946	5,960	4,025	2,094
non-controlling interests	-	-	-	-
	<b>3,946</b>	<b>5,960</b>	<b>4,025</b>	<b>2,094</b>

	Entity	12 months till 30.09.2014	12 months till 30.09.2013
Annualized profit (loss)	PLN thousand	1,949	1,055
Weighted average number of shares*	thousand pcs	46,894	47,063
Basic earning per share from continued operations	PLN	0.0416	0.0224
Weighted average diluting number of shares*	thousand pcs	46,894	47,063
Diluted earnings per share from continued operations	PLN	0.0416	0.0224

\* without treasury shares held by the company

## Consolidated statement on financial position as at September 30, 2014

Amounts in PLN thousand (PLN '000).

<b>Assets</b>	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Non-current assets</b>		
Goodwill	18,851	18,851
Other intangible assets	4,800	4,953
Property, plant and equipment	112,715	114,730
Investment property	7,550	7,550
Other financial assets	145	145
Deferred tax assets	10,426	9,847
<b>Total non-current assets</b>	<b>154,487</b>	<b>156,076</b>
<b>Current assets</b>		
Inventory	89,686	96,302
Trade and other receivables	42,962	39,444
Receivables from current income tax	917	1,487
Other financial assets	-	-
Cash and cash equivalents	16,242	5,120
Other current assets	815	633
<b>Total current assets</b>	<b>150,622</b>	<b>142,986</b>
Assets classified as available for sale in accordance with IFRS 5	-	-
<b>Total assets</b>	<b>305,109</b>	<b>299,062</b>

(continued on the next page)

**Consolidated statement of financial position as at September 30, 2014 (contd.)**

Amounts in PLN thousand (PLN '000).

<b>Equity and liabilities</b>	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Equity</b>		
Share capital	56,114	56,114
Reserves	158,169	150,907
Revaluation reserve	-	-
Exchange rate differences from translation	5	6
Other reserves	8,719	8,719
Treasury shares	-24,377	-24,377
Current portion of retained earnings	5,485	10,807
<b>Equity attributable to the shareholders of the parent company</b>	<b>204,115</b>	<b>202,176</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>204,115</b>	<b>202,176</b>
<b>Non-current liabilities</b>		
Borrowings	51,409	5,070
Provision for deferred income tax	7,057	7,522
Provision for employee benefits	24	24
<b>Total non-current liabilities</b>	<b>58,490</b>	<b>12,616</b>
<b>Current liabilities</b>		
Trade and other payables	30,839	28,993
Current tax liability	206	30
Borrowings	5,432	42,918
Factoring liability	-	4,127
Provision for employee benefits	1,141	1,174
Other provisions	4,886	7,028
<b>Total current liabilities</b>	<b>42,504</b>	<b>84,270</b>
Liabilities associated with assets classified as available for sale in accordance with IFRS 5	-	-
<b>Total liabilities</b>	<b>100,994</b>	<b>96,886</b>
<b>Total liabilities and equity</b>	<b>305,109</b>	<b>299,062</b>
Book value (in PLN thousand)	204,115	202,176
Number of shares (in thousand pcs)*	46,894	46,894
Book value per share (in PLN)	4.35	4.31
Diluted number of shares (in thousand pcs)*	46,894	46,894
Diluted book value per share (in PLN)	4.35	4.31

\* without treasury shares held by the company

## Consolidated cash flow statement

### for the period between January 1, 2014 and September 30, 2014

Amounts in PLN thousand (PLN '000).

	3 quarters of year 2014	3 quarters of year 2013
<b>Operating activities</b>		
<b>Net profit or loss</b>	<b>5,691</b>	<b>2,103</b>
Amortization and depreciation	9,933	10,448
Interest revenues and costs	1,986	2,838
Revenues and costs from exchange rate differences	-468	18
Gain on disposal of intangible and tangible non-current assets	193	24
Movement of provisions, write downs, prepayments and accruals	-2,356	2,448
Income tax expense	-703	-721
Other adjustments	-1	-7
<b>Cash flow from operations before movements in working capital</b>	<b>14,275</b>	<b>17,151</b>
Movement of inventory	6,619	6,131
Movement of receivables	-3,528	-5,087
Movement of liabilities	-3,577	-1,416
<b>Gross cash flow from operations</b>	<b>13,788</b>	<b>16,779</b>
Received interest from operating activities	1	22
Interest paid from operating activities	-	-24
Income tax paid	-2	-894
<b>Net cash flows from operating activities</b>	<b>13,788</b>	<b>15,883</b>
<b>Investing activities</b>		
Proceeds from disposal of tangible and intangible non-current assets	114	37
Purchase of tangible and intangible non-current assets	-5,982	-5,009
<b>Net cash flows from investing activities</b>	<b>-5,868</b>	<b>-4,972</b>

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## Consolidated cash flow statement for the period between January 1, 2014 and September 30, 2014 (contd.)

Amounts in PLN thousand (PLN `000).

	3 quarters of year 2014	3 quarters of year 2013
<b>Financing activities</b>		
Proceeds from borrowings	43,380	53,936
Proceeds from factoring	-	740
Purchase of treasury shares	-	-632
Repayment of borrowings	-34,534	-58,157
Repayment of factoring	-4,127	-
Interest paid pertaining to financing activity	-1,979	-2,840
<b>Net cash flows from financing activities</b>	<b>2,740</b>	<b>-6,953</b>
<b>Net cash flows from activity</b>		
	<b>10,659</b>	<b>3,958</b>
Cash and cash equivalents at the beginning of the period	5,120	5,076
Exchange rate differences	463	5
<b>Cash and cash equivalents at the end of the period</b>	<b>16,242</b>	<b>9,039</b>
<b>Structure of cash and cash equivalents</b>		
Cash available for use	15,963	8,662
Cash unavailable for use	279	377
	<b>16,242</b>	<b>9,039</b>

## Consolidated statement of changes in equity for the period between January 1, 2014 and September 30, 2014

Amounts in PLN thousand (PLN '000).

	Attributable to the shareholders of the parent company							Total	Non-controlling interests	Total equity
	Share capital	Reserves	Exchange rate differences from translation	Reserve capital	Revaluation reserve	Treasury shares	Current portion of retained earnings			
<b>As at January 1, 2013</b>	<b>57,038</b>	<b>150,230</b>	<b>6</b>	<b>14,773</b>	<b>-</b>	<b>-25,527</b>	<b>7,927</b>	<b>204,447</b>	<b>-</b>	<b>204,447</b>
Total comprehensive income*	-	-	-7	-	-	-2	2,103	2,094	-	2,094
Coverage of loss from previous years	-	-5,473	-	-603	-	-	6,076	-	-	-
Division of profit from previous years	-	1,558	-	-	-	-	-1,558	-	-	-
Redemption of treasury shares	-924	-858	-	-	-	1,782	-	-	-	-
Purchase of shares	-	5,450	-	-5,450	-	-630	-	-630	-	-630
<b>As at September 30, 2013</b>	<b>56,114</b>	<b>150,907</b>	<b>-1</b>	<b>8,720</b>	<b>-</b>	<b>-24,377</b>	<b>14,548</b>	<b>205,911</b>	<b>-</b>	<b>205,911</b>
<b>As at January 1, 2014</b>	<b>56,114</b>	<b>150,907</b>	<b>6</b>	<b>8,719</b>	<b>-</b>	<b>-24,377</b>	<b>10,807</b>	<b>202,176</b>	<b>-</b>	<b>202,176</b>
Total comprehensive income*	-	-	-1	-	-	-	5,691	5,690	-	5,690
Coverage of loss from previous years	-	-	-	-	-	-	-	-	-	-
Division of profit from previous years	-	7,262	-	-	-	-	-7,262	-	-	-
Adopted dividend	-	-	-	-	-	-	-3,751	-3,751	-	-3,751
Purchase of shares	-	-	-	-	-	-	-	-	-	-
<b>As at September 30, 2014</b>	<b>56,114</b>	<b>158,169</b>	<b>5</b>	<b>8,719</b>	<b>-</b>	<b>-24,377</b>	<b>5,485</b>	<b>204,115</b>	<b>-</b>	<b>204,115</b>

\* After 3 quarters of 2014 the amounts of total income are: net profit in the amount of PLN 5,690 thousand, which increased the value of retained earnings and exchange rate differences from translation in the amount of PLN 1 thousand decreased a relevant item of capitals. After 3 quarters of 2013 the amounts of total income are: net profit in the amount of PLN 2.103 thousand, which increased the value of retained earnings, costs of purchase of treasury shares in the amount of PLN 2 thousand included (in minus) in the treasury shares item and exchange rate differences from translation in the amount of PLN 7 thousand decreased a relevant item of capitals.

## 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 rate of NBP: 4.1472 PLN/EUR as at December 31, 2013 and 4.1755 PLN/EUR as at September 30, 2014;
- 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: 4.2231 PLN/EUR in the 3 quarters of 2013; 4.1803 PLN/EUR in the 3 quarters of 2014.

We used the following average exchange rates of NBP to USD for translating the monetary items: 3.012 PLN/USD as at December 31, 2013 and 3.2973 PLN/USD as at September 30, 2014;

Consolidated data	in PLN thousand		in EUR thousand	
	3 quarters of year 2014	2013 comparable data	3 quarters of year 2014	2013 comparable data
I. Revenue	142,466	157,732	34,080	37,350
II. Profit (loss) before interests and tax	6,382	5,484	1,527	1,299
III. Profit (loss) before tax	4,988	1,382	1,193	327
IV. Net profit (loss)	5,691	2,103	1,361	498
V. Net cash flows from operating activities	13,788	15,883	3,298	3,761
VI. Net cash flows from investing activities	-5,868	-4,972	-1,404	-1,177
VII. Net cash flows from financing activities	2,740	-6,953	655	-1,646
VIII. Net cash flows (in total)*	11,122	3,963	2,661	938
IX. Total assets	305,109	299,062	73,071	72,112
X. Liabilities and provisions for liabilities	100,994	96,886	24,187	23,362
XI. Non-current liabilities	58,490	12,616	14,008	3,042
XII. Current liabilities	42,504	84,270	10,179	20,320
XIII. Equity	204,115	202,176	48,884	48,750
XIV. Share capital	56,114	56,114	13,439	13,531
XV. Number of shares	56,114,378	56,114,378	-	-
XVI. Basic profit (loss) per share (in PLN / EUR)	0.04	0.02	0.01	0.01
XVII. Diluted profit (loss) per share (in PLN / EUR)	0.04	0.02	0.01	0.01
XVIII. Book value per share (in PLN / EUR)	4.35	4.31	1.04	1.04
XIX. Diluted book value per share (in PLN / EUR)	4.35	4.31	1.04	1.04
XX. Declared or paid dividend per share (in PLN / EUR)	0.08	-	0.02	-

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



## Separate statement of profit and loss and other comprehensive income

### for the period between January 1, 2014 and September 30, 2014

Amounts in PLN thousand (PLN `000).

	3rd quarter of 2014	3 quarters of year 2014	3rd quarter of 2013	3 quarters of year 2013
<b>Revenues</b>	<b>39,474</b>	<b>113,515</b>	<b>43,277</b>	<b>121,907</b>
Cost of sales	35,022	102,309	37,595	106,507
<b>Gross profit</b>	<b>4,452</b>	<b>11,206</b>	<b>5,682</b>	<b>15,400</b>
Other income	-26	69	22	241
Selling and administrative expenses	7,164	20,624	6,695	19,126
Other expenses	137	673	162	503
<b>Profit before interests and tax</b>	<b>-2,875</b>	<b>-10,022</b>	<b>-1,153</b>	<b>-3,988</b>
Finance income	279	409	58	45,654
Finance costs	203	716	381	1,310
<b>Profit before tax</b>	<b>-2,799</b>	<b>-10,329</b>	<b>-1,476</b>	<b>40,356</b>
Income tax expense	-611	-1,964	-217	-800
<b>Profit from continued operations</b>	<b>-2,188</b>	<b>-8,365</b>	<b>-1,259</b>	<b>41,156</b>
Profit from discontinued operations	-	-	-	-
<b>Profit for the year</b>	<b>-2,188</b>	<b>-8,365</b>	<b>-1,259</b>	<b>41,156</b>
<b>Other comprehensive income that may not be transferred to the profit in the future</b>				
Costs pertaining to purchase from shares	-	-	-	-2
<b>Total comprehensive income</b>	<b>-2,188</b>	<b>-8,365</b>	<b>-1,259</b>	<b>41,154</b>

	Entity	12 months till 30.09.2014	12 months till 30.09.2013
Annualized profit (loss)	PLN thousand	-14,284	39,231
Weighted average number of shares*	thousand pcs	46,894	47,063
Basic earning per share from continued operations	PLN	-0.3	0.83
Weighted average diluting number of shares*	thousand pcs	46,894	47,063
Diluted earnings per share from continued operations	PLN	-0.30	0.83

\* without treasury shares held by the company

## Separate statement of financial position

### as at September 30, 2014

Amounts in PLN thousand (PLN '000).

<b>Assets</b>	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Non-current assets</b>		
Intangible assets	516	176
Property, plant and equipment	49,413	49,563
Investments in related entities	78,809	101,664
Other financial assets	121	121
Deferred tax assets	6,133	4,472
<b>Total non-current assets</b>	<b>134,992</b>	<b>155,996</b>
<b>Current assets</b>		
Inventory	63,201	69,353
Trade and other receivables	33,245	42,974
Receivables from current income tax	917	1,275
Loans granted to subsidiaries	693	406
Other financial assets	-	-
Cash and cash equivalents	7,544	1,079
Other current assets	479	190
<b>Total current assets</b>	<b>106,079</b>	<b>115,277</b>
Assets classified as available for sale in accordance with IFRS 5	-	-
<b>Total assets</b>	<b>241,071</b>	<b>271,273</b>

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## Separate statement of financial position as at September 30, 2014 (contd.)

Amounts in PLN thousand (PLN '000).

<b>Equity and liabilities</b>	<b>30.09.2014</b>	<b>31.12.2013</b>	
<b>Equity</b>			
Share capital	56,114	56,114	
Reserves	154,942	123,456	
Revaluation reserve	-	-	
Other reserves	-	-	
Treasury shares	-24,377	-538	
Current portion of retained earnings	-8,365	35,237	
<b>Total equity</b>	<b>178,314</b>	<b>214,269</b>	
<b>Non-current liabilities</b>			
Borrowings	15,416	5,070	
Provision for deferred income tax	5,420	5,724	
Provision for employee benefits	-	-	
Other provisions	-	-	
<b>Total non-current liabilities</b>	<b>20,836</b>	<b>10,794</b>	
<b>Current liabilities</b>			
Trade and other payables	32,231	30,001	
Current tax liability	-	-	
Borrowings	5,432	11,165	
Provision for employee benefits	815	826	
Other provisions	3,443	4,218	
<b>Total current liabilities</b>	<b>41,921</b>	<b>46,210</b>	
Liabilities associated with assets classified as available for sale in accordance with IFRS 5	-	-	
<b>Total liabilities</b>	<b>62,757</b>	<b>57,004</b>	
<b>Total liabilities and equity</b>	<b>241,071</b>	<b>271,273</b>	
	<b>Entity</b>	<b>30.09.2014</b>	<b>31.12.2013</b>
Book value	PLN thousand	178,314	214,269
Number of shares*	thousand pcs	46,894	46,894
Book value per share	PLN thousand	3.80	4.57
Diluted number of shares*	thousand pcs	46,894	46,894
Diluted book value per share	PLN	3.80	4.57

\* without treasury shares held by the company

## Separate cash flow statement

### for the period between January 1, 2014 and September 30, 2014

Amounts in PLN thousand (PLN '000).

	3 quarters of year 2014	3 quarters of year 2013
<b>Operating activities</b>		
<b>Net profit or loss</b>	<b>-8,365</b>	<b>41,156</b>
Amortization and depreciation	5,613	5,816
Proceeds from dividends	-	-45,470
Interest revenues and costs	531	994
Revenues and costs from exchange rate differences	-48	-9
Gain on disposal of intangible and tangible non-current assets	103	17
Movement of provisions, write downs, prepayments and accruals	-1,073	53
Income tax expense	-1,964	-800
Other adjustments	-	-
<b>Cash flow from operations before movements in working capital</b>	<b>-5,203</b>	<b>1,757</b>
Movement of inventory	6,152	-800
Movement of receivables	-2,959	3,018
Movement of liabilities	10,339	6,841
<b>Gross cash flow from operations</b>	<b>8,330</b>	<b>10,816</b>
Received interest from operating activities	1	14
Interest paid from operating activities	-2	-24
Income tax paid	163	-594
<b>Net cash flows from operating activities</b>	<b>8,491</b>	<b>10,212</b>
<b>Investing activities</b>		
Proceeds from disposal of tangible and intangible non-current assets	42	14
Purchase of tangible and intangible non-current assets	-4,924	-1,733
Loans granted	-252	-106
Purchase of financial assets	-834	-
<b>Net cash flows from investing activities</b>	<b>-5,968</b>	<b>-1,825</b>

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**Separate cash flow statement (contd.)**

Amounts in PLN thousand (PLN '000).

	<b>3 quarters of year 2014</b>	<b>3 quarters of year 2013</b>
<b><u>Financing activities</u></b>		
Proceeds from borrowings	7,385	17,570
Purchase of treasury shares	-	-632
Repayment of borrowings	-2,779	-23,512
Interest paid pertaining to financing activity	-707	-1,166
<b>Net cash flows from financing activities</b>	<b>3,899</b>	<b>-7,740</b>
<b><u>Net cash flows from activity</u></b>		
	<b>6,422</b>	<b>647</b>
Cash and cash equivalents at the beginning of the period	1,079	2,192
Exchange rate differences	43	25
<b>Cash and cash equivalents at the end of the period</b>	<b>7,544</b>	<b>2,864</b>
<b><u>Structure of cash and cash equivalents</u></b>		
Cash available for use	7,382	2,649
Cash unavailable for use	162	215
	<b>7,544</b>	<b>2,864</b>

## Separate statement of changes in equity

### for the period between January 1, 2014 and September 30, 2014

Amounts in PLN thousand (PLN '000).

	Share capital	Reserves	Other reserves	Revaluation reserve	Treasury shares	Current portion of retained earnings	Total equity
<b>As at January 1, 2013</b>	<b>57,038</b>	<b>124,337</b>	<b>5,450</b>	-	<b>-1,688</b>	<b>-5,473</b>	<b>179,664</b>
Total comprehensive income*	-	-	-	-	-2	41,156	41,154
Coverage of loss from previous years	-	-5,473	-	-	-	5,473	-
Division of profit from previous years	-	-	-	-	-	-	-
Redemption of treasury shares	-924	-858	-	-	1,782	-	-
Purchase of shares	-	5,450	-5,450	-	-630	-	-630
<b>As at September 30, 2013</b>	<b>56,114</b>	<b>123,456</b>	-	-	<b>-538</b>	<b>41,156</b>	<b>220,188</b>
<b>As at January 1, 2014</b>	<b>56,114</b>	<b>123,456</b>	-	-	<b>-538</b>	<b>35,237</b>	<b>214,269</b>
Total comprehensive income*	-	-	-	-	-	-8,365	-8,365
Coverage of loss from previous years	-	-	-	-	-	-	-
Division of profit from previous years	-	31,486	-	-	-	-31,486	-
Adopted dividend	-	-	-	-	-	-3,751	-3,751
Purchase of shares	-	-	-	-	-23,839	-	-23,839
<b>As at September 30, 2014</b>	<b>56,114</b>	<b>154,942</b>	-	-	<b>-24,377</b>	<b>-8,365</b>	<b>178,314</b>

\* After 3 quarters of 2014 the amount of total income was: a net loss in the amount of PLN 8,365 thousand, which decreased the value of retained earnings. After 3 quarters of 2013 the amounts of total income are: net profit in the amount of PLN 41.156 thousand, which increased the value of retained earnings, costs of purchase of treasury shares in the amount of PLN 2 thousand, included (in minus) in the treasury shares 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 rate of NBP: 4.1472 PLN/EUR as at December 31, 2013 and 4.1755 PLN/EUR as at September 30, 2014;
- 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: 4.2231 PLN/EUR in the 3 quarters of 2013; 4.1803 PLN/EUR in the 3 quarters of 2014.

We used the following average exchange rates of NBP to USD for translating the monetary items: 3.012 PLN/USD as at December 31, 2013 and 3.2973 PLN/USD as at September 30, 2014;

Individual data	in PLN thousand		in EUR thousand	
	3 quarters of year 2014	2013 comparable data	3 quarters of year 2014	2013 comparable data
I. Revenue	113,515	121,907	27,155	28,867
II. Profit (loss) before interests and tax	-10,022	-3,988	-2,397	-944
III. Profit (loss) before tax	-10,329	40,356	-2,471	9,556
IV. Net profit (loss)	-8,365	41,156	-2,001	9,745
V. Net cash flows from operating activities	8,491	10,212	2,031	2,418
VI. Net cash flows from investing activities	-5,968	-1,825	-1,428	-432
VII. Net cash flows from financing activities	3,899	-7,740	933	-1,833
VIII. Net cash flows (in total)*	6,465	672	1,547	159
IX. Total assets	241,071	271,273	57,735	65,411
X. Liabilities and provisions for liabilities	62,757	57,004	15,030	13,745
XI. Non-current liabilities	20,836	10,794	4,990	2,603
XII. Current liabilities	41,921	46,210	10,040	11,142
XIII. Equity	178,314	214,269	42,705	51,666
XIV. Share capital	56,114	56,114	13,439	13,531
XV. Number of shares	56,114,378	56,114,378	-	-
XVI. Basic profit (loss) per share (in PLN / EUR)	-0.30	0.83	-0.07	0.20
XVII. Diluted profit (loss) per share (in PLN / EUR)	-0.30	0.83	-0.07	0.20
XVIII. Book value per share (in PLN / EUR)	3.80	4.57	0.91	1.10
XIX. Diluted book value per share (in PLN / EUR)	3.80	4.57	0.91	1.10
XX. Declared or paid dividend per share (in PLN / EUR)	0.08	-	0.02	-

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

## Additional information

**to the consolidated quarterly report prepared by a group of companies whose parent company is Ceramika Nowa Gala SA, covering 3 quarters of the year 2014, including separate quarterly financial statement of the parent company**

### 1. Principles adopted in the preparation of the consolidated quarterly 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 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;
- Ceramika Gres SA – subsidiary;
- CNG Luxembourg S.a.r.l. – subsidiary;
- 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 accounts of subsidiary companies are conducted based on the same accounting principles as in the parent company. The accounts of CNG Luxembourg S.a.r.l. are conducted based on accounting standards applicable in Luxembourg and its financial statements are subject to relevant amendments in the consolidation process.

This consolidated 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 2013.

The consolidated interim financial statement was prepared with the assumption that the companies which belong to 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 consolidated 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, 2013.

### 2. Seasonal character of the issuer's business

Similarly to other sectors, the ceramic tile industry is characterised by seasonal demand for the sold goods. The lowest demand is observed in winter (1st quarter and 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 stoppages: PLN 7,806 thousand;
- Offsetting the remaining part of the dividend paid by Ceramika Nowa Gala II sp. z o.o. subsidiary to the parent company (see: point 8). The transaction influences the



separate financial statement and is eliminated from the consolidated financial statement;

- Declaration of a dividend (see: point 10);
- Purchase of treasury assets of a subsidiary without remuneration – write down on the value of shares in that subsidiary (see: point 13). The transaction influences the separate financial statement and is eliminated from the consolidated financial statement.

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

- Creating provisions for liabilities: PLN 10,696 thousand;
- Utilising provisions for liabilities: PLN 12,839 thousand;
- Increasing provisions for deferred income tax: PLN 147 thousand;
- Utilising provisions for deferred income tax: PLN 613 thousand;
- Increasing deferred income tax assets: PLN 4,262 thousand;
- Utilising assets due to deferred income tax: PLN 3,684 thousand.

#### 5. Business segments

The organisational structure of the group is based on its functional structure. 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 stoneware tiles, sold under two brands: Ceramika Nowa Gala and Ceramika Gres. The 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 segments

Amounts in PLN thousand (PLN '000).

	DOMESTIC		EXPORT		TOTAL	
	3rd quarter of 2014	3rd quarter of 2013	3rd quarter of 2014	3rd quarter of 2013	3rd quarter of 2014	3rd quarter of 2013
Revenues	40,026	46,511	10,482	12,149	50,508	58,660
Cost of sales	25,948	33,195	7,563	8,961	33,511	42,156
<b>Sales result</b>	<b>14,078</b>	<b>13,316</b>	<b>2,919</b>	<b>3,188</b>	<b>16,997</b>	<b>16,504</b>
Unallocated costs					2,607	865
<b>Gross profit</b>					<b>14,390</b>	<b>15,639</b>

	DOMESTIC		EXPORT		TOTAL	
	3 quarters of year 2014	3 quarters of year 2013	3 quarters of year 2014	3 quarters of year 2013	3 quarters of year 2014	3 quarters of year 2013
Revenues	116,004	125,922	26,462	31,810	142,466	157,732
Cost of sales	78,094	89,628	19,059	23,209	97,153	112,837
<b>Sales result</b>	<b>37,910</b>	<b>36,294</b>	<b>7,403</b>	<b>8,601</b>	<b>45,313</b>	<b>44,895</b>
Unallocated costs					8,052	8,148
<b>Gross profit</b>					<b>37,261</b>	<b>36,747</b>

Assets	DOMESTIC		EXPORT		TOTAL	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Trade receivables	31,728	29,803	8,009	6,262	39,737	36,065
Other receivables (unallocated)					3,225	3,379
					<b>42,962</b>	<b>39,444</b>

None of the export countries exceeds 10% of the share in consolidated revenues.

All fixed assets of the group are located in Poland. CNG Luxembourg subsidiary does not own fixed assets and does not manufacture goods or conduct trade operations.

## 5.2. Information on product segment

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

Amounts in PLN thousand (PLN '000).

	CERAMIC PRODUCTS		OTHER SALES		TOTAL	
	3rd quarter of 2014	3rd quarter of 2013	3rd quarter of 2014	3rd quarter of 2013	3rd quarter of 2014	3rd quarter of 2013
Revenues from sales to external customers	50,370	58,547	138	113	50,508	58,660
Purchase of fixed assets	2,214	515	-	-	2,214	515

	CERAMIC PRODUCTS		OTHER SALES		TOTAL	
	3 quarters of year 2014	3 quarters of year 2013	3 quarters of year 2014	3 quarters of year 2013	3 quarters of year 2014	3 quarters of year 2013
Revenues from sales to external customers	141,440	156,720	1,026	1,012	142,466	157,732
Purchase of fixed assets	8,988	5,532	-	-	8,988	5,532

## 5.3. Information on significant customers

Within 3 quarters of the year 2014 sales to none of the customers of the group exceeded 10% of consolidated revenues from sales.

## 6. Loan agreements concluded within 3 quarters of the year 2014

### 6.1. Ceramika Nowa Gala SA

#### *Loan agreement with mBank SA from January 28, 2014*

In order to purchase manufacturing equipment, in January 2014 the company took 5-year investment loan from mBank SA in the amount of EUR 680 thousand. The deadline for payment of the last instalment falls on January 25, 2019.

*Loan agreement with Bank Handlowy w Warszawie SA from April 25, 2014*

The deadline for payment of the overdraft line of credit granted to the company by Bank Handlowy w Warszawie SA was established at April 25, 2014. On April 25, 2014, Ceramika Nowa Gala SA signed a revolving credit facility agreement with Bank Handlowy w Warszawie SA with the deadline established at April 22, 2016, with the existing collateral and limit.

*Annex to the loan agreement with Bank Polski Kasa Opieki SA from September 24, 2013*

The deadline for payment of the overdraft line of credit granted to the company by Bank Pekao SA in the amount of PLN 15,000 thousand falls on September 30, 2014. On September 29, 2014, Ceramika Nowa Gala SA signed an annex to the loan agreement which extended the deadline for payment to September 30, 2016, with the existing collateral. At the same time, the company decreased its existing overdraft limit from PLN 15,000 thousand to PLN 9,000 thousand, in line with the strategy which assumes debt reduction.

**6.2. Ceramika Gres SA***Loan agreement with ING Bank Śląski SA*

On June 25, 2014, Ceramika Gres SA subsidiary signed a bank account loan agreement with ING Bank Śląski SA for the amount of PLN 40,000 thousand with the intention to finance its current activity, whereas the first use of the the loan was allocated for the payment of the loan and factoring granted to the company by Alior Bank SA. Loan collateral includes guarantee of Ceramika Nowa Gala SA and Ceramika Nowa Gala II sp. z o.o., real estate mortgage and registered pledge on finished products, goods and fixed assets. Similar collateral was established for refinancing the credit and factoring agreement. The deadline for payment of the loan granted by the bank falls on June 23, 2016.

**7. Changes in off-balance sheet items from the annual report for 2013**

With regard to the information published in the last consolidated annual report, there have been changes in off-balance sheet items. Due to the payment of some of the liabilities resulting from a contract concluded with an Italian supplier, the future liabilities concerning the purchase of machines and appliances as at September 30, 2014, have been reduced to EUR 255 thousand. All liabilities resulting from an agreement on updating Oracle EBS have been paid.

**8. Offsetting of the remaining part of the dividend from the subsidiary**

On June 26 2013, the ordinary shareholders meeting of Ceramika Nowa Gala II sp. z o.o. subsidiary decided, by means of resolution no. 3, that the net profit of the company for the year 2012 in the amount of PLN 12,678,303.72 and the amount of PLN 32,791,458.09 which comes from the reserve capital for the payment of dividend, will be allocated for the payment of the dividend for Ceramika Nowa Gala SA. The dividend was paid in instalments in the following manner:

- the amount of PLN 32,791,458.09 until June 30, 2013;
- the amount of PLN 12,678,303.72 – offset against other accounts was made on January 31, 2014.

**9. Publication of the new development strategy of Ceramika Nowa Gala group for the years 2014-2016**

On March 12, 2014 the management board published for a new development strategy of Ceramika Nowa Gala group for the years 2014-2016. The main assumptions include:

- sales growth at the annual rate of 5% within the period covered;
- EBITDA margin increase till the end of 2016 by 7 percentage points until it reaches approx. 17% as a consequence of carrying out strategic initiatives in three main areas:
  - a. increasing utilisation of manufacturing capacity (4-5 percentage points of margin increase);
  - b. new technologies (investments in production unglazed tiles and digital printing should result in margin increase of 1-2 percentage points);
  - c. process optimisation (number of activities including inter alia: product offer simplification, purchase consolidation, redundancies, process simplification should result in a margin increase of 3 percentage points).
- shortened supply chain with regard to ceramic tiles distribution;
- allocation of PLN 45 mn in total for capital expenditures in the period of 2014-2016, including PLN 10 mn for replacements maintenance, PLN 15 mn for modernisation and new technologies and PLN 20 mn for the development of logistics and warehouses;
- maintaining the average level of working capital and average interest debt on the levels from the end of 2013;
- redemption of treasury shares held by the group (9,220,757 pcs. constituting 16.43% of share capital) in 2014 (see also: point 11);
- proposing concerning the application of a dividend policy assuming an annual allocation of at least 30% of the group's net consolidated profit to a dividend, however no more than 10 groszy per share (see also: point 10)

#### **10. Adoption of the resolution on dividend payment by the general meeting**

On June 30, 2014 the company's general shareholders meeting adopted resolution no. 7, according to which part of the profit for 2013 in the amount of PLN 3,751,489.68 was to be allocated towards dividend payment. One share equalled PLN 0.08 of the dividend. The right to the dividend was established at September 30, 2014 and the dividend was to be paid on October 15, 2014.

#### **11. Adoption of the resolution on redemption of treasury shares without compensation and decrease of in company's share capital by the general meeting**

On June 30, 2014 the general shareholders meeting decided to decrease the company's share capital from PLN 56,114,378 to PLN 46,893,621 by means of adopting resolution no.14, which consisted in reducing in the number of shares from 56,114,378 to 46,893,621 by redemption of 9,220,757 shares. At the same time, the general shareholders meeting decided to redeem 9,220,757 treasury shares in the company's share capital by means of adopting resolution no. 13 of June 30, 2014. The redemption of 8,983,608 shares held by the subsidiary CNG Luxembourg S.a.r.l. did not include compensation, which was agreed to by the shareholder in the agreement on the transfer of the ownership of shares, concluded outside the regulated market between the shareholder and the company (for broader description see: point 13). The objective of the redemption of 8,983,608 shares held by the subsidiary and 237,149 shares held by the company was to organise the company's shareholding structure and ensure its transparency and stability with regard to the shareholding structure in the future.

**12. Increase in Luxembourg S.a.r.l. subsidiary capital**

On August 6, 2014, the share capital of CNG Luxembourg S.a.r.l. was increased by EUR 200 thousand. The increase in the capital was paid entirely in cash by the parent company, Ceramika Nowa Gala SA.

**13. Purchase of treasury shares from a subsidiary without compensation**

On September 19, 2014, Ceramika Nowa Gala SA purchased 8,983,608 treasury shares from CNG Luxembourg S.a.r.l. subsidiary without compensation. The transaction was made under resolutions no. 13 and no. 14 adopted at the general shareholders meeting of June 30, 2014, connected with the redemption of treasury shares of the issuer.

Although the aforementioned shares were the only significant assets of the subsidiary, their purchase did not result in the shut-down of the company, which still operates.

As a result of the mentioned transaction, separate report of Ceramika Nowa Gala SA includes the shares of CNG Luxembourg S.a.r.l. in the company as deducted by reason of impairment in the amount of PLN 23,838 thousand. At the same time, the purchase of treasury shares have been included in equities (as negative values) in the amount resulting from their evaluation at the moment of their contribution in kind to CNG Luxembourg S.a.r.l. The amount was equal to the book value of shares in the subsidiary obtained in return for the contribution in kind. This means that it is equal to the value of the aforementioned write-down.

The results of both of these transactions have been mutually compensated, directly on the level of the parent company's equities, and they did not affect the total profit presented in the separate financial statement.

The transactions only influence the separate financial statement and they were totally eliminated from the consolidated financial statement.

**14. Important events that took place after the balance sheet date and before the date of the publication of this report****14.1. Decrease in the issuer's authorised share capital**

On October 16, 2014, the District Court Commercial Division of the National Court Register in Kielce registered a decrease in the company's authorised share capital. After the registration the share capital is now PLN 46,893,621 and consists of 46.893.621 shares in series A.

**14.2. Payment of dividend**

According to resolution no. 7, adopted by the general shareholders meeting on June 30, 2014, on October 15, 2014 the company paid a dividend in the amount of PLN 3,751,489.68. It constituted part of the profit for the year 2013. One share was equal to PLN 0.08 of the dividend.

**15. Position of the management board concerning the implementation of financial projections for the year 2014**

No projections has been published for the year 2014.

**16. 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 shareholders 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 Otworthy 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 Otworthy Fundusz Emerytalny Aviva BZ WBK	5,834,364	12.44%	5,834,364	12.44%
ING Otworthy 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 shareholders meeting according to the consolidated quarterly report for the 1st quarter of 2014 published on May 15, 2014 (the provided shares in the capital and votes at the general shareholders meeting were related to the amount of the capital before the redemption referred to in point 14.1).

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	19.26%	10,806,249	19.26%
AMPLICO OFE (formerly AIG OFE)	9,852,365	17.56%	9,852,365	17.56%
CNG Luxembourg S.a.r.l. and Ceramika Nowa Gala SA*	9,220,757	16.43%	9,220,757	16.43%
Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK	5,650,000	10.07%	5,650,000	10.07%
Allianz Polska OFE	4,851,616	8.65%	4,851,616	8.65%
ING Otworthy Fundusz Emerytalny and ING Dobrowolny Fundusz Emerytalny	2,955,018	5.27%	2,955,018	5.27%

\* neither the issuer nor the subsidiary had the right to vote with the treasury shares they held

## 17. 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. The increase in the value of a share in the share capital and votes at the general shareholders meeting results from registering the decrease of company's authorised share capital by the court.

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 shareholders 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 shareholders 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 shareholders meeting.

**18. 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.

**19. 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, neither individually nor jointly, that would be significant and concluded according to terms other than market terms.

**20. 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**

In January 2014 Ceramika Nowa Gala SA increased the loan for CNG Luxembourg Sarl by EUR 60,000 and extended the deadline for its payment to March 31, 2015. Therefore, the current loan amount (excluding accrued interest) amounts to EUR 145 thousand.

Due to the refinancing of the working capital credit performed by Ceramika Gres SA subsidiary (see: point 6.2 for details), Ceramika Nowa Gala SA and Ceramika Nowa Gala II sp. z o.o. provided ING Bank Śląski SA with guarantees on behalf of Ceramika Gres SA to the amount of: PLN 21,000 thousand and PLN 10,000 thousand respectively. At the same time, the analogous guarantees granted to Alior Bank SA have expired.

**21. Factors which the company believes to affect the results achieved by the capital group at least within the next quarter**

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 4th quarter of the year.

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.