



## **Consolidated interim financial statements of**

# **Ceramika Nowa Gala SA**

for the period of 1 January–30 September 2015

including information on quarterly finances referred to in Article 87 (1) of the Regulation of the Council of Ministers of 19 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, 16 November 2015

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

### for the period of 1 January –30 September 2015

Amounts in PLN thousand (PLN `000).

	Q3 2015	3 quarters of 2015	Q3 2014	3 quarters of 2014
<b>Revenues</b>	<b>50,221</b>	<b>142,281</b>	<b>50,508</b>	<b>142,466</b>
Cost of sales	39,297	108,336	36,118	105,205
<b>Gross profit</b>	<b>10,924</b>	<b>33,945</b>	<b>14,390</b>	<b>37,261</b>
Other income	283	880	255	904
Selling and administrative expenses	9,894	30,544	10,209	30,405
Other expenses	576	1,715	224	1,378
<b>Profit before interest and tax</b>	<b>737</b>	<b>2,566</b>	<b>4,212</b>	<b>6,382</b>
Finance income	-64	332	669	731
Finance expenses	281	1,178	571	2,125
Share in profits of associates and joint ventures	-	-	-	-
<b>Profit before tax</b>	<b>392</b>	<b>1,720</b>	<b>4,310</b>	<b>4,988</b>
Income tax expense	126	-176	364	-703
<b>Profit from continued operations</b>	<b>266</b>	<b>1,896</b>	<b>3,946</b>	<b>5,691</b>
Profit from discontinued operations	-	-	-	-
<b>Profit</b>	<b>266</b>	<b>1,896</b>	<b>3,946</b>	<b>5,691</b>
<b>Other comprehensive income that may be transferred to the profit in the future</b>				
Exchange rate differences from translation	-	-3	-	-1
<b>Other comprehensive income that may not be transferred to the profit in the future</b>				
	-	-	-	-
<b>Total comprehensive income</b>	<b>266</b>	<b>1,893</b>	<b>3,946</b>	<b>5,690</b>
<b>Profit attributable to</b>				
shareholders of the parent company	266	1,893	3,946	5,690
non-controlling interests	-	-	-	-
	<b>266</b>	<b>1,893</b>	<b>3,946</b>	<b>5,690</b>
<b>Total comprehensive income attributable to</b>				
shareholders of the parent company	266	1,893	3,946	5,690
non-controlling interests	-	-	-	-
	<b>266</b>	<b>1,893</b>	<b>3,946</b>	<b>5,960</b>
	<b>Entity</b>	<b>12 months until 30 September 2015</b>	<b>12 months until 30 September 2014</b>	
Annualized profit (loss)	PLN thousand	-1,553	1,949	
Weighted average number of shares	thousand	46,894	46,894	
Basic earnings (loss) per share from continued operations	PLN	-0.03	0.04	
Weighted average diluting number of shares	thousand	46,894	46,894	
Diluted earnings (loss) per share from continued operations	PLN	-0.03	0.04	

## Consolidated statement of financial position as of 30 September 2015

Amounts in PLN thousand (PLN '000).

<b>Assets</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
<b>Non-current assets</b>		
Goodwill	18,851	18,851
Other intangible assets	4,082	4,614
Property, plant and equipment	103,715	109,595
Investment property	7,550	7,550
Other financial assets	145	145
Deferred tax assets	11,173	11,069
<b>Total non-current assets</b>	<b>145,516</b>	<b>151,824</b>
<b>Current assets</b>		
Inventory	80,909	86,457
Trade and other receivables	42,169	36,015
Receivables from current income tax	-	950
Other financial assets	-	-
Cash and cash equivalents	8,512	13,206
Other current assets	680	596
<b>Total current assets</b>	<b>132,270</b>	<b>137,224</b>
Assets classified as available for sale in accordance with IFRS 5	-	-
<b>Total assets</b>	<b>277,786</b>	<b>289,048</b>

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**Consolidated statement of financial position (contd.)**

Amounts in PLN thousand (PLN '000).

<b>Equity and liabilities</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
<b>Equity</b>		
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	-	-
Current portion of retained earnings	16,981	13,278
<b>Equity attributable to the shareholders of the parent company</b>	<b>197,873</b>	<b>200,669</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>197,873</b>	<b>200,669</b>
<b>Non-current liabilities</b>		
Borrowings	12,183	49,252
Provision for deferred income tax	6,364	6,796
Provision for employee benefits	24	24
<b>Total non-current liabilities</b>	<b>18,571</b>	<b>56,072</b>
<b>Current liabilities</b>		
Trade and other payables	25,995	18,714
Current tax liability	151	24
Borrowings	25,517	5,546
Factoring liability	1,723	-
Provision for employee benefits	1,583	1,019
Other provisions	6,373	7,004
<b>Total current liabilities</b>	<b>61,342</b>	<b>32,307</b>
Liabilities associated with assets classified as held for sale in accordance with IFRS 5	-	-
<b>Total liabilities</b>	<b>79,913</b>	<b>88,379</b>
<b>Total liabilities and equity</b>	<b>277,786</b>	<b>289,048</b>
Book value (in PLN thousand)	197,873	200,669
Number of shares (in thousand pcs)	46,894	46,894
Book value per share (in PLN)	4.22	4.28
Diluted number of shares (in thousand pcs)	46,894	46,894
Diluted book value per share (in PLN)	4.22	4.28

## Consolidated cash flow statement for the period of 1 January–30 September 2015

Amounts in PLN thousand (PLN '000).

	3 quarters of 2015	3 quarters of 2014
<b>Operating activities</b>		
<b>Net profit (loss)</b>	<b>1,896</b>	<b>5,691</b>
Amortization and depreciation	10,347	9,933
Interest revenues and costs	1,059	1,986
Revenues and costs from exchange rate differences	337	-468
Gain (loss) on disposal of intangible and tangible non-current assets	122	193
Movement of provisions, write-downs, prepayments and accruals	-152	-2,356
Income tax expense	-176	-703
Other adjustments	3	-1
<b>Cash flow from operations before movements in working capital</b>	<b>13,436</b>	<b>14,275</b>
Movement of inventory	5,547	6,619
Movement of receivables	-6,132	-3,528
Movement of payables	8,948	-3,577
<b>Gross cash flow from operations</b>	<b>21,799</b>	<b>13,788</b>
Received interest from operating activities	24	1
Interest paid from operating activities	-4	-
Income tax paid	-302	-2
<b>Net cash flows from operating activities</b>	<b>21,517</b>	<b>13,788</b>
<b>Investing activities</b>		
Proceeds from disposal of tangible and intangible non-current assets	62	114
Purchase of tangible and intangible non-current assets	-4,787	-5,982
<b>Net cash from operating activities</b>	<b>-4,725</b>	<b>-5,868</b>

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

Amounts in PLN thousand (PLN '000).

	3 quarters of 2015	3 quarters of 2014
<b>Financing activities</b>		
Proceeds from borrowings	1,133	43,380
Proceeds from factoring	1,722	-
Dividends to shareholders of the parent company	-4,689	-
Repayment of borrowings	-18,222	-34,534
Repayment of factoring liabilities	-	-4,127
Interest paid pertaining to financing activities	-1,094	-1,979
<b>Net cash flows from financing activities</b>	<b>-21,150</b>	<b>2,740</b>
<b>Net cash flows from financing activities</b>		
	<b>-4,358</b>	<b>10,660</b>
Cash and cash equivalents at the beginning of the period	13,206	5,120
Exchange rate differences	-336	463
<b>Cash and cash equivalents at the end of the period</b>	<b>8,512</b>	<b>16,242</b>
<b>Structure of cash and cash equivalents:</b>		
Cash available for use	6,255	15,963
Cash unavailable for use	2,257*	279
	<b>8,512</b>	<b>16,242</b>

\* PLN 1,986 thousand pertains to cash held by Energia Park Trzemoszna under a loan granted to this company by Ceramika Nowa Gala II Sp. z o.o. subsidiary company (see section 20).

## Consolidated statement of changes in equity for the period of 1 January–30 September 2015

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 of 1 January 2014</b>	<b>56,114</b>	<b>150,907</b>	<b>6</b>	<b>8,719</b>	-	<b>-24,377</b>	<b>10,807</b>	<b>202,176</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 of 30 September 2014</b>	<b>56,114</b>	<b>158,169</b>	<b>5</b>	<b>8,719</b>	-	<b>-24,377</b>	<b>5,485</b>	<b>204,115</b>	-	<b>204,115</b>
<b>As of 1 January 2015</b>	<b>46,894</b>	<b>131,770</b>	<b>8</b>	<b>8,719</b>	-	-	<b>13,278</b>	<b>200,669</b>	-	<b>200,669</b>
Total comprehensive income*	-	-	-3	-	-	-	1,896	1,893	-	1,893
Coverage of loss from previous years	-	-	-	-	-	-	-	-	-	-
Division of profit from previous years	-	-1,807	-	-	-	-	1,807	-	-	-
Adopted dividend	-	-4,689	-	-	-	-	-	-4,689	-	-4,689
Purchase of shares										
<b>As of 30 September 2015</b>	<b>46,894</b>	<b>125,274</b>	<b>5</b>	<b>8,719</b>	-	-	<b>16,981</b>	<b>197,873</b>	-	<b>197,873</b>

\* After 3 quarters 2015, the amount of total income was attributed to the following equity items: net profit in the amount of PLN 1,893 thousand increased the value of retained earnings and exchange rate differences from translation of the financial statements of CNG Luxembourg subsidiary from EUR into PLN in the amount of PLN 1 thousand (in minus) which was recognised in the item exchange rate differences from translation. After 3 quarters of 2014, the amount of total income was attributed to the following equity items: net profit in the amount of PLN 5,690 thousand increased the amount of retained earnings and exchange rate differences from translation of the financial statements of CNG Luxembourg subsidiary from EUR into PLN in the amount of PLN 1 thousand recognised (in minus) in the item exchange rate differences from translation.

## Financial highlights

Euro exchange rates are used to translate the items in the following table:

- as for balance sheet data, the average exchange rates of NBP were used: 4.2623 PLN/EUR as of 31 December 2014 and 4,2386 PLN/EUR as of 30 September 30 2015;
- as for data derived from the statement of comprehensive income and the cash flow statement, the following exchange rates, which constituted the arithmetic average of the NBP rates, were used: 4.1803 PLN/EUR in 3 quarters of 2014; 4.1585 PLN/EUR in 3 quarters of 2015.

The average exchange rates of the NBP for USD used to translate the monetary items are as follows: 3.5072 PLN/USD as of 31 December 2014 and 3.7754 PLN/USD as of 30 September 2015.

Consolidated data	PLN thousand		EUR thousand	
	3 quarters of 2015	2014 (comparable data)**	3 quarters of 2015	2014 (comparable data)**
I. Revenue	142,281	142,466	34,215	34,080
II. Profit (loss) before interests and tax	2,566	6,382	617	1,527
III. Profit (loss) before tax	1,720	4,988	414	1,193
IV. Net profit (loss)	1,896	5,691	456	1,361
V. Net cash flows from operating activities	21,517	13,788	5,174	3,298
VI. Net cash flows from investing activities	-4,725	-5,868	-1,136	-1,404
VII. Net cash flows from financing activities	-21,150	2,740	-5,086	655
VIII. Net cash flows (total)*	-4,694	11,123	-1,129	2,661
IX. Total assets	277,786	289,048	65,537	67,815
X. Liabilities and provisions for liabilities	79,913	88,379	18,854	20,735
XI. Non-current liabilities	18,571	56,072	4,381	13,155
XII. Current liabilities	61,342	32,307	14,472	7,580
XIII. Equity	197,873	200,669	46,684	47,080
XIV. Share capital	46,894	46,894	11,064	11,002
XV. Number of shares	46,893,621	46,893,621	-	-
XVI. Basic profit (loss) per share (in PLN/EUR)	-0.03	0.04	-0.01	0.01
XVII. Diluted profit (loss) per share (in PLN/EUR)	-0.03	0.04	-0.01	0.01
XVIII. Book value per share (in PLN/EUR)	4.22	4.28	1.00	1.00
XIX. Diluted book value per share (in PLN/EUR)	4.22	4.28	1.00	1.00
XX. Declared or paid dividend per share (in PLN/EUR)	0.1	0.08	0.02	0.02

\* balance sheet movement of cash, account for the movement of revaluation from exchange rate differences

\*\* in the case of balance sheet items, comparable data related to the balance as of 31 December 2014, while in the case of other items, the comparable data related to 3 quarters of 2014



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

### for the period of 1 January–30 September 2015

Amounts in PLN thousand (PLN `000).

	Q3 2015	3 quarters of 2015	Q3 2014	3 quarters of 2014
<b>Revenues</b>	<b>38,909</b>	<b>113,359</b>	<b>39,474</b>	<b>113,515</b>
Cost of sales	34,138	100,320	37,763	105,050
<b>Gross profit</b>	<b>4,771</b>	<b>13,039</b>	<b>1,711</b>	<b>8,465</b>
Other income	-1	33	-26	69
Selling and administrative expenses	5,702	17,531	4,423	17,883
Other expenses	116	393	137	673
<b>Profit before interest and tax</b>	<b>-1,048</b>	<b>-4,852</b>	<b>-2,875</b>	<b>-10,022</b>
Finance income	-82	16,234	279	409
Finance expenses	30	250	203	716
<b>Profit from continued operations before tax</b>	<b>-1,160</b>	<b>11,132</b>	<b>-2,799</b>	<b>-10,329</b>
Income tax expense	-209	-793	-611	-1,964
<b>Profit from continued operations after tax</b>	<b>-951</b>	<b>11,925</b>	<b>-2,188</b>	<b>-8,365</b>
Profit from discontinued operations after tax	-	-	-	-
<b>Profit for the year</b>	<b>-951</b>	<b>11,925</b>	<b>-2,188</b>	<b>-8,365</b>
<b>Other comprehensive income</b>				
None				
<b>Total comprehensive income</b>	<b>-951</b>	<b>11,925</b>	<b>-2,188</b>	<b>-8,365</b>

	Entity	12 months until 30 September 2015	12 months until 30 September 2014
Annualized profit (loss)	PLN thousand	18,431	-14,284
Weighted average number of shares	thousand	46,894	46,894
Basic earnings (loss) per share from continued operations	PLN	0.39	-0.30
Weighted average diluting number of shares	thousand	46,894	46,894
Diluted earnings (loss) per share from continued operations	PLN	0.39	-0.30

## Separate statement of financial position

### as of 30 September 2015

Amounts in PLN thousand (PLN '000).

<b>Assets</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
<b>Non-current assets</b>		
Intangible assets	438	496
Property, plant and equipment	42,547	47,566
Investments in related entities	79,009	78,859
Other financial assets	121	121
Deferred tax assets	6,908	6,937
<b>Total non-current assets</b>	<b>129,023</b>	<b>133,979</b>
<b>Current assets</b>		
Inventory	58,367	59,724
Trade and other receivables	44,004	36,150
Receivables from current income tax	-	874
Loans granted to subsidiaries	113	107
Other financial assets	-	-
Cash and cash equivalents	2,375	6,591
Other current assets	380	342
<b>Total current assets</b>	<b>105,239</b>	<b>103,788</b>
Assets classified as available for sale in accordance with IFRS 5	-	-
<b>Total assets</b>	<b>234,262</b>	<b>237,767</b>

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**Separate statement of financial position (contd.)**

Amounts in PLN thousand (PLN '000).

<b>Equity and liabilities</b>	<b>30.09.2015</b>	<b>31.12.2014</b>	
<b>Equity</b>			
Share capital	46,894	46,894	
Reserves	133,237	139,786	
Revaluation reserve	-	-	
Other reserves	-	-	
Treasury shares	-	-	
Current portion of retained earnings	11,925	-1,859	
<b>Total equity</b>	<b>192,056</b>	<b>184,821</b>	
<b>Non-current liabilities</b>			
Borrowings	12,183	13,575	
Provision for deferred income tax	4,464	5,225	
Provision for employee benefits	-	-	
Other provisions	-	-	
<b>Total non-current liabilities</b>	<b>16,647</b>	<b>18,800</b>	
<b>Current liabilities</b>			
Trade and other payables	18,551	22,829	
Current tax liabilities	-	-	
Borrowings	1,452	5,546	
Provision for employee benefits	1,268	772	
Other provisions	4,288	4,999	
<b>Total current liabilities</b>	<b>25,559</b>	<b>34,146</b>	
Liabilities associated with assets classified as held for sale in accordance with IFRS 5	-	-	
<b>Total liabilities</b>	<b>42,206</b>	<b>52,946</b>	
<b>Total equity and liabilities</b>	<b>234,262</b>	<b>237,767</b>	
	<b>Entity</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
Book value	PLN thousand	192,056	184,821
Number of shares	thousand pcs	46,894	46,894
Book value per share	PLN	4.10	3.94
Diluted number of shares	thousand pcs	46,894	46,894
Diluted book value per share	PLN	4.10	3.94

## Separate cash flow statement

### for the period of 1 January–30 September 2015

Amounts in PLN thousand (PLN '000).

	3 quarters of 2015	3 quarters of 2014
<b><u>Operating activities</u></b>		
<b>Net profit (loss)</b>	<b>11,925</b>	<b>-8,365</b>
Amortization and depreciation	5,819	5,613
Dividend income	-16,010	
Interest income and expenses	57	531
Foreign exchange gains (losses)	96	-48
Gain (loss) on disposal of intangible and tangible non-current assets	61	103
Movement of provisions, write-downs, prepayments and accruals	-253	-1,073
Income tax expense	-793	-1,964
Other adjustments	-	-
<b>Cash flow from operations before movements in working capital</b>	<b>902</b>	<b>-5,203</b>
Movement of inventory	1,357	6,152
Movement of receivables	-3,507	-2,959
Movement of liabilities	9,095	10,339
<b>Cash flow from operations</b>	<b>7,847</b>	<b>8,330</b>
Received interest from operating activities	24	1
Interest paid on operating activities	-4	-2
Income tax paid	-85	163
<b>Net cash flows from operating activities</b>	<b>7,782</b>	<b>8,491</b>
<b><u>Investing activities</u></b>		
Proceeds from disposal of tangible and intangible non-current assets	54	42
Purchase of tangible and intangible non-current assets	-1,549	-4,924
Loans granted	-	-252
Acquired financial assets	-	-834
<b>Net cash from investing activities</b>	<b>-1,495</b>	<b>-5,968</b>

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

Amounts in PLN thousand (PLN '000).

	<b>3 quarters of 2015</b>	<b>3 quarters of 2014</b>
<b><u>Financing activities</u></b>		
Proceeds from borrowings	1,133	7,385
Dividends to shareholders	-4,689	-
Repayment of borrowings	-6,611	-2,779
Interest paid pertaining to financing activities	-241	-707
<b>Net cash flows from financing activities</b>	<b>-10,408</b>	<b>3,899</b>
<b>Net cash flows from financing activity</b>		
	<b>-4,121</b>	<b>6,422</b>
Cash and cash equivalents at the beginning of the period	6,591	1,079
Exchange rate differences	-95	43
<b>Cash and cash equivalents at the end of the period</b>	<b>2,375</b>	<b>7,544</b>
<b><u>Structure of cash and cash equivalents:</u></b>		
Unrestricted cash	2,210	7,382
Restricted cash	165	162
	<b>2,375</b>	<b>7,544</b>

## Separate statement of changes in equity for the period of 1 January–30 September 2015

Amounts in PLN thousand (PLN '000).

	Share capital	Reserves	Other reserves	Revaluation reserve	Treasury shares	Current portion of retained earnings	Total equity
<b>As of 1 January 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 of 30 September 2014</b>	<b>56,114</b>	<b>154,942</b>	-	-	<b>-24,377</b>	<b>-8,365</b>	<b>178,314</b>
<b>As of 1 January 2015</b>	<b>46,894</b>	<b>139,786</b>	-	-	-	<b>-1,859</b>	<b>184,821</b>
Total comprehensive income*	-	-	-	-	-	11,925	11,925
Coverage of loss from previous years	-	-1,859	-	-	-	1,859	-
Division of profit from previous years	-	-	-	-	-	-	-
Adopted dividend	-	-4,690	-	-	-	-	-4,690
Purchase of shares	-	-	-	-	-	-	-
<b>As at September 30, 2015</b>	<b>46,894</b>	<b>133,237</b>	-	-	-	<b>11,925</b>	<b>192,056</b>

\* After 3 quarters of 2015, the amount of total income was: net profit of PLN 11,925 thousand, which increased the amount of retained earnings. 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 amount of retained earnings.

## Financial highlights

Euro exchange rates are used to translate the items in the following table:

- as for balance sheet data, the average exchange rates of NBP were used: 4.2623 PLN/EUR as of 31 December 2014 and 4,2386 PLN/EUR as of 30 September 2015;
- as for data derived from the statement of comprehensive income and the cash flow statement, the following exchange rates, which constituted the arithmetic average of the NBP rates, were used: 4.1803 PLN/EUR in 3 quarters of 2014; 4.1585 PLN/EUR in 3 quarters of 2015.

The average exchange rates of the NBP for USD, used to translate the monetary items, are as follows: 3.5072 PLN/USD as of 31 December 2014 and 3.7754 PLN/USD as of 30 September 2015.

Separate data	PLN thousand		EUR thousand	
	3 quarters of	2014	3 quarters of	2014
	2015	comparable data**	2015	comparable data**
I. Net revenues from the sale of products, goods and materials	113,359	113,515	27,260	27,155
II. Profit (loss) before interests and tax	-4,852	-10,022	-1,167	-2,397
III. Profit (loss) before tax	11,132	-10,329	2,677	-2,471
IV. Net profit (loss)	11,925	-8,365	2,868	-2,001
V. Net cash flows from operating activities	7,782	8,491	1,871	2,031
VI. Net cash flows from investing activities	-1,495	-5,968	-360	-1,428
VII. Net cash flows from financing activities	-10,408	3,899	-2,503	933
VIII. Net cash flows (total)*	-4,216	6,465	-1,014	1,547
IX. Total assets	234,262	237,767	55,269	55,784
X. Liabilities and provisions for liabilities	42,206	52,946	9,958	12,422
XI. Non-current liabilities	16,647	18,800	3,927	4,411
XII. Current liabilities	25,559	34,146	6,030	8,011
XIII. Equity	192,056	184,821	45,311	43,362
XIV. Share capital	46,894	46,894	11,064	11,002
XV. Number of shares	46,893,621	46,893,621	-	-
XVI. Basic profit (loss) per share (in PLN/EUR)	0.39	-0.30	0.09	-0.07
XVII. Diluted profit (loss) per share (in PLN/EUR)	0.39	-0.30	0.09	-0.07
XVIII. Book value per share (in PLN/EUR)	4.10	3.94	0.97	0.92
XIX. Diluted book value per share (in PLN/EUR)	4.10	3.94	0.97	0.92
XX. Declared or paid dividend per share (in PLN/EUR)	0.1	0.08	0.02	0.02

\* balance sheet movement of cash, account for the movement of revaluation from exchange rate differences

\*\* in the case of balance sheet items, comparable data related to the balance as of 31 December 2014, while in the case of other items, the comparable data related to 3 quarters of 2014

## Additional Information

**For the consolidated interim report for 3 quarters of 2015, prepared by a group whose parent company is Ceramika Nowa Gala SA, including the separate interim financial statements of the parent company**

### 1. Principles adopted in the preparation of the consolidated quarterly interim report

When preparing the consolidated financial statements, the company applies accounting principles consistent with International Financial Reporting Standards (IFRSs). All data have been derived from the accounting records of the subsidiaries, off-balance sheet records, and consolidation documents.

The group is composed of the following entities, the financial statements of which are consolidated on a line-by-line basis:

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

Except for those of CNG Luxembourg S.à.r.l., the accounts of the subsidiary companies are conducted based on the same accounting principles as those of the parent company. The accounts of CNG Luxembourg S.à.r.l. are conducted in accordance with accounting standards applicable in Luxembourg, and its financial statements are subject to relevant transformations in the consolidation process.

These consolidated interim financial statements were compiled in accordance with International Accounting Standard (IAS) 34. The applied accounting principles are the same as those which governed the preparation of the financial statements for the year 2014.

These consolidated interim financial statements were prepared with the assumption that the companies that belong to the group will continue their activities in the foreseeable future. On the day of approval of these financial statements for publication, there were no circumstances that would indicate any threat to the continuation of activities conducted by the companies of the group.

These consolidated interim financial statements do not contain all information and disclosures that are required to be included in the annual consolidated financial statements. Therefore, all information contained herein should be read in conjunction with the consolidated financial statements of the group for the financial year that ended on 31 December 2014, prepared in accordance with IFRSs.

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

Similarly to other sectors of the building industry, the ceramic tile industry is characterized by seasonal demand for the sold goods. The lowest demand is observed in winter (1<sup>st</sup> quarter and the last 2 months of the year), whereas the highest demand usually occurs during the summer months.

### 3. Impact of unusual events on the financial statements

- The profit was lower by PLN 7,806 thousand due to production downtime.
- Offsetting the dividend from subsidiary Ceramika Nowa Gala II Sp. z o.o. (see section 10). The transaction influences the separate financial statements only and has been eliminated from the consolidated financial statements.
- Dividends were paid to shareholders of the parent company (see section 9) in the amount of PLN 4,689 thousand.



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

- Creating provisions for liabilities: PLN 9,767 thousand
- Utilizing provisions for liabilities: PLN 10,116 thousand
- Increasing provisions for deferred income tax: PLN 539 thousand
- Utilizing provisions for deferred income tax: PLN 970 thousand
- Increasing deferred income tax assets: PLN 3,054 thousand
- Utilizing deferred income tax assets: PLN 2,965 thousand

#### 5. Business segments

The organizational structure of the group is a functional one. Four key areas can be distinguished: sales, production, finance, and administration and logistics. The management board makes the key decisions regarding the ongoing operations and the group's growth strategy. The group specializes in the production of ceramic stoneware tiles, which are sold under two brands: Ceramika Nowa Gala and Ceramika Gres. The sales policy is determined jointly for the whole group. In accordance with the requirements of IFRS 8, only one operating segment has been distinguished.

##### 5.1. Information on geographic segments

Amounts in PLN thousand (PLN '000).

	DOMESTIC		EXPORT		TOTAL	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
Revenues	42,784	40,026	7,437	10,482	50,221	50,508
Cost of sales	28,470	25,948	5,341	7,563	33,811	33,511
<b>Sales result</b>	<b>14,314</b>	<b>14,078</b>	<b>2,096</b>	<b>2,919</b>	<b>16,410</b>	<b>16,997</b>
Unallocated costs					5,486	2,607
<b>Gross profit</b>					<b>10,924</b>	<b>14,390</b>

	DOMESTIC		EXPORT		TOTAL	
	3 quarters of 2015	3 quarters of 2014	3 quarters of 2015	3 quarters of 2014	3 quarters of 2015	3 quarters of 2014
Revenues	119,664	116,004	22,617	26,462	142,281	142,466
Cost of sales	82,053	78,094	16,288	19,059	98,341	97,153
<b>Sales result</b>	<b>37,611</b>	<b>37,910</b>	<b>6,329</b>	<b>7,403</b>	<b>43,940</b>	<b>45,313</b>
Unallocated costs					9,995	8,052
<b>Gross profit</b>					<b>33,945</b>	<b>37,261</b>

Assets	DOMESTIC		EXPORT		TOTAL	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Trade receivables	33,079	28,099	6,424	5,923	39,503	34,022
Other receivables (unallocated)					2,666	1,993
					<b>42,169</b>	<b>36,015</b>

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

All fixed assets of the companies 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 segments

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 or services.

Amounts in PLN thousand (PLN '000).

	CERAMIC PRODUCTS		OTHER SALES		TOTAL	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
Revenues from sales to external customers	49,904	50,370	317	138	50,221	50,508
Purchase of fixed assets	2,333	2,214	-	-	2,333	2,214

	CERAMIC PRODUCTS		OTHER SALES		TOTAL	
	3 quarters of 2015	3 quarters of 2014	3 quarters of 2015	3 quarters of 2014	3 quarters of 2015	3 quarters of 2014
Revenues from sales to external customers	141,709	141,440	572	1,026	142,281	142,466
Purchase of fixed assets	4,137	8,988	-	-	4,137	8,988

## 5.3. Information on significant customers

Within 3 quarters of 2015, sales to none of the customers of the group exceeded 10% of consolidated revenues from sales.

## 6. Loan agreements concluded within 3 quarters of 2015

### *Annex to the loan agreement concluded with mBank SA on 28 October 2002*

The deadline for payment of the revolving credit facility in the amount of PLN 4,280 thousand granted to Ceramika Nowa Gala SA by mBank SA fell on 30 June 2015. On 25 June 2015, the company signed an annex to the loan agreement that extended the deadline for payment to 29 June 2017 while maintaining the existing collateral. At the same time, the company decreased its existing overdraft limit from PLN 4,280 thousand to PLN 4,200 thousand, in line with the strategy assuming debt reduction.

## 7. Changes in off-balance sheet items relative to the annual report for 2014

There have been changes in off-balance sheet items relative to the information disclosed in the last consolidated annual report. The liability regarding the purchase of plant and equipment has been satisfied.

## 8. Conclusion of an agreement on purchase of fuel gas between the companies of the 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. entered into agreements on the purchase of fuel gas with PGNiG Obrót Detaliczny Sp. z o.o. (hereinafter referred to as "PGNiG"). All the agreements have been concluded for an indefinite period and under similar terms and conditions. The estimated total value of

purchases under these agreements for a period of 5 years will be approximately PLN 130,482 thousand. The most important details concerning the agreement of the highest value are as follows:

- The agreement was concluded by the subsidiary Ceramika Gres SA.
- The price the subsidiary is to pay for fuel gas will depend on the current tariff.
- The debtor's consent for voluntary submission to enforcement of up to PLN 2,500 thousand will be used as a performance bond.
- When the actual annual purchase of fuel gas is lower than the minimum amount specified in the agreement, the subsidiary will be required to pay the seller liquidated damages in the amount of 75% of the price for uncollected fuel gas.
- The agreement has been concluded for an indefinite period.
- The Polish zloty is the currency of the agreement.
- The value of purchases made under the agreement within 5 years is estimated to be approximately PLN 58,137 thousand.

In August, a decision to change the gas supplier was made, and all the companies of the group signed new comprehensive agreements regarding the purchase and distribution of gas. Under the aforementioned agreements, the new supplier was authorized to terminate the agreements concluded with PGNiG (for details, see section 13). As a result, the companies of the group will not purchase gas from PGNiG for the estimated amounts.

## **9. Payment of dividend to shareholders of the parent company**

In accordance with a resolution adopted by the general meeting of the shareholders, on 11 September 2015, the company paid a dividend in the amount of PLN 4,689,362.10. The dividend was paid from the reserves (accumulated profits from the previous years). One share was equal to PLN 0.10 of the dividend.

## **10. Offsetting the dividend from subsidiary Ceramika Nowa Gala II Sp. z o.o.**

In accordance with the resolution of the general meeting of the shareholders of Ceramika Nowa Gala II Sp. z o.o, the profit of the subsidiary for 2013 in the amount of PLN 11,242,827.77 was allocated in 2014 in full for the payment of a dividend to the sole shareholder, Ceramika Nowa Gala SA. The dividend was offset by other accounts in February 2015.

## **11. Adoption of resolutions by the subsidiaries on the payment of dividend to Ceramika Nowa Gala SA**

On 17 June 2015, the annual meeting of the shareholders of the subsidiary Ceramika Nowa Gala II Sp. z o.o. resolved that the net profit of the company for 2014 in the amount of PLN 10,516,237.60 would be allocated for the payment of a dividend to the parent company, Ceramika Nowa Gala SA. The dividend will be paid on 28 February 2016.

Furthermore, on 16 June 2015, the annual meeting of shareholders of Ceramika Gres SA resolved that the net profit of the company for 2014 in the amount of PLN 5,493,982.98 would be allocated for the payment of the dividend to the parent company – Ceramika Nowa Gala SA. The dividend will be paid on 28 February 2016.

## **12. License to trade in fuel gas granted to a subsidiary**

On 7 August 2015, under a decision of the President of the Energy Regulatory Office (ERO), Energia Park Trzemoszna Sp. z o.o. was granted a license to trade in fuel gas. The license is valid for the period of 2 August 2015 through 31 December 2030. The group shall use it to purchase fuel gas for the use of the companies of the group in the future. In order to begin activity under the aforementioned license, it is required to obtain a tariff for trade in fuel gas approved by the President of the ERO and sign agreements with the Distribution System Operator and the Transmission System Operator.

### **13. Change of the gas supplier for the companies of the group**

On 26 August 2015, Ceramika Nowa Gala SA and its subsidiaries Ceramika Gres SA and Ceramika Nowa Gala II Sp. z o.o. signed agreements with RWE Polska SA, based in Warsaw, that govern the purchase terms and conditions to fully satisfy the demand for natural gas of the companies mentioned above.

All the above-mentioned agreements have been concluded for a fixed term until 31 December 2016, and their total value until their expiry has been estimated at PLN 30,100 thousand.

The most important details concerning the agreement of the highest value, concluded by Ceramika Nowa Gala SA, are as follows:

- The price the company is to pay for gaseous fuel will be calculated based on GAS\_BASE contracts traded on the Commodity Derivatives Market and the price index POLPX-gas traded on the Polish Power Exchange (TGE) and will be increased by the seller's margin. In case of significant discrepancies between the actual gas consumption and its forecast, the actual purchase price may be further adjusted.
- In addition to the gas fuel price, the company will be required to pay charges to the seller for distribution according to the current tariff of the Distribution System Operator.
- Under the agreements, the seller has received the company's authorization to carry out the process of changing the existing supplier and notifying this change in accordance with the terms of the "Instruction on the Distribution Network Operation and Use" developed by the Distribution System Operator.
- Each party to the agreement has the right to terminate it in writing with a 3-month notice period, but in that case, the party that has terminated the agreement shall be obliged to pay liquidated damages. Liquidated damages will be calculated based on the difference between the ordered quantity of gas and that actually purchased during the agreement period, multiplied by the difference between the actual price of gas purchases during the agreement period and the weighted average daily price of the purchase or sale of gas fuel specified by the Transmission System Operator GAZ-SYSTEM on the effective date of termination of the agreement, adjusted by a factor specified therein.
- The estimated value of the agreement over its duration is PLN 13,300 thousand.

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

On 7 October 2015, subsidiary Ceramika Gres SA signed an annex to the loan agreement with ING Bank Śląski SA to extend the deadline for the payment of the loan from 23 June 2016 to 31 August 2017 while maintaining the existing collateral and the maximum amount of financing of PLN 40,000 thousand.

The deadline for payment of the overdraft credit facility in the amount of PLN 4,500 thousand granted to Ceramika Nowa Gala SA by mBank SA fell on November 27, 2015. On 6 November 2015, the company signed an annex to the loan agreement which extended the deadline for payment to 13 December 2016, while maintaining the existing collateral.

### **15. Position of the management board concerning the implementation of financial projections for 2015**

The company did not publish any forecasts for 2015.

### **16. Shareholders holding at least 5% of the total number of votes at the general meeting on the day of the publication of the consolidated quarterly report**

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

dividend payments.

Shareholder	Number of shares taken up	Percentage share in the share capital	Number of votes at the general meeting	Percentage share in votes at the general meeting
Waldemar Piotrowski	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 of shareholders in accordance with the consolidated quarterly report for Q1 2015 published on 15 May 2015.

Shareholder	Number of shares taken up	Percentage share in the share capital	Number of votes at the general meeting	Percentage share in votes at the general meeting
Waldemar Piotrowski	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%

## 17. Statement of the ownership of the company's shares or rights to shares of its managing and supervisory persons

As of the date of this report, the information available to the company indicates that the following statements are true:

- 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 authorizing 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 authorizing 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 authorizing their holder to the same number of votes at the general shareholders meeting.

## 18. Information on proceedings to which the company or its subsidiaries are a party, the value of which constitutes at least 10% of the company's equity

The are no such proceedings.

**19. Information on entering by the company or its subsidiaries into one or more transactions with related parties, where such transactions are significant, either individually or collectively, and were concluded on terms other than market terms**

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 under 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 of values equivalent to at least 10% of the equity of Ceramika Nowa Gala SA**

On 7 May 2015, subsidiary Ceramika Nowa Gala II Sp. z o.o. granted a loan in the amount of PLN 2,000 thousand to Energia Park Trzemoszna Sp. z o.o. The loan is intended to finance business activities and to secure funds in connection with applying to the President of the ERO for a license to trade in gas.

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

The factors that may influence the financial results of the group in the near future include the following:

- Foreign exchange volatility
- Uncertainty about the pace of economic development in the country, as well as in 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 deterioration in sales in Q4 of the year

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