The Stalprodukt S.A. Capital Group

Consolidated Financial Report of Stalprodukt S.A. Capital Group for the accounting year 2016

Prepared in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union

Bochnia, April 2017

Selected financial data

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	2016	2015	2016	2015
I. Net sales of products, goods and materials	3 140 935	3 131 693	717 813	748 350
II. Operating profit (loss)	412 869	291 552	94 355	69 669
III. Profit (loss) before taxation	425 367	287 009	97 211	68 584
IV. Net profit (loss)	345 254	227 234	78 903	54 300
- attributable to shareholders of the parent company	325 777	219 068	74 452	52 349
- net profit attributed to non-controlling interests	19 477	8 166	4 451	1 951
V. Net cash flow from operating activities	266 874	420 235	60 990	100 419
VI. Net cash flow from investment activities	-197 261	-172 836	-45 081	-41 301
VII. Net cash flow from financial activities	-51 096	-148 747	-11 677	-35 544
VIII. Total net cash flow	18 517	98 652	4 232	23 574
IX. Total assets	3 718 971	3 305 746	840 635	775 724
X. Liabilities and provisions for liabilities	1 782 217	1 255 843	402 852	294 695
XI. Long-term liabilities	502 156	397 637	113 507	93 309
XII. Short-term liabilities	937 956	534 850	212 015	125 507
XIII. Shareholders' equity	1 936 754	2 049 903	437 783	481 029
- equity attributable to shareholders of the parent company	1 856 182	1 964 302	419 571	460 941
- equity attributed to non-controlling interests	80 572	85 601	18 212	20 087
XIV. Share capital	11 161	13 450	2 523	3 156
XV. Number of shares	5 580 267	6 725 000	5 580 267	6 725 000
XVI. Profit (loss) for one ordinary share (in PLN)	61,87	36,09	14,14	8,62
XVII. Book value per share (PLN)	347,07	304,82	78,45	72,84
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	3,00	2,00	0,69	0,48

1. Average exchange rates of zloty in NBP during the periods covered by the financial report and comparable financial data in relation to the Euro amounted to:
a) rate of exchange at end of 2016 and 2015, 4.4240 and 4.2615 respectively
b) the average rate, calculated as the arithmetical average of the exchange rates valid on the last day of each month of the year 2016 and 2015, 4.3757 and 4.1848 respectively
c) the lowest rate for 2016 and 2015, 4.2355 and 3.9822 respectively
d) the highest rate in 2016 and 2015, 4.5035 and 4.3580 respectively.

2. Basic items of the balance sheet, profit and loss account and cash flow statement were converted into Euro and presented in selected financial data.

For conversion of currency in PLN into Euros, the following rates of EUR were used, according to the following rules:
- items of assets and liabilities were converted into Euros according to the average exchange rate announced by the NBP as at 31.12.2016 and amounting to 4.4240 and 4.2615 as at 31.12.2015 (section 1a)

- items of profit and loss account and cash flows statement were converted into Euros according to the average rate which is an arithmetic average of average EUR rates announced by the NBP on the last day of each month covered by the report and amounting to 4.3757 for the year 2016 and 4.1848 for the year 2015 (section 1b).

3. For profit-per-share calculation the number of 5,580,267 shares was adopted.
4. In item XVIII the dividend-per-share level was presented, as disbursed by the Issuer in 2016 in respect of 2015.

Bochnia, 27 April 2017

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Józef Ryszka	Łukasz Mentel	Piotr Janeczek
Member of the Board	Member of the Board	President of the Board
–Marketing Director	– Financial Director	– Chief Executive Officer

CONSOLIDATED BALANCE SHEET	Note	thousand x PLN	
		2016	2014
Assets			
I. Fixed assets		**2 049 396**	**1 983 072**
1. Intangible fixed assets, including:	1	135 157	135 652
- right of perpetual land use		81 968	82 058
2. Tangible fixed assets	2	1 775 628	1 736 547
3. Long-term receivables		686	319
4. Long-term investments	3	46 029	69 232
4.1. Real estate investments		3 838	4 613
4.3. Long-term financial assets		42 191	64 619
5. Long-term prepayments		91 896	41 322
5.1. Deferred income tax assets	4	76 906	30 619
5.2. Other prepayments		14 990	10 703
II. Current assets		**1 669 575**	**1 322 674**
1. Inventories	5	604 582	465 337
2. Short-term receivables	6	587 551	433 077
3. Short-term investments	7	451 574	403 696
3.1. Short-term financial assets		357 153	307 969
a) loans		40 000	
b) short-term securities		30 974	40 307
c) cash and cash equivalents		286 179	267 662
3.2. Other short-term investments		94 421	95 727
4. Short-term prepayments	8	25 868	20 564
Total assets		**3 718 971**	**3 305 746**
Liabilities			
I. Shareholders' equity		**1 936 754**	**2 049 903**
1. Equity attributable to shareholders of the parent company		1 856 182	1 964 302
1.1. Share capital	9	11 161	13 450
1.2. Reserve capital	11	383 479	268 443
1.3. Reserve capital from revaluation	12	-169 860	69 287
1.4. Other reserve capital	13	1 376 022	1 432 544
1.5. Retained profits (losses)		-70 397	-38 490
1.6. Net profit (loss)		325 777	219 068
2. Minority capital	14	80 572	85 601
II. Liabilities and provisions for liabilities		**1 782 217**	**1 255 843**
1. Provisions for liabilities	15	325 810	306 146
1.1. Provision for deferred income tax		81 471	84 584
1.2. Other provisions		244 339	221 562
a) long-term		149 033	147 950
b) short-term		95 306	73 612
2. Long-term liabilities	16	502 156	397 637
2.1. Long-term credits and loans		102 640	84 272
2.2. Other long-term liabilities		103 401	17 250
2.3. Conditional liabilities in relation to ZGH "Bolesław"		296 115	296 115

purchase			
3. Short-term liabilities	17	937 956	534 850
3.1. Short-term credits and loans		229 176	91 086
3.2. Current part of long-term credits and loans		25 000	20 000
3.3. Trade liabilities		336 852	243 879
3.4. Income tax liabilities		31 165	34 587
3.5. Other short-term liabilities		315 763	145 298
4. Accruals	18	16 295	17 210
Liabilities in total		**3 718 971**	**3 305 746**

Book value		**1 936 754**	**2 049 903**
Number of shares (in items)	19	**5 580 267**	**6 725 000**
Book value for one share (in PLN)		**347,07**	**304,82**

Bochnia, 27 April 2017

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Józef Ryszka
Member of the Board
–Marketing Director

Łukasz Mentel
Member of the Board
– Financial Director

Piotr Janeczek
President of the Board
– Chief Executive Officer

PROFIT AND LOSS ACCOUNT01.01.2016 – 31.12.2016

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	thousand x PLN	
		2016	2015
I. Net revenue from sale of products, goods and materials, including:		**3 140 935**	**3 131 693**
1. Net revenue from sale of products	20	3 056 653	3 041 973
2. Net revenue from sale of goods and materials	21	84 282	89 720
II. Costs of sold products, goods and materials, including:		**2 507 474**	**2 582 617**
1. Cost of manufacture of sold products	22	2 434 433	2 497 530
2. Value of sold goods and materials		73 041	85 087
III. Profit (loss) gross on sales		**633 461**	**549 076**
IV. Costs of sales		70 981	79 344
V. General administrative costs		135 787	135 093
VI. Profit (loss) on sales		**426 693**	**334 639**
VII. Other operational revenue	23	34 715	24 251
VIII. Other operational costs	24	48 539	67 338
IX. Profit (loss) from operational activity		**412 869**	**291 552**
X. Financial revenue	25	35 318	15 813
XI. Financial costs	26	23 825	20 006
XII. Profit from stakes in associated entities		1 005	-350
XIII. Profit (loss) gross		**425 367**	**287 009**
XIV. Income tax	27	80 113	59 775
XVI. Profit (loss) net, including:	28	**345 254**	**227 234**
1. Attributable to shareholders of the parent company		325 777	219 068
2. Attributed to non-controlling interests		19 477	8 166
Profit net		**345 254**	**227 234**
Weighted average number of ordinary shares		**5 580 267**	**6 725 000**
The weighted average number of ordinary shares adjusted against own shares		**5 580 267**	**6 296 867**
Profit (loss) for one ordinary share (in PLN)	29	**61,87**	**36,09**

TOTAL COMPREHENSIVE INCOME 01.01.2015 – 31.12.2015

TOTAL COMPREHENSIVE CONSOLIDATED INCOME	thousand x PLN		
	Note	2016	2015
Net result		345 254	227 234
Total Comprehensive Income		**345 254**	**227 234**
Total Comprehensive Income attributable to the parent company shareholders		325 777	219 068
Total Comprehensive Income attributable to non-controlling interests		19 477	8 166

Bochnia, 27 April 2017

……………………… Józef Ryszka, Member of the Board –Marketing Director

……………………………. Łukasz Mentel, Member of the Board – Financial Director

………………………… Piotr Janeczek, President of the Board – Chief Executive Officer

Statement of changes in equity for the period from 1st January to 31st December 2015 and 2014	thousand x PLN								
	Share capital	Own shares at purchase price	Supplementary capital	Capital from revaluation	Other supplementary capitals	Retained profit from previous years	Retained profit from current year	Capital non-controlling interests	Equity in TOTAL
Balance on this 01.01.2016 (opening balance)	**13 450**	**0**	**268 443**	**69 287**	**1 432 544**	**180 578**		**85 601**	**2 049 903**
Profit distribution			93 988		123 909	-217 897			0
Intercapital and consolidation transfer			21 048		-2 715	-14 925		-24 506	-21 098
Dividend and royalties						-18 153			-18 153
Financing the purchase of the Company's own and redeemed shares					-177 716				-177 716
Redemption of own shares	-2 289								-2 289
Valuation of hedging transactions				-239 147					-239 147
Total comprehensive income for period 1.01 - 31.12.2016							325 777	19 477	345 254
Balance on this 31.12.2016 (closing balance)	**11 161**	**0**	**383 479**	**-169 860**	**1 376 022**	**-70 397**	**325 777**	**80 572**	**1 936 754**
Balance on this 01.01.2015 (opening balance)	**13 450**	**-140**	**180 606**	**4 592**	**1 461 024**	**80 374**		**106 744**	**1 846 650**
Profit distribution			65 339		45 730	-111 069			0
Short-term investments transfer		140							140
Financing the purchase of the Company's own shares from reserve capital					-88 883				-88 883
Intercapital and consolidation transfer			22 498		14 673	5 869		-29 309	13 731
Dividend and royalties						-13 664			-13 664
Valuation of hedging transactions				64 695					64 695
Total comprehensive income for period 1.01 - 31.12.2015							219 068	8 166	227 234
Balance on this 31.12.2015 (closing balance)	**13 450**	**0**	**268 443**	**69 287**	**1 432 544**	**-38 490**	**219 068**	**85 601**	**2 049 903**

Bochnia, 27 April 2017

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Józef Ryszka
Member of the Board
–Marketing Director

……………………………
Łukasz Mentel
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– Financial Director

…………………………
Piotr Janeczek
President of the Board
– Chief Executive Officer

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	2016	2015
A. Cash flow from operational activity - indirect method		
I. Profit (loss) net	**345 254**	**227 234**
II. Adjustments in total	**-78 380**	**193 001**
1. Share in (profit) loss net of the subordinate entities valuated with equity method		
2. Depreciation	140 561	143 239
3. Profit (loss) on account of differences in rates	508	-404
4. Interest and shares in profit (dividend)	4 134	4 004
5. Profit (loss) from investment activity	-3 569	5 808
6. Change of provisions level	14 773	58 755
7. Change of stock level	-139 201	113 411
8. Change of receivables level	-213 915	-44 315
9. Change of short-term liabilities level, except for loans and credits	112 152	-78 565
10. Change of accruals level	-7 622	-1 066
11. Other adjustments	13 799	-7 866
III. Cash flow net from operational activity	**266 874**	**420 235**
B. Cash flow from investment activity		
I. Revenue	**67 535**	**18 788**
1. Sale of intangible and legal assets and property, plant and equipment	3 200	4 490
2. Sale of investments in real estates and intangible and legal assets		
3 From financial assets, including:	64 335	14 298
- sale of financial assets	62 185	11 992
- dividend and share in profit	1	3
- interest	2 148	2 303
- other revenue from financial assets	1	
II. Expenses	**-264 796**	**-191 624**
1. Acquisition of intangible and legal assets and property, plant and equipment	-164 834	-161 054
2. Investments in real estates and intangible and legal assets		
3 For financial assets, including:	-99 471	-30 370
- acquisition of financial assets	-99 471	-30 370
4. Other investment expenses	-491	-200
III. Cash flow net from investment activity	**-197 261**	**-172 836**
C. Cash flow from financial activity		
I. Revenue	**186 801**	**26 703**
1. Net revenue from the issuance of shares and other capital instruments and additional equity contributions		
2. Credits and loans	185 595	26 001
3. Issuance of debt securities		
4. Other financial revenue	1 206	702
II. Expenses	**-237 897**	**-175 450**

1. Acquisition of treasury shares	-179 150	-89 600
2. Dividend and other payments for the holders	-18 153	-13 663
3. Other, than the payments for holders, expenses on account of the allocation of profit		
4. Payment of credits and loans	-23 111	-56 477
5. Redemption of debt securities		
6. On account of other financial liabilities	-6 734	-6 735
7. Payment of liabilities on account of financial leasing contracts	-3 189	-1 963
8. Interests	-7 344	-7 012
9. Other financial expenses	-216	
III. Cash flow net from financial activity	**-51 096**	**-148 747**
D. Net cash flow, total	**18 517**	**98 652**
E. Balance sheet change in cash, including:	**18 517**	**98 652**
- change in cash due to exchange rates fluctuations		
F. Cash (beginning of period)	**267 662**	**169 010**
G. Cash (end of period), including:	**286 179**	**267 662**
- of limited access and disposal		

Bochnia, 27 April 2017

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–Marketing Director

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Cash at beginning of the reporting period represent the amount of PLN 267,662 thousand, including cash at hand PLN 368 thousand, on bank accounts PLN 267,294 thousand and at the end of the reporting period PLN 286,179 thousand, including PLN 266 thousand cash at hand and PLN 285,913 thousand on bank accounts.

Operating activities consist of the basic (main) activities of the Group, i.e. production, trade and service and other not classified as investing or financing activities. Net cash from operating activities is a revised financial result of the Group.

The Group's investment activity is related to acquisition and sale of tangible fixed assets of a financial and proprietary nature (fixed assets, intangible assets, shares and stocks).The Group’s financial activities consist of acquisition and use of equity and foreign capital, including the short and long term credits.

The inconsistency between the status changes declared in the balance sheet and status changes declared in the operating cash flow statement is related to the liabilities and arises from the exclusion of the change in the liabilities relating to the purchases of fixed assets and recognition of the same in the cash flow from investment activities as well as exclusion of the change in the credits and leasing status and recognition of the same in the cash flow from financial activities.

Additional Information on the adopted accounting principles (policy) and other explanatory information

1. General information

Company's identification data

Name:	**Stalprodukt S.A.**
Legal form:	**Joint Stock Company**
Seat:	**Bochnia, Wygoda 69**
Country of Registration:	**Poland**
Registering Agency:	**District Court for Kraków-Śródmieście, National Court Register (KRS) No 0000055209**
Basic object of activities:	**Production of flat cold rolled sheets Polish Classification of Economic Activities (PKD) No 2432Z**

Stalprodukt SA was established on 01.07.1991, in the process of restructuring of Tadeusz Sendzimir Steelworks (now the Branch of ArcelorMittal Poland S.A.), using an innovative path of privatization. The Company started its operations on 01.07.1992, with a 60-percent participation of employees and a 40-percent participation of Tadeusz Sendzimir Steelworks in Krakow. Upon the commencement of business the Company acquired against consideration of HTS materials, inventory, work in progress and finished goods, and equipment and intangible assets of the former Metallurgical Processing Plant HTS. In 1995-1996, the Company purchased all the assets leased from Tadeusz Sendzimir Steelworks, including the right of perpetual usufruct of land, buildings, structures, machinery and equipment.

The Company's shares were introduced into public trading and the stock exchange. They are listed on the Warsaw Stock Exchange since 06.08.1997.

The Company is the manufacturer of highly processed steel products such transformer sheets and strips, cold formed profiles and tubes, hot and cold rolled sheets and strips, road safety barriers and toroidal cores. The production plants are located in Bochnia, Krakow and Tarnow. Significant part of the production goes to export markets, mainly to EU countries.

The sales of products are pursued directly by the Company and by the national sales network with departments localized all over the country, managed by the subsidiary company Stalprodukt-Centrostal Kraków Sp. z o.o. based in Bochnia.

Internal organizational units (subsidiaries) which prepare independent financial reports are not included in the Company's enterprize. Stalprodukt S.A. is the Parent Company and prepares a consolidated financial report.

The Stalprodukt S.A. Capital Group is established for an unlimited time.

The consolidated financial statements are presented for the year 2016, and comparable financial data for the year 2015.

Composition of Management Board and Supervisory Board of the Parent Company

In the period from 01 January 2016 to 28 July 2016, the Stalprodukt Management Board of the Parent Company was composed of:

Piotr Janeczek - President of the Board

Józef Ryszka - Member of the Board

In the period from 28 July 2016 to 31 December 2016, the Stalprodukt Management Board of the Parent Company was composed of:

Piotr Janeczek - President of the Board

Józef Ryszka - Member of the Board

Łukasz Mentel - Member of the Board

In the period from 1 January 2016 to 20 June 2016, the Stalprodukt Supervisory Board of the Parent Company was composed of:

Stanisław Kurnik - Chairman of the Supervisory Board

Maria Sierpińska - Vice-Chairman of the Supervisory Board

Kazimierz Szydłowski - Secretary

Janusz Bodek - Member

Sanjay Samaddar - Member

Tomasz Plaskura - Member

Tomasz Ślęzak - Member

In the period from 20 June 2016 to 31 December 2016, the Stalprodukt Supervisory Board of the Parent Company was composed of:

Stanisław Kurnik - Chairman of the Supervisory Board

Maria Sierpińska - Vice-Chairman of the Supervisory Board

Kazimierz Szydłowski - Secretary

Janusz Bodek - Member

Sanjay Samaddar - Member

Tomasz Plaskura - Member

Magdalena Janeczek - Member

Certified Auditor

„Accord'ab" Biegli Rewidenci Sp. z o.o.

Ul. Grabiszyńska 241

53-234 Wrocław

Banks

Bank Pekao S.A.

Bank Handlowy w Warszawie S.A.

PKO Bank Polski S.A.

BNP Paribas Bank Polska S.A.

Societe Generale S.A. Oddział w Polsce

Listing on the regulated market

The Company's shares are traded on the Warsaw Stock Exchange from 06.08.1997 r.

Significant Shareholders of the Parent Company

As of 31.12.2016 r. the shareholders entitled to above 5 % of votes at the General Meeting of Shareholders:

- STP Investment S.A. holding 1 828 619 shares, accounting for 32.77 % of capital share and 5 870 991 votes, accounting for 48.13 % of the total number of votes at the General Meeting of Shareholders.
- Stalprodukt-Profil S.A., holding 621 719 shares, accounting for 11.14 % of capital share and 1 137 555 votes, accounting for 9.33 % of the total number of votes at the General Meeting of Shareholders.
- ArcelorMittal Sourcing a société en commandite par actions holding 1 066 100 shares, accounting for 19.10 % of capital share and 1 066 100 votes, accounting for 8.74 % of the total number of votes at the General Meeting of Shareholders.

Moreover, on 30 June 2016 an agreement was concluded concerning the purchase of Stalprodukt's own shares and consensual voting at the Company's General Meetings as well as pursuing a common policy in respect of the Company. The Shareholders who concluded this agreement are:

- STP Investment S.A. holding 1 828 619 shares, accounting for 5 870 991 votes at the General Meeting of Shareholders,
- Stalprodukt Profil S.A. holding 621 719 shares, accounting for 1 137 555 votes at the General Meeting of Shareholders,
- Stalnet Sp. z o.o. holding 169 565 shares, accounting for 417 573 votes at the General Meeting of Shareholders,
- Piotr Janeczek holding 115 053 shares, accounting for 574 913 votes at the General Meeting of Shareholders,

As of 31.12.2016, the shareholders, who concluded the agreement, jointly held 2 734 956 shares, accounting for 49.01 % of their capital share and 8 001 032 votes, accounting for 65.59 % of the total number of votes at the General Meeting of Shareholders.

Subsidiary

In the reporting year, the Stalprodukt Capital Group embraced the following subsidiary companies and companies consolidated at the level of ZGH "Bolesław" S.A. Additionally, the Parent Company and its subsidiaries also hold shares in the entities, over which they do not hold control, joint control or over which they do not exert significant influence, as determined pursuant to IFRS 10, IFRS11 and IAS 28.

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	percentage of capital held	share of the total number of votes at a general meeting
1.	Stalprodukt-MB sp. z o.o.	Bochnia	construction and maintenance of roads and highways	subsidiary	full consolidation	17.10.1997	100,00	100,00
2.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	100,00	100,00
3.	Stalprodukt-Centrostal sp. z o.o.	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	100,00	100,00
4.	Stalprodukt-Serwis sp. z o.o.	Bochnia	services of installation, repair and maintenance of machinery	subsidiary	full consolidation	29.12.1998	100,00	100,00
5.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	100,00	100,00
6.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100,00	100,00
7.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100,00	100,00
8.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	100,00	100,00
9.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100,00	100,00
10.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	94.56	94.56
11.	Bolesław Recycyling Sp. z o.o.	Bukowno	metal waste and scrap management	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100,00	100,00

12.	BOLTECH Sp. z o.o.	Bukowno	heat supplies, alterations/ repair services, production of zinc product dolomite aggregate zinc products, transport- & equipment- related services.	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100,00	100,00
13.	Karo Sp. z o.o.	Bukowno	Investigative, detective and security-related activities	ZGH "Bolesław" S.A. subsidiary compnany	full consolidation at the level of ZGH Capital Group	01.03.2004	100,00	100,00
14.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	production and sales of zinc, lead and alloys of these metals	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	29.09.2010	92,73	92,73
15.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	zinc and lead mining and production of metal concentrates	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	11.07.2011	100,00	100,00
16.	Polska Technika Zabezpieczeń Sp z.o.o.	Warszawa	distribution of construction woodwork	Stalprodukt Zamość Sp. z o.o. subsidiary company	full consolidation	31.12.2015	71,43	71,43
17.	Przedsiębiorstwo Robót Drogowych Olkusz Sp. z o.o.	Olkusz	road construction and repairs.	Boltech Sp. z o.o. subsidiary company	full consolidation at the ZGH Capital Group's level	01.09.2010	100,00	100,00
18.	F&R Finance Sp. z o.o.	Myślenice, Jawornik	financial activity	Bolesław Recycling Sp. z o.o. subsidiary company	consolidation with equity method at the level of ZGH Bolesław Capital Group	not applicable	19,68	19,68
19.	Stalprodukt-Profil S.A.	Bochnia	trade of metallurgical products	Stalprodukt S.A. subsidiary company	not applicable	not applicable	16,00	16,00
20.	StalNet Sp. z o.o.	Kraków	Internet commerce	Stalprodukt S.A. subsidiary company	not applicable	not applicable	19,50	19,50
21.	STP Investment S.A.	Bochnia	financial activity	personal	not applicable	not applicable	0,00	0,00

2. Compliance with the International Financial Reporting Standards

From January 1, 2005 Stalprodukt SA, The Issuer of securities, admitted to public trading in accordance with the Accounting Act dated 29 September 1994 (uniform text of Polish Journal of Laws Dz.U. of 2009, No. 152, item. 1223, as amended) and pursuant to the Resolution of AGM dated 30 June 2005, draws up the individual financial statements in accordance with IAS/IFRS, adopted by the European Union and related interpretations published in the form of regulations of the European Commission. The Group applied MSSF1 "the application of the international financial reporting standards for the first time" in the Annual Report for the year ended 31 December 2005. Date of transition to IFRS was 1 January 2004.

These consolidated financial statements have been drawn up in all material respects in accordance with IAS/IFRS, and in the scope not regulated by these standards, as required by the Act of 29 September 1994 on Accounting (Polish Journal of Laws Dz.U. of 2009, No. 152, item 1223, as amended) and in accordance with the requirements specified in the

Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent the information required by the laws of a non-member state (Polish Journal of Laws Dz.U. of 2009, No. 33, item 259).
The presented financial statements and comparable financial data include recommendations given by an entity authorized to audit.

Assumptions for the Continuation of Economic Activities

The Report was prepared with the assumption that the Group's economic activities would be continued and no circumstances indicate that such activities are threatened. As of the report signing day, the Company's Management Board does not record any facts or circumstances which would indicate a threat to the continuation of the economic activities to be pursued by the Issuer in the 12-month period following the balance-sheet day.

Functional and Presentation Currency

The currency in use, as the basic currency of the economic environment in which the Group operates is the Polish zloty. This currency is also the currency used in the consolidated financial statements.

Consolidation Method

At the Parent Company's level, all the Capital Group's companies undergo full consolidation.

3. Applicable accounting rules (policy)

Since 01.01.2005, the Group has been applying the accounting rules (policy), including methods of valuation of assets and liabilities, as well as revenues and expenses, determining the financial result and drawing up financial statements in accordance with IFRS, adopted by the European Union, and in matters not governed by IFRS, pursuant to the Polish Accounting Act.

To ensure a clear and full understanding of these consolidated financial statements, there are presented below the basic principles of valuation of assets and liabilities, determination of financial result and other accounting policies adopted in the Group.

Fixed assets

a) as of the date of transition to international standards, in accordance with MSSF1 "the application of International Financial Reporting Standards for the first time", the Company adopted a valuation of previously used tangible fixed assets at fair value and decided to use this value as expected (implied) cost as of this day. Revaluations were made in-house with technical staff, based on their technical and market knowledge, taking into account the previous lifetime of the assets, the degree of wear and tear, made improvements, modernization and repairs. The following lifetimes and depreciation rates were adopted for the tangible fixed assets used in the Company prior to the date of transition to IFRS: buildings 20 years (5%), structures 10 years (10%), boilers 5 years (20%), machinery and equipment for general use 5 years (20%), metallurgical machinery and equipment 10 years (10%) and other technical equipment 5 years (20%).

b) Difference (surplus) due to the initial revaluation was applied to equity as retained earnings.

c) items of tangible fixed assets, qualified as assets, initially (at time of adoption for use) are measured at cost or production cost.

The initial value of tangible fixed assets comprises their purchase price or production cost plus any costs directly related to the purchase and adaptation of the asset to a state suitable for production use.

The initial value of fixed assets is increased by the value of the expenditures on their improvement (reconstruction, development, reconstruction, modernization).

d) after the initial recognition of items of tangible fixed assets as assets, they are disclosed on the balance sheet by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation and any accumulated impairment losses. Decrease in amortization does not apply to own land, for which there is no amortization write-offs.

e) each of the components of tangible fixed assets, purchase price or production cost of which is significant when compared to the purchase price or production cost of the whole item, and the expected lifetime of which differs significantly from the expected lifetime of the whole item, is depreciated separately.

f) assets of the unit initial value up to PLN 3,500 are depreciated once, writing their value off as costs when transferring such assets to use.

g) other fixed assets or their separate and significant components are depreciated with a straight-line method based on rates estimated based on the expected period of use, taking into account the residual value, if the amount is significant. The residual value is the estimated amount that an entity has obtained from the sale of an asset, after deducting the estimated costs of disposal if the asset was as old and in such condition as expected at the end of its lifetime. There were no significant residual values identified for previously used fixed assets.

The Groups adopts the lifetime of new investments in the form of machinery and equipment 10 - 20 years.

Depreciation rates are reviewed annually for compliance with the economic lifetime of fixed assets. The residual value of fixed assets is also subject to verification.

h) fixed assets under construction are valued in the amount of total costs directly arising in connection with their acquisition or construction, less any impairment losses. Assets under construction are not depreciated until the completion of their construction and putting into use.

I) overhaul costs of fixed assets are capitalized and amortized in equal periods of repair cycles. Maintenance costs of fixed assets and their maintenance affect the result of the financial period in which they are incurred.

j) intangible assets are recognized if it is probable that they will ensure the Group the benefit in the future, which can be directly related to those assets.

They are shown at acquisition or production cost less accumulated amortization and the total amount of any impairment losses. They are amortized with a straight-line method over a period of use, which should be determined reliably. Intangible assets with an indefinite lifetime are not amortized but tested for impairment. The lifetime of intangible assets is subject to verification on the balance sheet date.

The expenses incurred for the acquisition of perpetual usufruct of land are classified by the Company as intangible assets because the title concerned, alike land, does not lose in value and is valid for an indefinite period of time. It is not subject to depreciation or redemption either.

k) if there are any indications of possible loss in value of tangible fixed assets and intangible assets, an impairment test shall be carried out and the determined revaluation write-offs shall reduce the balance sheet value of an asset, to which they refer, and they shall be included in the profit and loss account. The amount of revaluation write-offs is determined as the excess of the balance sheet value of these items over their recoverable value. The recoverable value is the higher of the following values: net selling price or value in use measured by generated cash flows of a given asset or cash-generating unit, discounted to the present value using a discount rate, which reflects current market prices of the money value over time and the risks of a given asset.

The amounts recognized as revaluation write-offs are reversed if the reasons for their creation cease to appear. The effects of such reversal are recognized in the profit or loss account as other operating income.

l) long-term loans and receivables are measured by the adjusted purchase price (amortized cost) with the use of the effective interest method, observing the principle of materiality.

The realized gains and losses arising from changes in value are recognized in the profit or loss account in the period in which they arose.

m) investment real properties (leased fixed assets) are valued in the same manner as fixed assets by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation (amortization) and accumulated impairment losses.

n) long-term financial assets (shares) are valued at purchase prices less their impairment losses.

Current assets

a) inventories - are valued according to the actual purchase prices or production costs, not higher than their net realization values (net selling prices). Net realization value is the estimated selling price in the ordinary course of business, less estimated costs to complete the inventory item and the costs necessary to make the sale.

Total disbursements are measured by the prices of these items, which were acquired as first (FIFO principle "first in - first out").

Cost of producing finished goods and work in progress includes the cost of direct materials, labour and other costs, as well as the appropriate mark-up of indirect production costs determined on the assumption of normal capacity utilization, excluding borrowing costs.

The production costs do not include costs:

- arising from the unused production capacity and production losses,

- of general management, not associated with developing the product to a form and place in which it is found at the valuation date.

Any write-offs of inventories to net realizable value and all losses of inventories are recognized as operating costs of the period in which the write-off or loss occurred. If the circumstances, which led to the reduction of inventories, cease to prevail or if there is clear evidence of increase in net realization value, the amount of previously made write-off shall be restored (reversal of write-off). The amount corresponding to the restored value of inventories due to higher net realization value, is recognized as a reduction in inventory costs recognized in the profit and loss account in the period in which the value was restored.

The Group keeps a record of material values and quantities. It is allowed to recognize the purchase of materials as costs without keeping the record of values and quantities provided that such materials will be transmitted to use immediately after purchase.

Spare parts for machinery and equipment of long-term lifetime are disclosed in the balance sheet under tangible fixed assets.

b) short-term debts and claims for supplies and services - are recognized according to the amounts originally invoiced including write-offs for bad debt charged to other operating costs.

Denominated in foreign currency receivables are valued on the balance sheet date according to the average rate for that day, for the valuation are assumed the rates of the bank in which the Parent Company has the largest turnover of foreign exchange. While transactions in foreign currencies are valued at the rate of immediate execution at the transaction date. The foreign exchange differences resulting from the valuation are recognized in the profit and loss account, in the period in which they arise (revenues/expenses).

According to the accepted principles (policy), the Parent Company creates revaluation write-offs to:

- national debts not paid within 6 months, and the export receivables of more than 9 months,
- disputed receivables and receivables related to the liquidation and bankruptcy proceedings, as well as arrangements and compositions,
- interest on receivables, accrued but not paid.

c) cash and cash equivalents include cash at bank and in hand, short-term deposits and other instruments with a high degree of liquidity. They are valued at their nominal value. Denominated in foreign currency cash is valued on the balance sheet date at the closing rate, which is the immediate exchange rate. Resulting foreign exchange differences are classified as financial income or expense.

Equity

Equity of the Group includes: share capital, capital reserve, supplementary capital, revaluation reserve, retained earnings from previous years and the result of the current period. All capital is valued at nominal value. The value of own shares is deducted from equity.

a) Share capital is included in the amount specified in the contract or statute, and entered in the court register. Declared but not paid capital is recognized as a called-up capital. Share capital represents ordinary bearer shares and privileged registered shares.

b) Capital is created in the Parent Company obligatorily (by the operation of law) and is intended to cover any lack of share capital. Pursuant to the Commercial Companies Code, the Parent Company must allocate at least 8% of annual net profits to the capital reserve until it reaches one third of the share capital.

c) The capital reserve is increased by surpluses while the shares are issued above their nominal value and the difference from the revaluation of fixed assets that were liquidated or sold. In addition, the capital reserve was increased in 2005 due to the revaluation of fixed assets to fair value at the date of transition to IFRS, as retained earnings.

d) The revaluation reserve includes the differences from the revaluation of fixed assets, land and perpetual usufruct of land, except the value resulting from the revaluation as of the date of transition to IFRS, which was disclosed in the capital reserve as retained earnings. In the case of disposition or liquidation of an asset, the relevant part of revaluation reserve is transferred to the capital reserve. A write-off due to the impairment of fixed assets that had previously been subject to the revaluation reduces the revaluation reserve to the amount of the reserve, which refers to such fixed assets.

e) Other supplementary capital is created from profit, the distribution of which is determined by the General Meeting of Shareholders. These serve to finance investments and current assets, and cover potential losses. Their use is determined by the General Meeting of Shareholders.

The minority capital, accounting for the equity shares of the subsidiaries other than the ones subject to consolidation, is shown as a separate item within the Liabilities sheet of the Financial Report.

Liabilities

a) Bank credits, loans and other financial liabilities (leasing) are disclosed at amortized cost (corrected purchase price) with an effective interest rate method, observing the principle of materiality. Interest cost is allocated to the respective periods and disclosed in the profit and loss account.

b) Short-term trade liabilities are recognized according to the amounts originally invoiced. Liabilities denominated in foreign currencies are valued at the rate of the immediate implementation (exchange), which is the closing price on the balance sheet date. The resulting exchange differences are disclosed in the financial income or expense in the profit and loss account.

Provisions

Provisions are created when there is:

- an obligation (legal or constructive) on the balance sheet date resulting from past events,

- a probability that funds shall have to be spent,

- a possibility of making a reliable estimate calculation.

According to the accepted principles (policy), the Group creates provisions for:

- temporary income tax differences resulting from the fact that the moment when income was recognised as gained or cost as incurred was different, pursuant to the accounting law and tax regulations,

- employee benefits (retirement),

- other provisions for the expected or probable losses from business operations having a significant influence on earnings, observing the principle of materiality.

a) Provision for income taxes is created using the liability method for all temporary differences existing on the balance sheet date between the tax bases of assets and liabilities and their balance sheet amounts shown in the financial statements. Provision for deferred tax is created in relation to temporary gains, and deferred tax assets are recognized in relation to temporary losses.

In terms of depreciation, the provision (assets) for the differences between the tax and balance sheet depreciation is created for the last reporting period.

The balance sheet value of assets due to the deferred tax is reviewed on the balance sheet date and reduced as appropriate, if gaining the taxable income sufficient to realize the asset due to the deferred income tax is no longer probable. The difference between the balance of provisions and deferred tax assets at the end and the beginning of financial year affects the financial result or equity if the provisions and assets relate to operations settled directly with equity.

b) Provision for retirement benefits is determined with the actuarial method, and its amount depends on the previous period of employment specifying the degree of benefit development and the rotation rate of employment, the likelihood of payment and the discount rate. Provisions for employee benefits are accounted for on the balance sheet date, ending the financial year.

c) Pre-payments and accruals. The Group makes prepayments, if they relate to future reporting periods. Accrued expenses payable are made in the amount of probable liabilities attributable to the current reporting period.

Profit and loss account

a) revenues from sales includes the fair value of revenues from sales of products, goods and services, net of tax on goods and services.

Revenues are recognized in two major categories:

- sale of products (including services),

- sale of goods and materials.

Revenues are recognized in the amount in which it is probable that the Group shall gain the economic benefits associated with the transaction and the amount of revenue can be measured reliably.

b) cost of products and services sold, goods and materials include costs directly related to their production or purchase.

Own cost is presented as broken down into two basic categories:

- cost of products sold (including services),

- value of goods and materials sold.

Cost of sales includes the costs of trade and the costs of representation and advertising. General and administrative costs include costs associated with managing the unit and the costs of administration and representation.

c) moreover, the financial result is also influenced by:

- other operating income and operating expenses indirectly related to the activities in such areas as gains and losses on disposal of non-financial fixed assets, revaluation of non-financial assets, the creation and termination of provisions for future risks, penalties, fines and compensation, receipt or transfer of donations,

- financial income from dividends (profit sharing), interest, gains on disposal of investments, revaluation of investments, surplus from foreign exchange benefits over foreign exchange losses,

- the financial costs of interest, loss on disposal of investments, revaluation of investments, the surplus of foreign exchange losses on the positive

- mandatory financial burden as a result of income tax.

The balances of: realized exchange differences arising from positive and negative settlements, revaluation of receivables and provisions, provisions for employee benefits are reconciled against the costs of the products sold or value of goods and materials sold as presented in the profit and loss account.

d) a write-off (provision) in a full amount is created according to the accruals principle, observing the precautionary principle, for interest income. Interest received according to the cash principle is disclosed in the profit and loss account.

e) operating expenses are recorded in the period to which they relate.

Borrowing costs directly related to the acquisition or construction of assets that require a longer period of time in order to be fit for use or resale, are added to the manufacturing costs of such assets until the hand-over of these assets to use.

All other borrowing costs are disclosed directly in the profit and loss account in the period in which they are incurred. (IAS 23).

f) income tax disclosed in the profit and loss account includes some current and deferred tax. Current tax is the tax liability in respect of taxable income for the given financial year, determined using tax rates applicable on the balance sheet date and tax adjustments for previous years. Deferred tax is described under par. 1.6.

g) there was adopted the principle of cost grouping by type in the accounts under group 4 and settling them by type of activity under group 5. The Group uses and reports the calculation variant of the profit and loss account.

Leasing

Fixed assets used under financial leasing agreements, which transfer to the Group substantially all benefits and risks associated with the possession of assets, are disclosed in the balance sheet by the cost model, as all the components of tangible assets. Lease payments are allocated between finance charges and reduction of the outstanding liability. Financial expenses are accounted for directly in the profit and loss account. Fixed assets used under financial leasing are depreciated over their lifetime. Leasing agreements, under which all the risks and benefits are borne by the lessor, are classified as operating leasing agreements. Cost of leasing payments are related linearly in the profit and loss account during the contract period.

Negative goodwill

According to IFRS No. 3, negative goodwill at the time of its creation is once written off in revenues. Negative goodwill which arose before the date of transition to IFRS, was removed from the balance sheet and written off in full in the undistributed profit from previous years, thus increasing equity. Negative goodwill arising after the date of 01.01.2004 is referred directly to the profit and loss account (increased financial results).

Principles Governing the Preparation of the Financial Report

a/ The Consolidated Financial Report and consolidated comparable data were prepared by means of the full consolidation method as follows:

- the consolidated balance sheet was drawn up by adding all the items belonging to the Assets and Liabilities of the companies subject to consolidation and by eliminating the items related to mutual settlements, earnings retained in inventories and value of the shares held in subsidiary companies in conjunction with their share capitals,
- the Consolidated Profit and Loss Account and Comprehensive Income Statement were drawn up by adding all the income and cost items relating to the consolidated companies in the reporting period and by excluding the revenues from the intercompany transactions and earnings retained in inventories,
- the Report on Changes in Equity was drawn up by adding all the changes in equity in respect of the consolidated companies, related to the transactions with equity owners, and by excluding the intercompany transactions,
- the Consolidated Cash Flow Statement was drawn up adding all the accounting items in respect of the reporting period and excluding consolidation procedures of the Balance Sheet and Profit and Loss Account.

b/ the consolidated net profit consists of the Parent Company's net profit, subsidiary companies' net profit in the part in which the Parent Company owns these companies and the profit share in the associated companies in the part in which the Parent Company owns these companies.

The consolidated net profit embraces:

- operating result, including other operating income and operating costs,
- financial operations result,
- write off of the subsidiaries' goodwill,

- statutory encumbrances on the financial result in respect of the income tax,
- share of profit (loss) in subsidiary companies accounted for with the equity method,
- minority profit (loss).

Professional opinion, estimates and assumptions.

While drawing up the consolidated financial statements in conformity with IFRS, the Management Board has the obligation to express its professional opinion, prepare estimates and assumptions that affect the adopted rules and presented values of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and other factors, which are considered reasonable in the circumstances, and their results provide the basis to express professional opinion as to the balance sheet amounts of assets and liabilities, which do not result directly from other sources. Actual results may differ from the estimate. The estimates and associated assumptions are subject to ongoing review. Changes in accounting estimates are recognized in the period in which they were made.

Key assumptions and estimates in the process of applying the rules (policies) concerning the balance sheet amounts are:

a) revaluation write-offs of receivables,

b) revaluation write-offs of inventories,

c) provisions for retirement,

d) assets and deferred tax liabilities,

e) periods of depreciation of fixed assets,

f) settlement of the ZGH "Bolesław" S.A. purchase price and valuation of the take-over-related liabilities.

According to our knowledge, there is no significant risk of adjustments to the balance sheet amounts of assets and liabilities within the next financial year in connection with the estimates made.

4. Changes of the applicable accounting rules (policies)

The accounting principles applied in the preparation of the Company's Financial Report are coherent with the ones applied in the preparation of the Company's Financial Report for the year ended on 31 December 2015, except for the application of the following amendments to standards published by the International Accounting Standards Board, approved by the EU and applicable for the annual periods starting on or after 1 January 2016:

- Amendments to IFRS 11 ”Joint Arrangements” – Accounting for Acquisition of Interests in Joint Operations – approved by the EU on 24 November 2015,
- Amendments to IAS 1 „Presentation of Financial Statements” – Disclosure Initiative – approved by the EU on 18 December 2015,
- Amendments to IAS 16 ”Tangible Fixed Assets” and IAS 38 ”Intangible Assets” – Explanations on Acceptable Methods of Depreciation and Amortisation – approved by the EU on 2 December 2015,
- Amendments to IAS 16 ”Tangible Fixed Assets” and IAS 41 „Agriculture” – Agriculture: Bearer Plants – approved by the EU on 23 November 2015,
- Amendments to IAS 19 ”Employee Benefits” – Defined Benefit Plans: Employee Contributions – approved by the EU on 17 December 2014 (applicable for the annual periods starting on or after 1 February 2015),
- Amendments to IAS 27 ”Separate Financial Statements” – Equity Method in Separate Financial Statements – approved by the EU on 18 December 2015,
- Amendments to various standards ”Amendments to IFRS (cycle 2010-2012)” – *changes* introduced to IFRS during the annual cycle of improvements (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) chiefly aimed at elimination of inconsistencies and clarification of wording – approved by the EU on 17 December 2014 (applicable for the annual periods starting on or after 1 February 2015)
- Amendments to various standards „Amendments to IFRS (cycle 2012-2014)” – *changes* introduced to IFRS during the annual cycle of improvements (IFRS 5, IFRS 7, IAS 19 and IAS 34) chiefly aimed at elimination of inconsistencies and clarification of wording – approved by the EU on 15 December 2015.
- Amendments to IFRS 10 ”Consolidated Financial Statements”, IFRS 12 ”Disclosure of Interests in Other Entities” and IAS 28 ”Investments in Associates and Joint Ventures” – investment entities – exemption from consolidation.
- Amendments to IFRS 10 ”Consolidated Financial Statements” and IAS 28 ”Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments.

The above standards, interpretations and amendments to standards did not have a significant impact on the to-date accounting policy applied by the Company or presentation of its financial reports.

Already published standards and interpretations.

While preparing the present Financial Report, the Company has not applied the following standards, amendments to standards and interpretations, which have been published by IASB and approved for use in the EU:

- Amendments to IAS 7 ”Statement of Cash Flows” – Disclosure Initiative – applicable for the annual periods starting on or after 1 January 2017,
- Amendments to IAS 12 ”Income Tax” – Recognition of Deferred Tax Assets for Unrealised Losses – applicable for the annual periods starting on or after 1 January 2017.
- IFRS 9 ”Financial Instruments” – applicable for the annual periods starting on or after 1 January 2018.
- IFRS 15 ”Revenue from Contracts with Customers” and subsequent amendments applicable for the annual periods starting on or after 1 January 2018,
- IFRS 16 ”Leasing”– applicable for the annual periods starting on or after 1 January 2019,
- IFRS 2 ”Share-Based Payment” – Classification and Measurement of Share-Based Payment Transactions - applicable for the annual periods starting on or after 1 January 2018,
- IFRS 4: application of IFRS 9 ”Financial Instruments” in combination with IFRS 4 ”Insurance Contracts” - applicable for the annual periods starting on or after 1 January 2018.

The Company decided not to use the opportunity of earlier application of the above standards, amendments to standards and interpretations. According to the Company's estimates, the above standards interpretations and amendments to standards would not have had a significant impact on the Financial Report if the same had been applied as of the balance sheet day.

5. Notes

NOTE 1a - INTANGIBLE ASSETS	thousand x PLN	
	2016	2015
a) costs of completed developmental works	0	3 422
b) goodwill	18 378	18 378
c) concessions, patents, licenses and similar	13 664	13 243
- computer software	*4 315*	*5 249*
d) other intangible assets	21 147	18 551
e) advance payments for intangible assets	81 968	82 058
Intangible assets, total	**135 157**	**135 652**

1b NOTE - Changes of intangible assets (by group type)	thousand x PLN						
	a	b	c		d	e	
	cost of completed developmental works	goodwill	concessions, patents, licenses and similar values, including:		other intangible assets	advance payments for intangible assets	Intangible assets, total
				- computer software			
I. gross value of intangible assets at the beginning of the period	**3 624**	**18 378**	**25 423**	**6 972**	**21 710**	**82 776**	**151 911**
1. increase (due to)			3 434	393	10 833	25	14 292
- consolidation							
- purchase			3 434	393	3 130	25	6 589
- value from valuation survey							
- obtaining free-of-charge right to CO^2 emission					7 703		7 703
2. decrease (due to)	3 624		1 754	691	12 590	26	17 994
- liquidation	3 624		1 754	691	4 314	26	9 718
- sales							
- obtaining free-of-charge right to CO^2 emission					8 276		8 276
II. gross value of intangible assets at the end of the period	0	18 378	27103	6 674	19 953	82 775	148 209
1. accumulated depreciation (amortization), at the beginning of the period	202		12 180	1 723	3 159	718	16 259
2. depreciation for the period (due to)	-202		1 259	636	-4 353		-3 296
- depreciation allocated to the costs			1 259	636	3 923		5 182
- decrease due to liquidation	202				8 276		8 478
III. accumulated depreciation (amortization) at the end of the period	0		13 439	2 359	-1 194	718	12 963
1. charges for permanent loss of value at the beginning of the period							
- increase							
- decrease						89	89
2. write-offs for permanent loss of value at the end of the period							
IV. net value of intangible assets at the end of the period	0	18 378	13 664	4 315	21 147	81 968	135 157

All intangible assets are owned by the Company Stalprodukt. The Company does not rent or lease intangible assets.

NOTE 2a - TANGIBLE FIXED ASSETS	thousand x PLN	
	2016	**2015**
1. fixed assets, including:	**1 683 946**	**1 636 196**
a) land	25 564	25 552
b) buildings, premises, civil engineering objects	582 562	566 126
c) Plants and machinery	1 035 023	1 010 247
d) means of transport	29 337	25 475
e) other fixed assets	11 460	8 796
2. fixed assets under construction	**91 682**	**100 351**
3. advance payments on fixed assets under construction		
Tangible fixed assets, total	**1 775 628**	**1 736 547**

As of the balance sheet day, the undermentioned real properties are encumbered by mortgage:
- the real estate located at Wadowicka Street in Cracow is encumbered with a joint mortgage of up to PLN 150 000 thousand, supposed to secure the repayment of a long-term investment credit incurred at the PKO BP Bank based in Warsaw amounting to PLN 100 000 thousand appropriated for the majority stake of ZGH "Bolesław" S.A. in Bukowno.
- the properties of the Cynk-Mal S.A. company in Legnica were encumbered by mortgage in favor of Bank Śląski in respect of credit agreements. The mortgage amounted to PLN 3,000 thousand.

Moreover, some of the Cynk-Mal S.A. production equipment and production lines are subject to registered pledges, amounting to PLN 4,275 thousand in various banks.

As of the balance sheet day, the undermentioned real properties owned by the ZGH "Bolesław" S.A. Capital Group, are encumbered by the following mortgages acting as property collaterals:
- contractual mortgage (KWGL1T/00094659/8) amounting to PLN 37 thousand,
- contractual mortgage (ownership right to the industrial building) amounting to PLN 46,195 thousand.

Also tangible fixed assets transfer agreement is in force as of the balance sheet day:
- vibration roller AV 20-2 No ser. 10891 year of production 2008 valued at PLN 66 thousand,
- vibration roller AV 85-2 No ser. 106698/0339 year of production 2008 valued at PLN 199 thousand.

Other tangible assets are not encumbered with mortgages, registered pledges and ownership transfers. Tangible fixed assets are valued according to cost, i.e. the purchase price (production cost) less accumulated depreciation (amortization). As of the balance sheet date no write-offs were made due to impairment of the value of fixed assets, as there was no indication proving it. In the reporting year full consumption of fixed assets was recorded, and the Parent Company's sales volume in respect of all the traded products was by 1% higher than in the previous year.

2b NOTE - CHANGE OF FIXED ASSETS (BY GROUPS)	thousand x PLN					
	- land (including perpetual usufruct)	- buildings, premises, civil engineering objects	- plants and machinery	- means of transport	- other fixed assets	Fixed assets, total
a) gross value of fixed assets at the beginning of the period	**25 552**	**968 419**	**1 562 610**	**54 635**	**19 373**	**2 630 589**
b) increase (due to)	12	61 596	105 086	8 390	3 910	178 994
- investment		61 596	104 651	8 319	3 910	178 476
- leasing						
- change of spare parts included in fixed assets			105			105
- appraisal value	12		330	71		413
c) decrease (due to)		8 126	23 836	5 921	1 509	39 392
- sale			530	1 030		1 560
- liquidation		7 949	1 687	420	719	10 775
- donation						
- revaluation			16 677	3 983	783	21 443
- exchange rate differences		177	4 942	488	7	5 614
d) gross value of fixed assets at the end of the period	25 564	1 021 889	1 643 860	57 104	21 774	2 770 191
e) accumulated depreciation (amortization), at the beginning of the period		402 293	552 363	29 160	10 577	994 393
f) depreciation for the period (due to)		34 059	56 474	-1 393	-263	88 877
- depreciation included in costs		39 050	89 135	5 705	1 489	135 379
- reduction due to sale			121	986		1 107
- reduction due to liquidation		4 991	10 164	878	554	16 587
- reduction due to inventory shortages						
- revaluation decrease			22 376	5 234	1 198	28 808
g) accumulated depreciation (amortization) at the end of the period		436 352	608 837	27 767	10 314	1 083 270
h) write-offs for permanent loss of value, at the beginning of the period						
- increase		2 975				2 975
- decrease						
i) write-offs for permanent loss of value, at the end of the period		2 975				2 975
j) net value of fixed assets at the end of the period	**25 564**	**582 562**	**1 035 023**	**29 337**	**11 460**	**1 683 946**

NOTE 2c – BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	thousand x PLN	
	2016	2015
1. own assets	1 674 134	1 630 778
2. assets used under rental, lease, tenancy or other types of agreements, including leasing agreement, including:	9 812	5 418
- leasing agreement	*9 812*	*5 418*
Total balance sheet fixed assets	**1 683 946**	**1 636 196**

The position 'tangible fixed assets', includes technical equipment and machinery and means of transport which are subject to financial leasing. The Company, as the benefiting leaseholder, defined the basic accounting principles referring to leasing in section 3 of this Additional and Explanatory Information. The initial value of the objects of leasing amounts to PLN 12,287 thousand, subject to the depreciation of PLN 2,475 thousand, and the net value as of the balance sheet day is PLN 9,812 thousand. The liabilities in respect of the leasing amount to PLN 8,059 thousand, including: long-term ones PLN 5,766 thousand, and short-term ones PLN 2,293 thousand.

NOTE 3a – LONG-TERM INVESTMENT	thousand x PLN	
	2016	2015
1) investment properties	**3 838**	**4 613**
2) long-term financial assets	**42 191**	**64 619**
a) stocks and shares	*7 302*	*10 833*
b) long-term loans	*20 000*	*40 000*
c) other long-term financial assets	*14 889*	*13 786*
Long-term investment, total	**46 029**	**69 232**

The Long-term loans position is concerned with the loan granted to F&R Sp. z o.o. by Bolesław Recycling Sp. z o.o.

NOTE 3b - CHANGE IN THE BALANCE OF LONG- TERM FINANCIAL ASSETS (BY GROUP TYPES)	thousand x PLN	
	2016	2015
1. balance at the beginning of the period	**64 619**	**54 494**
a) shares	*10 833*	*11 899*
b) loans granted	*40 000*	*40 000*
c) other ling-term financial assets	*13 786*	*2 595*
2. increase (due to)	**28 994**	**11 191**
a) purchase of shares	*2 256*	
b) loans granted	*20 000*	
c) other long-term financial assets	*6 738*	*11 191*
3. decrease (due to)	**51 422**	**1 066**
a) sale of shares	*5 787*	
b) reclassification of a loan from long-term loans to short-term ones	*40 000*	
c) reclassification of other financial assets to short-term ones	*5 635*	
d) reclassification of securities to short-term securities		*1 066*
4. balance at the end of the period	**42 191**	**64 619**

NOTE 3c – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION												
	thousand x PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Stalprodukt-MB sp. z o.o.	Bochnia	Construction and maintenance of roads and highways	subsidiary	full consolidation	17.10.1997	2 604	0	2 604	100	100	
2.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	1200	0	1 200	100	100	
3.	Stalprodukt-Centrostal sp. z o.o.	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	10 797	0	10 797	100	100	
4.	Stalprodukt-Serwis sp. z o.o.	Bochnia	services of installation, repair and maintenance of machinery	subsidiary	full consolidation	29.12.1998	900	0	900	100	100	
5.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	2 450	0	2 450	100	100	
6.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	600	0	600	100	100	
7.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	20 864	0	20 864	100	100	
8.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	32 960	0	32 960	51	51	
9.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	14 729	695	14 034	100	100	
10.	ZGH "Bolesław" S.A.	Bukowno	mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	274 168	0	274 168	94,56	94,56	
11.	Polska Technika Zabezpieczeń Sp z.o.o.	Warszawa	distribution of construction woodwork	subsidiary	full consolidation at the level of the Stalprodukt-Zamość sp. z o.o.	31.12.2015	454	0	454	76,00	71,43	

NOTE 3c' – STOCKS OR SHARES OF ZGH "Bolesław" S.A. IN SUBSIDIARY COMPANYS SUBJECT TO CONSOLIDATION												
	w tys. zł											
	a	b	c	d	e	f	g	h	i	j	k	l
Lp.	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustme nts (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Bolesław Recycyling Sp. z o.o.	Bukowno	management of scrap andmetal waste	subsidiary	full consolidation	01.03.2004	12 259	-5 522	6 737	100	100	
2.	BOLTHERM Sp. z o.o.	Bukowno	Production and distribution of heat, alteration services, production of dolomite aggregates, zinc products, transport- and equipment-reated services	subsidiary	full consolidation	01.03.2004	16 262	-10 068	6 194	100	100	
3.	Karo Sp. z o.o.	Bukowno	Detective-investigation- and security-related activities	subsidiary	full consolidation	01.03.2004	304		304	100	100	
4.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	Production and sales of zinc and lead and alloys of these metals	subsidiary	full consolidation	29.09.2010	22 267		22 267	92,73	92,73	
5.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	Excavation and production of zinc and lead concentrates	subsidiary	full consolidation	11.07.2011	154 473	-100 981	53 492	99,61	100,00	
6.	Przedsiębiorstwo Robót Drogowych Olkusz Sp. z o.o.	Olkusz	Road construction and repairs	subsidiary company	full consolidation at the level of the Bolesław Capital Group	01.09.2010	7 786	-3 286	4 500	99,71	100,00	

NOTE 3d – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION

thousand x PLN

No	a	m							n			o			p	r	s	t
		Equity of the unit, including:							Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, including:						
						Other equity, including:												
No	name of entity		- share capital	- calledup share capital (negative value)	- supplementary capital		Previous years' profit (loss)	Net profit (loss)		-long-term liabilities	- short-term liabilities		- long-term receivables	- short-term receivables	Assets of the entity, total	Revenues from sale	value of the shares in the unit not paid by the issuer	dividends received or receivable from the unit for the last financial year
1.	Stalprodukt-MB sp. z o.o.	**5 017**	2 604			2 413		212	**483**		483	**1 787**		1 787	**5 500**	**3 825**		
2.	Stalprodukt-Wamech sp. z o.o.	**11 201**	1 200			10 001		1 102	**3 625**		2 776	**4 180**		4 180	**14 826**	**18 935**		
3.	Stalprodukt-Centrostal sp. z o.o.	**21 800**	10 797			11 003	-16 733	15 661	**88 438**		88 095	**63 417**		63 417	**110 238**	**355 771**		
4.	Stalprodukt-Serwis sp. z o.o.	**3 988**	900			3 088	-1 742	747	**8 610**	6	3 674	**2 918**		2 918	**12 597**	**11 810**		
5.	Stalprodukt-Zamość sp. z o.o.	**22 140**	2 450			19 690		2 257	**7 520**	361	6 510	**5 611**		5 611	**29 660**	**50 753**		
6.	Stalprodukt-Ochrona sp. z o.o.	**1 784**	600			1 184		29	**597**		597	**858**		858	**2 381**	**4 701**		
7.	STP-Elbud sp. z o.o.	**57 110**	20 613			36 497		-1 771	**21 304**	7 791	12 539	**24 096**		24 096	**78 414**	**102 079**		
8.	Cynk-Mal S.A.	**23 482**	20 191		22 496	-19 205	-21 016	1 811	**39 058**	7 212	24 915	**4 641**		4 641	**62 540**	**50 536**		
9.	Anew Institute sp. z o.o.	**10 608**	14 034		77	-2 503	-2 624	-901	**2 883**		734	**809**		809	**13 491**	**1 720**		
10.	ZGH "Bolesław" S.A.	**550 839**	166 116		336 812	47 911	1 190	101 602	**601 648**	99 599	305 625	**227 289**		227 289	**1 152 487**	**990 763**		

NOTE 3e - Shares in other entities					
	thousand x PLN				
	a	b	c	d	e
No	Name (company) of the entity, indicating its legal form	Seat	Object of the enterprise	Book value of shares	Percentage of capital held
1.	Stalprodukt-Profil S.A.	Bochnia	trade in steel products	80	16,00
2.	StalNet sp. z o.o.	Kraków	online trade	39	19,50
3.	F&R Finance Sp. z o.o.	Myślenice , Jaworki	financial activities	4 561	19,68
4.	Other			140	

On 7 December 2016, NWZ F&R Finance Sp. z o.o. made a decision on the capital increase. On 22 December 2016 the capital increase was registered in the National Court Rregister, as a result of which the company Bolesław Recycling Sp. z o.o. decreased its share in the above entity from 49% to 19,68%. In connection with the changes in the shareholding structure, its presentation in the Consolidated Report was also subject to change.

In the position ”Other” - unlimited transferability shares (KGHM) are recognized, the ones quoted on the Warsaw Exchange Market, staying in possession of Stalprodukt Wamech S.A. and shares of the metals rolling mill - Walcownia Metali Łabędy S.A. and Economic Initiatives Agency staying in the possession of ZGH ”Bolesław” S.A. Apart from the KGHM shares, all the other stocks (interests) and shares are not stock exchange-quoted and are unrestricted in respect of transfer. All the stocks (interests) expressed in PLN.

NOTE 4 - Change in assets due to deferred income tax	thousand x PLN	
	2016	2015
1. Balance of assets due to deferred income tax, at the beginning of the period, including:	**30 619**	**22 310**
a) attributed to the financial result	*28 505*	*18 457*
b) attributed to equity	*2 114*	*3 853*
2. Increases	***55 034***	***12 820***
a) attributed to financial result of the period in respect of deductible temporary differences (due to)	*11 547*	*12 052*
- appearance of temporary differences	*11 547*	*12 052*
b) attributed to equity in respect of negative temporary differences (due to)	*43 487*	*768*
3. Decreases	**8 747**	**4 511**
a) attributed to financial result of the period in respect of negative temporary differences (due to)	*7 687*	*2 004*
- reversal of temporary differences	*7 687*	*2 004*
- changes of tax rate		
b) attributed to equity in respect of negative temporary differences (due to)	*1 060*	*2 507*
4. increases due to consolidation		
5. Balance of assets due to deferred income tax, at the end of the period, including:	**76 906**	**30 619**
a) attributed to the financial result	*32 365*	*28 505*
b) attributed to equity	*44 541*	*2 114*

NOTE 5 - Inventory	thousand x PLN	
	2016	2015
1. materials	275 718	208 844
2. semi-finished products and work in progress	159 396	114 923
3. finished products	115 951	108 023
4. goods	53 517	33 547
5. advances for deliveries		
Inventory, total	**604 582**	**465 337**

As at the balance sheet date, the following charges of inventory apply:
- regarding materials – a registered pledge agreement to the amount of 20,000 thousand PLN for the benefit of PNB Paribas S.A. and up to 15,000 thousand PLN for Bank Handlowy, and up to 70 000 thousand PLN for Bank PKO BP S.A. and up to 25 000 thousand PLN for Bank Pekao S.A. due to protection of the granted credit limits for the Parent Company.

Moreover, a valid registered pledge over the goods is binding to the Stalprodukt-Centrostal Kraków sp. z o.o. Company, up to the amount of PLN 30 000 thousand, securing the current account credit granted by PKO BP S.A.

In ZGH, registered pledges of up to PLN 1 million rest on coke inventories to secure the long-term coke sales agreement in favor of Jastrzębska Spółka Węglowa.

NOTE 6a - Short-term receivables	thousand x PLN	
	2016	2015
1. trade receivables, maturing:	512 593	352 613
- up to 12 months	*512 593*	*352 613*
- above 12 months		
2. receivables from tax, subsidy, customs, social security and other benefits	59 698	62 629
3. claimed at court		
4. other	15 260	17 835
Net short-term receivables, total	**587 551**	**433 077**
- write-downs of receivables	12 642	11 771
Gross short-term receivables, total	**600 193**	**444 848**

As at 31.12.2014 also the undetermined amount the silent cession of claims is valid from 11 customers, as security for a limit on guarantees and letters of credit in Fortis Bank Polska S.A. as well as silent assignment duties in the amount of 10,000 thousand PLN, which constitutes security of the limit for guarantees and letters of credit in BGŻ BNP Paribas S.A.

In ZGH "Bolesław" there are collaterals securing current account credits , incurred in the following banks:

- ING Bank Śląski S.A. (assignment from commercial contracts amounting up to USD 10 000 thousand),
- Pekao SA (assignment from commercial contracts amounting up to PLN 30 000 thousand),
- BNP Paribas Bank Polska S.A. (assignment from commercial contracts amounting up to PLN 15 000 thousand).

As of the balance sheet day, there is a binding obligation to transfer the receivables from the HCM S.A. fixed-term deposit account, amounting to PLN 20 643 thousand, aimed at securing the loan No 216/2016/97/OW/op/P. The promissory note was endorsed by the parent company ZGH "Bolesław" as a security for the loan No 243/2011 from the National Fund for the Environmental Protection and Water Management. The promissory note along with the promissory note agreement secure the refund of the redemption value of PLN 1 000 thousand arising from the agreement No 1/2016/Wn-06/OZ-UI/U defining the conditions for the intended use of the means derived from the partial redemption of the loan granted pursuant to the agreement No 426/2004.

NOTE 6b - Change in short-term receivables write-down	thousand x PLN	
	2016	2015
Balance at the beginning of the period	**11 771**	**8 630**
1. increase (due to)	**2 815**	**5 932**
a) provision for doubtful receivables	2 815	5 932
2. decrease (due to)	**1 944**	**2 791**
a) cancellation	276	290
b) release of provision (reserve) for doubtful receivables	1 043	938
c) exchange rates differences	7	234
d) adjustment	72	97
e) payment	546	1 232
Balance of short-term receivables write-downs at the end of the period	**12 642**	**11 771**

NOTE 6c - Gross short-term receivables (currency structure)	thousand x PLN	
	2016	2015
1. in Polish currency	**237 422**	**233 535**
2. in foreign currencies (according to currencies converted into PLN)	**362 771**	**211 313**
a) in EURO	*29 446*	*28 439*
converted into PLN	**129 370**	**121 479**
b) in USD	*55 925*	*22 898*
converted into PLN	**233 401**	**89 834**
Short-term receivables, total	**600 193**	**444 848**

NOTA 6d - Trade receivables (gross) – maturing as at the balance day:	thousand x PLN	
	2016	2015
up to 1 month	*157 398*	*243 027*
above 1 month up to 3 months	*204 571*	*109 108*
above 3 months up to 6 months	*465*	*14*
above 6 months up to 1 year	*762*	*29*
above 1 year	*120*	*520*
overdue receivables	*161 919*	*92 150*
Trade receivables, total (gross)	**525 235**	**444 848**
trade receivables write-downs	*12 642*	*11 771*
Trade receivables, total (net)	**512 593**	**433 077**

The normal course of sales is connected with the time interval for repayment of receivables up to 3 months.

NOTE 6e - Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousand x PLN	
	2016	2015
up to 1 month	*134 080*	*72 158*
above 1 month up to 3 months	*14 493*	*7 754*
above 3 months up to 6 months	*1 370*	*2 280*
above 6 months up to 1 year	*412*	*2 533*
above 1 year	*11 564*	*7 425*
Trade receivables, total (gross)	**161 919**	**92 150**
trade receivables write-downs	*12 642*	*11 771*
Trade receivables, total (net)	**149 277**	**80 379**

NOTE 6f - Disputable and overdue receivables

The total amount of gross short-term receivables, i.e. 525,235 thousand PLN, overdue receivables amount to 161,919 thousand PLN. Disputable overdue receivables did not occur. Overdue receivables only apply to trade receivables. Out of the overdue receivables, only the amount of 12,642 thousand PLN was covered by write-downs. The remaining receivables were not subject to write-downs due to the fact that are justified by the strategy and marketing policies of the parent company and secured by bank guarantees and promissory notes.

NOTE 7a - Short-term investments	thousand x PLN	
	2016	2015
1. cash	**286 179**	**267 662**
a) cash in hand and at bank	*286 179*	*267 662*
b) other cash		
2. loans	**40 000**	
3. other short-term investments	**125 395**	**135 177**
a) deposit	*90 000*	
b) financial instruments, including:	*35 180*	*135 177*
- short-term securities	*30 974*	*39 449*
- valuation of derivative transactions	*4 206*	*95 727*
c) other	*215*	
4. own shares		**857**
Short-term investments, total	**451 574**	**403 696**

Cash and cash equivalents are invested in secure financial instruments, such as short-term deposits with a term up to 30 days. These deposits are not at risk and ensure the availability of financial resources. The interest rate on deposits negotiated each time, forms significantly above the standard interest rate of deposits. As of the balance sheet day, funds were placed on overnight deposits.

NOTE 8 - Short-term accruals	thousand x PLN	
	2016	2015
1. active cost accruals, including:	**25 845**	**20 452**
a) costs of insurance and subscription	*3 103*	*3 448*
b) staged repairs	*9 300*	*6 748*
c) costs of fair organized in 2016		*46*
d) other	*538*	*873*
e) subsidies from National Center for Research and Development	*8 043*	*9 337*
f) prepayments and accruals	*4 861*	
2. other accruals, including:	**23**	**112**
Short-term accruals, total	**25 868**	**20 564**

Write-offs

Asset write-offs due to impairment of value refer to short-term receivables and stocks of finished products. The total value of write-offs as at the balance sheet date amounts to 12,867 thousand PLN, including those concerning receivables of 12,642 thousand PLN and finished products of 225 thousand PLN.

During the reporting period there was made a write-off in the amount of 225 thousand PLN in scope of inventories of finished products and a write-off from the previous year was dissolved in the amount of 9,654 thousand PLN, in connection with sale of the products covered by the write-off, the previous year's materials write-off , amounting to PLN 5 103 thousand, was released in connection with their being sold as scrap materials.

Write-off due to impairment of doubtful receivables was made in the amount of 12,642 thousand PLN and a part of the previous write-downs in the amount of 1,944 thousand PLN, in connection with payment of receivables, cancellation and adjustments.

NOTA 9 - KAPITAŁ AKCYJNY JEDNOSTKI DOMINUJĄCEJ (STRUKTURA)								
w tys. zł								
Seria / emisja	Rodzaj akcji	Rodzaj uprzywilejowania akcji	Rodzaj ograniczenia praw do akcji	Liczba akcji	Wartość serii/ emisji wg wartości nominalnej	Sposób pokrycia kapitału	Data rejestracji	Prawo do dywidendy (od daty)
A	imienne uprzywilejowane	5 głosów na WZA i podział majątku		71 663	143 326	gotówka	3.07.1991	1.07.1992
A	imienne bez uprzywilejowania	nie uprzywilejowane		1 820	3 640	gotówka	3.07.1991	1.07.1992
B	imienne uprzywilejowane	5 głosów na WZA i podział majatku		281 030	562 060	gotówka	16.11.1993	1.01.1994
B	imienne bez uprzywilejowania	nie uprzywilejowane		14 510	29 020	gotówka	16.11.1993	1.01.1994
C	zwykłe na okaziciela	nie uprzywilejowane		780 000	1 560 000	gotówka	20.10.1994	1.01.1995
D	zwykłe na okaziciela	nie uprzywilejowane		780 000	1 560 000	gotówka	20.10.1994	1.01.1995
E	imienne uprzywilejowane	5 głosów na WZA i podział majątku		1 301 874	2 603 748	gotówka	30.09.1996	1.01.1996
E	imienne bez uprzywilejowania	nie uprzywilejowane		44 370	88 740	gotówka	30.09.1996	1.01.1996
F	zwykłe na okaziciela	nie uprzywilejowane		1 105 000	2 210 000	gotówka	17.12.1996	1.01.1997
G	zwykłe na okaziciela	nie uprzywilejowane		1 200 000	2 400 000	gotówka	13.05.1997	1.01.1997
Liczba akcji, razem				5 580 267				
Kapitał zakładowy, razem					11 160 534			
Wartość nominalna jednej akcji (w zł)		2,00						

Preference as to assets means that in the case the Company is liquidated, the assets remaining after the creditors have been satisfied, primarily serve to cover the nominal amount in respect of all the shares, and the rest of the assets are equally distributed to cover the preference shares. By the Resolution No XXXIII/13/2016 adopted by the General meeting of Shareholders, the share capital was decreased from PLN 13 450 000 to PLN 11 160 534, i.e. by the amount of PLN 2 289 466. The decrease resulted from the redemption of 1 144 733 shares. On 1 July 2016, the Issuer's Management Board received information on the registration of the share capital decrease by the District Court for Kraków-Śródmieście in Kraków 12th Economic Department of the National Court Register which took place on 28 June 2016. After the registration of the share capital decrease the general number of shares amounts to 5 580 267 items, which accounts for 12 198 535 votes at the General Meeting of Shareholders attributable to all the shares.

NOTE 11– Supplementary capital	thousand x PLN	
	2016	**2015**
1. from sale of shares above their nominal value	35 054	35 054
2. statutorily created	646	646
3. created in accordance with the statute / articles of association, above the statutorily required (minimum) value	108 078	87 030
4. from subsidies of the shareholders / partners		
5. other (by type)	239 701	145 713
a) from revaluation of fixed assets	*285*	*285*
b) from liquidation and revaluation of fixed assets	*181*	*181*
c) from sale of shares	*148*	*148*
d) negative difference between the nominal value and purchase price of own shares	*-26 638*	*-26 638*
e) retained profit	*60 510*	*60 510*
f) retained profit (loss)	*205 215*	*111 227*
Supplementary capital, total	**383 479**	**268 443**

Supplementary capital is mandatory created in the company (by law). According to the Code of Commercial Companies, the company must allocate to the reserve capital at least 8% of annual net profit until the capital reaches 1/3 of share capital. Supplementary capital is increased by the excess over the issue of shares above their nominal value and the difference from the revaluation of fixed assets, which have been liquidated or sold.

The amounts resulting from the subsidiary companies profit distribution are also transferred to the supplementary capital, pursuant to the Resolutions pf the Shareholders' Meeting (subpar. c). Supplementary capital also includes profit from previous years, referring to negative goodwill from previous years and settled in accordance with IFRS, as well as retained profits on revaluation of fixed assets and the right of perpetual usufruct of land, made on the date of transition to IFRS.

NOTE 12 – Revaluation reserve	thousand x PLN	
	2016	**2015**
1. from revaluation of fixed assets		*3 166*
2. in respect of the financial instruments valuation	*-169 860*	*66 121*
Revaluation reserve, total	**-169 860**	**69 287**

NOTE 13 – Other reserve capitals (by appropriation)	thousand x PLN	
	2016	**2015**
- reserve capital for investments	1 236 309	1 131 392
- reserve capital for financing of current assets	12 145	12 145
- reserve capital for the financing of the own-shares-purchase	51 000	181 117
- other reserve capital	76 568	107 890
Revaluation reserve, total	**1 376 022**	**1 432 544**

Other capital reserves are formed from the profit, whose distribution is determined by the General Meeting of Shareholders at the parent company and General Meetings of Shareholders at subsidiary companies. These capital reserves serve to finance the current assets and cover the potential loss. The use of these reserves is determined by the General Meeting of Shareholders or Meeting of Shareholders.

On 20 June 2016, the General Meeting adopted the Resolution No XXXIII/18/2016, granting the Company an authorization within the meaning of Art. 365 par. 1 subpar. 8 to purchase its own shares with a view to redemption. The maximum number of shares which can be purchased by the Company within the Program equals 200 000 items. The single share purchase price is PLN 250.00. The purchase refers to registered preference shares of A, B and E series. The value of the Program enlarged by the purchase costs equals PLN 51 million. The purchase of the shares may take place within the deadlines and under the terms and conditions defined by the Company's Management Board within two years starting from the time when the Resolution No XXXIII/18/2016 was adopted.

NOTE 14 – CHANGE IN MINORITY INTEREST	thousand x PLN	
	2016	2015
Balance at the beginning of the period	**85 601**	**106 744**
1. increases (due to)	**19 477**	**8 166**
a) profit distribution	*19 477*	*8 166*
2. decrease (due to)	**24 506**	**29 309**
a) dividend payment		
b) change in the minority shares	*24 506*	*29 309*
Minority interest status at the end of reporting period	**80 572**	**85 601**

NOTE 15a - CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX	thousand x PLN	
	2016	2015
1. The balance of deferred income tax, at the beginning of the period, including:	**84 584**	**57 326**
a) attributed to financial result (due to)	61 842	33 699
b) attributed to equity (due to)	22 742	23 627
2. Increases (due to)	**15 751**	**28 143**
a) differences between the depreciation entered in the balance sheet and tax depreciation	11 925	10 198
b) exchange differences	2 204	4 797
c) others reserves	1 622	13 148
3. Decreases	**18 864**	**885**
a) attributed to the financial result due to positive temporary differences (due to)	1 328	
- reversal of temporary differences (use of reserves for deferred income tax)	1 328	
b) attributed to the financial result due to positive temporary differences (due to)	17 536	885
- valuation of hedging transactions	17 536	885

4. Balance of reserve at the end of the period, total	**81 471**	**84 584**
a) attributed to the financial result	76 265	61 842
b) attributed to equity	5 203	22 742

NOTE 15b - Change of the balance of other long-term reserves	thousand x PLN	
	2016	2015
1. balance at the beginning of the period	**147 950**	**151 305**
2. increases (due to)	**10 983**	**2 477**
a) provision for retirement benefits	*5 803*	*2 359*
b) forming a provision for a sludge pond reclamation	*495*	*118*
c) forming a provision for guarantee repairs	*109*	
d) forming other provisions	*4 576*	
3. dissolution (due to)	**9 900**	**5 832**
a) transfer to a short-term reserve	*766*	*755*
b) paid retirement benefits	*959*	*468*
c) decrease of a reserve	*8 175*	*4 609*
4. balance at the end of the period	**149 033**	**147 950**

NOTE 15 c - CHANGE IN OTHER SHORT-TERM RESERVES (BY TITLE)	thousand x PLN	
	2016	2015
1. balance at the beginning of the period	**73 612**	**38 761**
2. increases (due to)	**96 626**	**90 335**
a) transfer from long-term reserves to short-term ones	*766*	*3 657*
b) formation of reserves for future liabilities	*84 092*	*86 123*
c) formation of reserves for retirement benefits	*4 028*	*555*
d) formation of other reserves	*7 740*	
3. utilized (in respect of)	**54 883**	**49 404**
a) other liabilities	*54 883*	*49 404*
4. dissolution (due to)	**20 049**	**6 080**
a) paid retirement benefits	*2 605*	*741*
b) other	*17 444*	*5 339*
5. balance at the end of the period	**95 306**	**73 612**

NOTE 16a - Long-term liabilities	thousand x PLN	
	2016	2015
1. credits and loans	**102 640**	**84 272**
2. in respect of issued debt securities		
3. other financial liabilities, including:	**97 237**	**3 782**
b) financial lease agreements	*5 766*	*1 994*
c) hedging transactions agreements/ collateral agreements	*91 471*	*1 788*
4. other (according to type)	**6 164**	**13 468**
a) system		*6 114*

b) other	*694*	
c) geological information fee	*5 470*	*7 354*
5. contingent liabilities due to the purchase of ZGH	**296 115**	**296 115**
Long-term liabilities, total	**502 156**	**397 637**

NOTE 16b - Long-term liabilities, maturing as at the balance sheet date	**thousand x PLN**	
	2016	**2015**
a) above 1 year to 3 years	*64 021*	*62 222*
b) above 3 to 5 years	*67 468*	*20 077*
c) above 5 years	*74 552*	*19 223*
d) contingent liabilities due to the purchase of ZGH	*296 115*	*296 115*
Long-term liabilities, total	**502 156**	**397 637**

NOTE 16c - Long-term liabilities (currency structure)	**thousand x PLN**	
	2016	**2015**
1. in Polish currency	**502 156**	**397 637**
2. in foreign currency (by currency and converted into PLN)	**0**	**0**
Long-term liabilities, total	**502 156**	**397 637**

NOTE 16d - LONG-TERM LIABILITIES FOR CREDITS AND LOANS

Name (company) of the unit, indicating its legal form	Seat	The amount of credit/loan according to the agreement				The amount of credit/loan remaining for repayment				Interests	Term of repayment	Collaterals	Other	Company
		in thousand PLN	in currency	unit	currency	in thousand PLN	in currency	unit	currency					
WFOŚ i GW	Kraków	891	PLN	in thousand	PLN	535	PLN	in thousand	PLN	3,6 % per year	2020-12-09	Blank promissory note with promissory note agreement guaranteed by ZGH "Bolesław"		CG ZGH Bolesław S.A.
WFOŚ i GW	Kraków	4 743	PLN	in thousand	PLN	3 362	PLN	in thousand		3,6 % per year	2022-12-09	Blank promissory note with promissory note agreement guaranteed by ZGH "Bolesław"		CG ZGH Bolesław S.A.
NFOŚ i GW	Katowice	20 388	PLN	in thousand	PLN	7 982	PLN	in thousand	PLN	0.5 rediscount rate of bills	2026-03-31	Transfer of receivables from a fixed-time deposit account in the amount of PLN 20 643 200		CG ZGH Bolesław S.A.
NFOŚ i GW	Warszawa	28 082	PLN	in thousand	PLN	9 749	PLN	in thousand	PLN	3,5 % per year	2020-09-30	Promissory note guaranteed by ZGH "Bolesław" S.A.		CG ZGH Bolesław S.A.
PEKAO S A	Warszawa	13 000	PLN	in thousand	PLN	7 800	PLN	in thousand	PLN	WIBOR + margin	2020-12-31	Bill of exchange guarantee of Stalprodukt S.A. mortgage on STP ELBUD land	STP ELBUD Sp. z o.o. investment credit	STP Elbud Sp. z o.o.
NFOŚ i GW	Warszawa	40 054	PLN	in thousand	PLN	40 054	PLN	in thousand	PLN	3,5 % per year		Blank promissory note without protest with the promissory note agreement		CG ZGH Bolesław S.A.
NFOŚ i GW	Warszawa	32 496	PLN	in thousand	PLN	32 496	PLN	in thousand	PLN	3,5 % per year	2022-12-20	Blank bill of exchange with the bill of exchange agreement without protest		CG ZGH Bolesław S.A.
WFOŚ i GW	Kraków	1 105	PLN	in thousand	PLN	662	PLN	in thousand	PLN	3,6 % per year	2020-12-09	Blank promissory note with promissory note agreement guaranteed by ZGH "Bolesław"		CG ZGH Bolesław S.A.

NOTE 17a - Short-term liabilities	thousand x PLN	
	2016	2015
1. credits and loans, including:	**254 176**	**111 086**
a) long-term, maturing	*25 000*	*20 000*
2. in respect of issued debt securities		
3. due to dividend		
4. other financial liabilities, including:	**184 450**	**23 232**
a) from leasing	*2 293*	*1 764*
b) from purchase of enterprise	*6 114*	*6 114*
c) in respect of the concluded hedging transactions	*176 043*	*15 354*
5. trade liabilities, maturing:	**336 852**	**243 879**
a) up to 12 months	*335 001*	*241 332*
b) over 12 months	*1 851*	*2 547*
6. received advances for deliveries	**462**	**511**
7. tax, customs, insurance and other liabilities	**74 651**	**74 221**
8. payroll	**23 295**	**21 795**
a) other (by title)	**64 070**	**60 126**
a) social fund	*8 187*	*8 068*
b) PKZP	*1 076*	*1 076*
c) PZU	*1 897*	*1 152*
d) mining plant liquidation fund	*15 629*	*14 365*
e) settlements of investments	*20 566*	*17 059*
f) other	*16 715*	*18 406*
Short-term liabilities, total	**937 956**	**534 850**

NOTE 17b - Short-term liabilities (currency structure)	thousand x PLN	
	2016	2015
1. in Polish currency	**782 417**	**472 875**
2. in foreign currency (by currency and converted into PLN)	**155 539**	**61 975**
a) in EUR	*20 613*	*12 741*
converted into PLN	**90 861**	**54 330**
b) in USD	*15 470*	*1 934*
converted into PLN	**64 678**	**7 645**
Short-term liabilities, total	**937 956**	**534 850**

NOTE 17c - SHORT-TERM LIABILITIES FOR CREDITS AND LOANS														
Name (company) of the unit, indicating its legal form	seat	The amount of credit limit/loan according to the agreement				The amount of credit/loan remaining for repayment				Interests	Term of repayment	Collaterals	Other	Company
		in thousand PLN	in currency	unit	currency	in thousand PLN	in currency	unit	currency					
Bank Pekao S.A.	Kraków	75 000	PLN	in thousand	PLN	19 826		in thousand	PLN	WIBOR + margin	September 2017	Pledge on inventories	Overdraft in current account, limit for guarantees and letters of credit. Within the limit the Capital group companies enjoy sublimits of up to PLN 30.332 thousand (13.000 Stp Elbud and +17 332 Cynk Mal S.A.)	Stalprodukt S.A.
PKO Bank Polski S.A.	Warszawa	150 000	PLN	in thousand	PLN	34 350		in thousand	PLN	WIBOR + margin	August 2017	Pledge on inventories, blank bill of exchange	Overdraft limit in current account up to PLN 80.000 thousand limit for guarantees and letters of credit up to PLN 40.000 thousand. Within the limit the Capital Group's companies enjoy sublimit of up to PLN 30.000 thousand including STP Elbud PLN 10.000 thousand and Centrostal PLN 20.000 thousand	Stalprodukt S.A.
PKO Bank Polski S.A.	Warszawa	20 000	PLN	in thousand	PLN	7 713		in thousand	PLN	WIBOR + margin	August 2017	Pledge on inventories,	Overdraft in current account of Stalprodukt-Centrostal	Stalprodukt-Centrostal Kraków Sp. z o.o.
Bank Handlowy w Warszawie S.A.	Warszawa	65 000	PLN	in thousand	PLN	16 595		in thousand	PLN	WIBOR + margin	July 2017 / January 2018	Pledge on material inventories, assignment of receivables.	Overdraft in current account and short-term guarantees and letters of credit of up to PLN 40.000 thousand.. Limit for long-term guarantees of up to PLN 25.000 thousand	Stalprodukt S.A.
Alior Bank SA	Warszawa	1 000	PLN	in thousand	PLN	0		in thousand	PLN	4,68% per year	March 2017	Mortgae of up to PLN 2 250 thousand, transfer of receivables from insurance agreement		CG ZGH Bolesław S.A.
BGŻ BNP Paribas S.A.	Kraków	50 000	PLN	in thousand	PLN	29 203		in thousand	PLN	WIBOR + margin	January 2017	Pledge on materials, assignment of receivables, blank bill of exchange,	Credit limit in the current account, guarantees and letters of credit. Within the limit Stalprodukt Wamech enjoys a limit of up to PLN 2 million.	Stalprodukt S.A.

PKO Bank Polski S.A.	Warszawa	10 000	PLN USD, EURO	in thousand	PLN	0		in thousand	PLN	wibor, euribor, libor + margin	August 2017	Declaration on submission to enforcement under art. 777 of Code of Civil Procedure		CG ZGH Bolesław S.A.
PKO Bank Polski S.A.	Warszawa		PLN	in thousand	PLN	25 000	PLN	in thousand	PLN	WIBOR + margin	December 2017	Total mortgage up to PLN 150.000 thousand on real estate at Wadowicka Street in Krakow	Long-term credit with and annual repayment period	Stalprodukt S.A.
NFOŚ i GW	Warszawa	36 956	PLN	in thousand	PLN	4 460	PLN	in thousand	PLN	3,3 % per year	December 2017	Blank bill of exchange with the bill of exchange agreement, mortgage on the real estate on which an undertaking is being carried out, court register pledge resting on the collection of items purchased or produced sądowy zastaw rejestrowy na zbiorze rzeczy zakupionych lub within the framework of the undertaking, assignemnt of the insurance policy	Loan from the National Fund for Environmental Protection and water Management amounting to PLN 36,956.250.00 - with a short-term part (to be repaid by 31.12.2017)	CG ZGH Bolesław S.A.
NFOŚ i GW	Warszawa	28 082	PLN	in thousand	PLN	3 667	PLN	in thousand	PLN	3,5 % per year	September 2020	Promissory note guaranteed by ZGH Bolesław S.A.		CG ZGH Bolesław S.A.
Credit Agricole Bank Polska S.A	Wroclaw	5 000	PLN, USD, EUR	in thousand		0		in thousand	PLN	wibor, euribor, libor + margin	October 2017	Declaration on submission to enforcement under art.777 of the Code of Civil Procedure		CG ZGH Bolesław S.A.
Bank Pekao S.A.	Warszawa	17 332	PLN	in thousand	PLN	16 925	PLN	in thousand	PLN	WIBOR + margin	September 2017	Power of attorney authorizing to the use of bank accounts, acceptance of joint and several liability by Stalprodukt S.A.,	Overdraft in current account of Cynk Mal S.A.	Cynk-Mal S.A.
Bank Pekao S.A.	Warszawa	15 000	PLN, USD, EUR	in thousand		2 761		in thousand	PLN	wibor, euribor, libor 1M + margin	September 2017	Declaration on submission to enforcement under art.777 of the Code of Civil Procedure		CG ZGH Bolesław S.A.
ING Bank Śląski S.A.	Katowice	30 000	PLN, USD, EUR	in thousand			PLN	in thousand	PLN	wibor, euribor, libor + margin	October 2017	Declaration on submission to enforcement under art.777 of the Code of Civil Procedure		CG ZGH Bolesław S.A.

Pekao S.A.	Kraków	13 000	PLN	in thousand	PLN	2 600	PLN	in thousand	PLN	wibor 1M + margin	September 2017	Power of attorney authorizing to the use of bank accounts and declaration on submission to enforcement	Long-term credit with an annual repayment period	STP Elbud Sp. z o.o.
PKO Bank Polski S.A.	Warszawa	10 000	PLN	in thousand	PLN	0	PLN	in thousand	PLN	WIBOR + margin	August 2017	Blank promissory note and declaration on submission to enforcement	Limit for guarantees letters of credit and overdraft in current account within a trilateral agreement of Stalprodukt S.A., Stalproduk Centrostal, Elbud	STP Elbud Sp. z o.o.
GETIN NOBLE BANK SA	Warszawa	5 000	PLN USD EURO	in thousand		0		in thousand	PLN	wibor, euribor, libor + margin	January 2017	Declaration on submission to enforcement under art.777 of the Code of Civil Procedure	Gradir Montenegro d. o.o.	CG ZGH Bolesław S.A.
WFOŚ i GW	Kraków	4 743	PLN	in thousand		678	PLN	in thousand	PLN	3,6% per year	December 2022	Blank promissory note guaranteed by ZGH Bolesław S.A.		CG ZGH Bolesław S.A.
WFOŚ i GW	Kraków	891	PLN	in thousand		177	PLN	in thousand	PLN	3,6% per year	December 2020	Blank promissory note guaranteed by ZGH Bolesław S.A.		CG ZGH Bolesław S.A.
WFOŚ i GW	Kraków	1 105	PLN	in thousand	PLN	221	PLN	in thousand	PLN	3,6% per year	December 2020	Blank promissory note guaranteed by ZGH Bolesław S.A.		CG ZGH Bolesław S.A.
Bank Handlowy S.A.	Warszawa	90 000	PLN	in thousand	PLN	90 000	PLN	in thousand	PLN	WIBOR + margin	December 2017	Fixed-time deposit by ZGH Bolesław S.A.	Credit with an annual repayment period	Stalprodukt S.A.

NOTE 18 - Accruals	thousand x PLN	
	2016	2015
1. disclosed deferred income	**636**	**612**
a) long-term (by titles)	**388**	**306**
- subsidy EKOFUNDUSZ	*83*	*113*
- other	*305*	*193*
b) short-term (by titles)	**248**	**306**
- subsidy EKOFUNDUSZ	*30*	*171*
- other	*218*	*135*
2. deferred income	**15 659**	**16 598**
a) long-term (by titles)	**4 677**	**4 731**
- National Fund for Environmental Protection and Water Management loan write-off	*125*	*150*
- perpetual usufruct of land	*142*	*207*
- subsidy	*4 410*	*4 374*
b) short-term (by titles)	**10 982**	**11 867**
- received advances	*1 286*	*967*
- subsidy NCBiR	*1 993*	*2 187*
- subsidy NFOś	*7 703*	*8 713*
Other accruals, total	**16 295**	**17 210**

NOTE 19 - Book value per 1 share

The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (1,936,754 thousand PLN:5,580,267 shares = 347.07 PLN).

NOTE 20 a - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousand x PLN	
	2016	2015
- transformer sheets	552 849	653 305
- toroidal cores	10 194	10 698
- steel sheets, hot-rolled and cold-rolled strips	70 550	70 194
- cold formed profiles	512 700	520 394
- road barriers	77 775	67 454
- steel structures, including door and door frames	95 732	108 551
- galvanized banding steel and galvanized wire	43 493	41 881
-zinc	836 287	900 673
- alloys	536 389	350 257
- flotation galena	53 035	52 040
- suplhuric acid	17 012	23 025
- dolomite	15 109	21 766
- Zn-Pb-Ag concentrate	15 775	11 709
- refined lead	103 084	95 772
- Dore metal	52 388	50 626
- other products	14 847	17 273
- services	49 434	46 355
Net revenues from sales of products, total	**3 056 653**	**3 041 973**

NOTE 20b - NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	thousand x PLN	
	2016	2015
a) country	**1 575 104**	**1 511 704**
- transformer sheets	38 340	29 615
- toroidal cores	4 143	4 730
- steel sheets, hot-rolled and cold-rolled strips	59 864	60 689
- cold formed profiles	373 037	376 948
- road barriers	51 294	49 945
- steel structures, including door and door frames	94 464	98 573
- galvanized banding steel and galvanized wire	25 233	25 797
-zinc	375 024	520 955
- alloys	423 479	213 093
- suplhuric acid	9 912	13 396
- dolomite	15 109	21 766
- refined lead	53 011	44 441
- services	12 839	15 090
- others	39 355	36 666
b) export	**1 481 549**	**1 530 269**
- transformer sheets	514 509	623 690
- toroidal cores	6 051	5 968

- steel sheets and hot- and cold-rolled strips	*10 686*	*9 505*
- cold formed profiles	*139 663*	*143 446*
- road barriers	*26 481*	*17 509*
- steel structures, including door and door frames	*1 268*	*9 978*
- galvanized banding steel and galvanized wire	*18 260*	*16 084*
-zinc	*461 263*	*379 718*
- alloys	*112 910*	*137 164*
- flotation galena	*53 035*	*52 040*
- suplhuric acid	*7 100*	*9 629*
- Zn-Pb-Ag concentrate	*15 775*	*11 709*
- refined lead	*50 073*	*51 331*
- Dore metal	*52 388*	*50 626*
- other products	*2 008*	*2 183*
- services	*10 079*	*9 689*
Net income from sales of products, total	**3 056 653**	**3 041 973**

NOTE 21a -Net revenues from sales of goods and materials (material structure – types of activities)	thousand x PLN	
	2016	**2015**
a) goods	*28 888*	*36 409*
b) technological waste	*24 866*	*25 550*
c) other materials	*30 528*	*27 761*
Net revenues from sales of goods and materials, total	**84 282**	**89 720**

NOTE 21b - Net revenues from sales of goods and materials (TERRITORIAL STRUCTURE)	thousand x PLN	
	2016	**2015**
1. country	**72 689**	**79 657**
a) goods	*28 498*	*36 089*
b) technological waste	*24 866*	*25 550*
c) other materials	*19 325*	*18 018*
2.) export	**11 593**	**10 063**
a) goods	*390*	*320*
b) technological waste	*11 203*	*9 743*
Net revenues from sales of goods and materials, total	**84 282**	**89 720**

NOTE 22 - Costs by type – cost of manufacture of products sold	thousand x PLN	
	2016	**2015**
1. amortization	**140 561**	**142 929**
2. consumption of materials and energy	**1 750 425**	**1 825 123**
3. external services	**223 215**	**204 420**
4. taxes and fees	**55 765**	**58 957**
5. payroll	**402 819**	**377 525**
6. social insurance and other benefits	**107 334**	**100 674**
7.other costs by type (due to)	**14 592**	**14 550**
a) business trips	*2 830*	*2 874*
b) property insurance	*4 236*	*4 521*
c) representation and advertising	*3 682*	*3 271*
d) trainings	*1 432*	*1 070*
e) other	*2 412*	*2 814*
8. balance of exchange differences arising from settlements, provisions against retirement allowances, finished products price reduction	**5 775**	**1 605**
- balance of exchange differences arising from settlements	*5 179*	*-2 400*
- balance of provisions against retirement allowances	*371*	*390*
- provisions for loss of value of finished products	*225*	*3 615*
Costs by type, total	**2 700 486**	**2 725 783**
Change in stocks, products and accruals	-59 285	-13 816
Cost of manufacture of goods produced for own purposes (negative value)		
Selling costs (negative value)	**-70 981**	**-79 344**
General and administrative costs	**-135 787**	**-135 093**
Cost of manufacture of products sold	**2 434 433**	**2 497 530**

NOTE 23 - Other operating revenues	thousand x PLN	
	2016	**2015**
1. profit from transfer of non-financial fixed assets	**281**	**6 597**
2. reversed provisions (due to)	**21 047**	**9 036**
a) doubtful receivables	*702*	*225*
b) retirement benefits	*3 557*	*5 156*
c) predicted CO2 emissions, energy origin certificates	*527*	*3 084*
d) mining plant liquidation	*6 475*	
e) revaluation of inventories	*9 786*	*571*
3. other, including:	**13 165**	**7 899**
a) payment of adjudicated court fees	*113*	*64*
b) revenues due to not collected payroll		
c) refund from the State Fund for Rehabilitation of the Disabled	*220*	*170*
d) received compensation	*1 112*	*1 481*
e) revenue from revaluation of fixed assets	*6 470*	
f) surplus in working capital	*921*	*197*
g) lease revenues	*280*	*2 615*
h) reconciliation the company's negative goodwill		*1 348*

i) value of write-off to liabilities	*1 434*	
j) other	*2 615*	*2 024*
4. subsidies	**222**	**719**
Other operating revenues, total	**34 715**	**24 251**

NOTE 24 - Other operating costs	**thousand x PLN**	
	2016	**2015**
1. loss from transfer of non-financial fixed assets	**3 195**	**3 290**
2. revaluation of non-financial assets	**4 788**	**23 813**
3. reserves (due to)	**28 526**	**31 833**
a) doubtful receivables	*22*	*1 303*
b) retirement benefits	*3 664*	*1 404*
c) landfill reclamation	*55*	*55*
d) compensations/damages		*15 000*
e) finished products value reduction	*16 478*	*8 718*
f) mining plant liquidation		*700*
g) employee benefits	*6 153*	*1 200*
h) reclamation of post-excavation areas	*1 684*	*1 929*
i) energy origin certificates	*470*	*1 524*
4. other, including:	**12 030**	**8 402**
a) donations and optional contributions	*849*	*808*
b) costs of court proceedings	*396*	*98*
c) penalties, fines, compensations	*433*	*359*
d) shortages in financial resources	*566*	*606*
e) value of written-off receivables	*169*	
f) fixed assets liquidation costs	*2 308*	
g) cost of unutilized production capacity	*362*	
h) costs of road barrier tests	*1 038*	*1 095*
i) lease costs	*1 909*	*3 167*
j) value of scrapped materials	*2 928*	
k) others	*1 072*	*2 269*
Other operating costs, total	**48 539**	**67 338**

NOTE 25 - Financial revenues	thousand x PLN	
	2016	2015
1. revenues due to interests	**9 077**	**7 139**
2. profit from transferred investments	**12 395**	
3. exchange rate differences (the excess of negative over positive)	**13 309**	**8 130**
a) realized	*8 223*	*10 996*
b) unrealized	*5 086*	*-2 866*
4. released provisions, due to	**406**	**464**
a) interests	*408*	*464*
5. other, including:	**131**	**80**
a) dividend received	*2*	*3*
b) other	*129*	*77*
Financial revenues, total	**35 318**	**15 813**

NOTE 26 - Financial expenses	thousand x PLN	
	2016	2015
1. due to credits and loans	**10 068**	**7 575**
2. other interests	**364**	**410**
3. Loss on disposal of investments	**6 327**	**6 811**
4. released provisions, due to	**705**	**1 144**
a) accrued but not paid interests	*705*	*1 144*
5. other, including	**6 361**	**4 066**
a) balance valuation of investments	*6 361*	*2 919*
b) other		*1 147*
Financial expenses, total	**23 825**	**20 006**

NOTE 27 - Current and deferred income tax	thousand x PLN	
	2016	2015
1. Gross profit (loss)	425 367	287 009
2. Consolidation adjustments	-523	-1 369
3. Differences between gross profit (loss) prior to income tax (by titles)	-57 556	16 518
- companies' gross loss	*2 901*	*19 719*
- amortization of tangible and intangible deductible expenses	*-43 940*	*-38 330*
- donations and voluntary contributions	*930*	*952*
- provision for receivables	*-751*	*-689*
- release of provision for retirement benefits	*-6 418*	*-10 022*
- PFRON	*5 044*	*4 871*
- leasing instalment	*-2 900*	*-1 628*
- write-off from revaluation of inventories and long-term investments	*-14 805*	*30 100*
- cost regarding provisions for retirement benefits	*17 644*	*12 249*
- costs of assets liquidation	*-814*	*-3 380*
- cash and accounts balance sheet valuation	*-10 324*	*-11 578*
- social insurance for November and December '2015' and paid in January and February '2016'	*-10 865*	*-7 831*
- social insurance for November and December '2016' and paid in January and February '2017'	*11 224*	*7 854*
- costs of representation	*1 532*	*1 440*

- the value of disposed fixed assets from valuation	*0*	*2 565*
- dividends received	*-2*	*-3*
- provision for claims		*15 000*
- other	*-6 012*	*-4 771*
4. Taxable income	367 288	302 158
5. Income tax at the rate 19%	69 785	57 410
6. Tax increases, exemptions, deductions and abatements		
7. Current income tax disclosed in tax declaration for the period, including:	69 785	57 410
- disclosed in profit and loss account	*80 113*	*59 775*
8. Deferred income tax due to temporary differences	10 328	2 365

	thousand x PLN	
NOTE 28a - PROFIT (LOSS) NET	**2016**	**2015**
a) parent company net profit (loss)	*95 731*	*108 662*
b) subsidiary companies net profit (loss)	*250 046*	*107 394*
c) consolidation adjustments	*-523*	*11 178*
Profit (loss) net	**345 254**	**227 234**

NOTE 28 b - PROFIT SPLIT

Net profit for the financial year 2015 amounting of 108,661,809.90 PLN:
- share in profits for the Management Board 651,970.86
- share in profits for the Supervisory Board 760,632.67
- reserve capital 90,508,405.37
- dividend 16,740,801.00.

Proposals for allocation of net profit* for the reporting period in the amount of **95,731,129.62** PLN:
- share in profits for the Management Board **287,193.39**
- share in profits for the Supervisory Board **335,058.95**
- reserve capital **78,368,076.28**
- dividend **16,740,801.00.**

NOTE 29 - Profit per 1 share

For the calculation of profit per one common share, the stock of 5,580,267 items was considered, which number was decreased throughout the reporting year 2016 by 716 600 items subject to redemption (altogether 1 144 733 items were subject to redemption, with a reservation that the shares in the number of 428 133 items, bought back in 2015 and in the preceding years, were excluded as of 31.12.2015).The Company does not have a complex capital structure (stock options, warrants and other), and in scope of profit split the preferred shares do not differ from ordinary bearer shares. Therefore, no ratio of diluted profit per ordinary share is not calculated.

6. Reporting by segments

According to IFRS 8, an operating segment forms a part of an entity:

- which organizes the business, in connection with which revenues can be obtained and costs incurred,

- the results of which are subject to regular review and assessment by the main body in the entity responsible for decision making and using these results while deciding on the allocation of resources to segments,

- for which there is separate financial information available.

IFRS 8 requires disclosure of operating segments based on internal reports used in managerial accounting.

Using the management approach to segment reporting in Stalprodukt, there are three operating segments distinguished:

- Electrical Sheets Segment DB,
- Profiles Segment DP,
- Zinc Segment.

For these segments, there is separate financial information drawn up for the Parent Company that the Management Board of the Company uses to evaluate the results of both segments for the purpose of bonus system, based on coverage margin, and for the purpose of the allocation of resources to a given segment.

Profiles segment includes the following products: cold formed profiles and tubes, road safety barriers and hot and cold rolled sheets and strips.

Transformer sheets segment includes transformer metal sheets and toroidal cores.

The Zinc Segment embraces the object of activities pursued by ZGH "Bolesław" S.A. jointly with the subsidiary companies, i.e. excavation of zinc-lead ores production of zinc and lead as well as related activities.

The Segment of Goods was accounted jointly with Other Activities, Due to the fact that its Capital Group's sales share was decreased.

Segment revenues apply only to sales to external customers. Revenues of other segments in the consolidated financial statements are excluded.

Segment costs include the own cost of sales, including the cost of sales resulting from the operations of the segment. Segment costs do not include other operating costs, which can not be directly attributed (attributed) to the segment, general overheads costs, finance costs and income tax.

Segment result (profit/loss of the segment) is the difference between revenues and costs of the segment.

Segment assets (liabilities) are operating assets (operating liabilities) used by a segment (resulting) in operating activities, which are directly attributable to the segment (intangible assets, tangible fixed assets, inventories, receivables from customers, amounts due to suppliers) or allocated to the segment based on a reasonable basis e.g. share of the segment in sales, profit (other assets and liabilities).

The same accounting principles, including the methods of valuation, which are presented under par. 3 of this Information, taking into account the above findings, are applicable for reporting by segments.

Required information on operating segments for the year 2016 and comparable period was estimated and presented in the following tables (in thous. PLN):

Itemization 2016	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	563 042	661 025	1 699 793	217 075	3 140 935
Segment Costs	443 895	616 405	1 329 601	188 554	2 578 455
Segment Result	**119 147**	**44 620**	**370 192**	**28 521**	**562 480**
Other Operating and Financial Revenues Non-Attributable to the Segment					71 038
Other General, Operating and Financial Costs Non-Attributable to the Segment					208 151
Gross Profit					**425 367**
Income Tax					80 113
Net Profit					**345 254**
Segment Assets	822 814	726 594	1 890 546	257 832	3 697 786
Assets Non-Attributable to the Segment					21 185
Total Assets					3 718 971
Total Liabilities	216 240	282 473	905 024	82 365	1 486 102
Contingent Liabilities					296 115
Consolidated Liabilities					1 782 217
Investment Outlays	4 700	22 903	136 425	16 803	180 831
Depreciation	27 474	18 752	80 891	13 444	140 561

Itemization 2015	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	664 003	658 042	1 585 032	224 616	3 131 693
Segment Costs	489 313	634 405	1 333 058	205 185	2 661 961
Segment Result	**174 690**	**23 637**	**251 974**	**19 431**	**469 732**
Other Operating and Financial Revenues Non-Attributable to the Segment					40 064
Other General, Operating and Financial Costs Non-Attributable to the Segment					222 787
Gross Profit					**287 009**
Income Tax					59 775
Net Profit					**227 234**
Segment Assets	847 157	637 504	1 563 322	233 079	3 281 062
Assets Non-Attributable to the Segment					24 684
Total Assets					3 305 746
Total Liabilities	156 767	172 205	552 983	77 773	959 728
Contingent Liabilities					296 115
Consolidated Liabilities					1 255 843
Investment Outlays	17 363	21 460	104 828	30 991	174 642
Depreciation	25 220	20 324	86 553	10 832	142 929

7. Financial instruments and risk management assessment

Characteristics of financial instruments and rules for their valuation

Financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another.

The main financial instruments used by the Company include bank loans, financial leasing agreements and short-term deposits. The main purpose of these instruments is to raise funds for the activities of companies in the Group.

The Company also have other financial instruments such as cash, supplies and services receivables and payables, which are formed directly in the course of their business.

Moreover, the Issuer has an interest in other entities, which are long-term investments.

While entering financial instruments into the accounts, they are valued at cost (purchase price), which is the fair value of the payment. Transaction costs are recognized in the initial value of financial instruments.

After initial recognition, taking into account the criterion of purchase price, financial instruments are classified into one of four categories and valued as follows:

- financial instruments measured at fair value through profit or loss. This applies to financial instruments acquired in order to generate profits through short-term fluctuations in prices,
- Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturity, which the Company intends to hold to that time. They are valued at amortized cost using the effective interest method,
- loans and receivables - are valued at amortized cost using the effective interest rate, and gains or losses are recognized in the profit and loss account. Receivables with a short maturity, for which the interest rate is not specified, are valued at the amount due,
- financial instruments available for sale (all other financial assets) - are valued at fair value and gains/losses from revaluation are recognized in the revaluation reserve until the sale of investments or reduction of its value. At this point, the total profit or loss from revaluation is referenced to the profit and loss account.

The fair value of financial instruments, which are traded on the current market, is determined in relation to the prices quoted on this market at the balance sheet date. If there is no quoted market price, fair value is estimated based on valuation techniques.

Financial liabilities that are not financial instruments measured at fair value through profit or loss are valued at amortized cost using the effective interest method.

Financial instruments are derecognised from the balance sheet when the Company loses control over contractual rights that make up the financial instrument, and this usually happens when the instrument is sold or when all cash flows attributable to that instrument are transferred to an independent third party.

At each balance sheet date, the Company assesses whether there is objective evidence of impairment of a financial asset or the group of financial assets. Such evidence includes: severe financial difficulties of the debtor, the disappearance of an active market for that financial instrument, adverse changes in the economic, legal and market environment of the financial instrument issuer, maintaining a significant decrease in the fair value of the instrument. When such evidence prevails, it is necessary to estimate the losses and make allowance for impairment.

Derivative financial instruments are initially recognized in the books at cost and subsequently measured at fair value. Changes in fair value of derivative financial instruments are recognized immediately in the profit and loss account. Derivatives are presented in the balance sheet as assets or liabilities held for trading.

The fair value of derivative instruments, which are traded on regulated markets, and securities available for sale is determined based on quoted market prices at the balance sheet date.

To estimate the fair value of derivative instruments, the prices of which are not quoted on regulated markets, and other financial instruments, the Company uses different methods and assumptions that are based on market conditions existing at each moment of the balance sheet.

Market and dealer quotations for specific and similar instruments are usually applied. Other techniques such as option pricing models or discounted value of future estimated cash flows, are used to determine the fair value of other instruments.

It is assumed that the nominal value of financial assets and liabilities with a maturity less than one year, reflect their fair values, which means it does not require discounting.

The purpose and policy of risk management and measurement methods.

The Parent Company is exposed to various types of financial risks - including changes in market prices of debt and equity instruments, fluctuations of currencies and interest rates. The overall financial risk management program of the Issuer focuses on the unpredictability of financial markets and seeks to minimize the potential negative effects on the Parent Company's financial results. The Department of Financial and Risk Management, supervised by the Finance Director, manages the risk in the Parent Company. The main objective is to minimize the negative effects of external changes on the results obtained by the Company. Depending on the type and size of risk, the Company complies with the appropriate instruments for the diagnosis, assessment and hedging.

The main assumption of the “Bolesław” S.A.'s hedging policy is aimed at reducing the Company's sales sensitivity to the decrease of zinc, lead and silver prices as well as the USD exchange rate. The lower the Company's hedging level is, the more sensitive it is to the declining prices. The lack of hedging would result in the Company's full exposure to the fluctuations of the exchange market zinc, lead and silver prices as well as the USD exchange rate, and in the event the price falls below the break-even level, to significant losses difficult to cover from any funds, especially if the low-price period is prolonged.

The ZGH “Bolesław” S.A.'s policy is based on the application of the financial instruments offered by banks to hedge against the exchange market prices and currency exchange rate fluctuations. ZGH “Bolesław” S.A. applies a type of hedging which consists in the transfer of risk achieved through the application of the 'short hedge' method, which protects the Company against the decrease of metal prices and USD exchange rate fluctuations. The applied derivatives vary depending on type of the market risk to be hedged against.

The main risks associated with the activities of the Group include:

a) credit risk and contractual risk,

b) liquidity risk,

c) market risk, including:

- interest rate,
- currency,
- fluctuations of the LME zinc and lead prices and LBM silver prices.

Credit and contractual risk

Credit risk in the Parent Company is limited by the current examination of the creditworthiness of contracting parties, by adopting appropriate securities (bank guarantees, letters of credit, bills of exchange, suretyships) and through constant monitoring of overdue receivables. With the aim to maintain current control, the commerce and Finances and Risk Management Departments are obliged to apply the principles set out in the procedures: credit and debt collection. These procedures specify the selection of contracting parties, setting of credit limits and procedure in the case of past due receivables.

The subsidiary companies pursue their own policies in respect of the credit-related risk management. Some of them benefit from the services rendered by the insurance companies insuring liabilities (e.g. Cynk Mal S.A.).

Contractual risk arises when an agreement for the sale of goods under certain conditions of delivery is reached with a customer, which gives rise to obligations on the part of the Company with respect to the contracting party to deliver a specific lot, with a commitment of the Company to proceed to production before getting full payment. The situation results in the risk incurred by the Company in the form of finished goods, which are not collected by the contracting party.

Contractual risk generally occurs in the Parent Company only when orders are taken for custom products and evaluation is carried out by a person accepting the order. The risk is mitigated through the adoption of appropriate securities or by receiving partial or full prepayment for ordered goods before production.

Item No.	Type of security	Type of hedged risk	2016			2015		
			Amount	Currency	thous. PLN	Amount	Currency	thous. PLN
1	Bank guarantees and letters of credit	credit/contract	812	PLN	**812**	917	PLN	**917**
2	Bank guarantees and letters of credit	credit/contract	3 650	EUR	**16 148**	5 880	EUR	**25 058**
3	Bank guarantees and letters of credit	credit/contract	6 126	USD	**25 602**	4 122	USD	**16 080**
4	Suretyships	credit/contract	0	PLN	**0**	3 600	PLN	**3 600**
4	Suretyships	credit/contract	14 700	EUR	**65 033**	10 125	EUR	**43 148**
	Total				**107 595**			**88 803**

The amount at risk equals the balance of short-term receivables plus issued guarantees and sureties granted, the fair value of derivative instruments, adjusted by the adopted securities, as well as claims against the affiliates. This amount is PLN 258,494 thousand.

It should be noted that most customers of the Group are those with whom the Group has been cooperating for many years.

Today, the Parent Company has no restructured receivables, i.e. receivables in respect to the customers with whom the Company entered into an agreement to defer payment. Given the above, the credit quality should be defined as good.

Aging of receivables was presented in the notes to the balance sheet No. 6d - 6e.

Liquidity risk

Liquidity risk management refers to the control over financial flows and securing external funding opportunities, in particular: receivables collection and security in the form of credit lines.

In the current financial standing of the Group, with a clear advantage of financing with own funds, liquidity risk does not occur. However, keeping in mind the substantial capital expenditures, with the aim of protection, the Parent Company maintains granted limits on working capital loans, based on agreements reached with cooperating banks.

The details concerning the credit line limits, credit-to-debt ratios and the remaining conditions were presented in 17c note.

Market Risk

Exchange Rates Risk

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Group's results. The following balance sheet positions are exposed to this kind of risk: granted loans, cash deposits and interest-bearing external financing sources.

As of 31.12.2016 the following data were provided in the Consolidated Balance Sheet:
loans granted – PLN 60 000 thousand,
cash – PLN 286 179 thousand,
long-term credits and loans – PLN 102 640 thousand,
short-term credits and loans – PLN 254 176 thousand.

The decrease of interest rates will result in the decrease of revenue from the interest on the granted loans and free cash flow. This will be accompanied by the reduction of costs related to external financing. The increase of interest rates will stimulate the increase of proceeds from the granted loans and free cash flow. This will be accompanied by the increase of costs related to external financing.
Both the loans, cash and the investment credit are based on variable interest rate (WIBOR, WIBID). The gross result's sensitivity to the increase of interest rates was presented below:

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2016	2015
Exchange rate increase by 50 basis points		
Impact on the gross result	-53	562
Exchange rate decrease by 50 basis points		
Impact on the gross result	53	-562

Currency Risk

EUR is the main currency used both in the exports and intra-community transactions. Considering the risk from EUR/PLN currency fluctuations, the Parent Company uses natural hedging as its sales from individual periods are balanced by the purchases expressed or denominated in EUR. Additionally, the currency position is being constantly monitored. It happens that during a 2-3-week period it is open (short or long), however, its value is insignificant in relation to the turnover.

USD is another currency in which settlements are made. The currency position is being constantly monitored.

As of 31.12.2016, the sensitivity of balance sheet positions, expressed in EUR and USD, to currency risks is only slight in relation to the scale of the pursued activities. The currency-expressed receivables and liabilities were presented in 6c and 17b notes, respectively.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2016	2015
PLN STREANGTHENING to USD & EUR by 5%		
Impact on gross result	13 516	9 655
PLN WEAKENING to USD & EUR by 5%		
Impact on gross result	-13 516	-9 655

The nature of the activities pursued by the subsidiary company - ZGH "Bolesław" S.A. (production and USD sales of LME-quoted zinc and lead) forces the Company to pursue an active hedging policy against the currency-related risk. The Company secures its position, constantly monitoring the changes in raw material prices and currency exchange rates. Hedging itself against the currency exchange rate risk, the subsidiary company applies: forward transactions, average-rate forward transactions, options or option strategies.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active currency hedging instruments as of 31.12.2016			PLN thousand		
Cash Flow Hedging	forward	$187 631 301,00	-42 881	-42 881	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	€ 8 200 000,00	985	985	risk from EUR/PLN exchange rates
Cash Flow Hedging	option strategies	$7 306 000,00	-959	-655	risk from USD/PLN exchange rates

Risk from Changing Raw Material Prices

In the Stalprodukt S.A. Capital Group the subsidiary ZGH „Bolesław" S.A. pursues an active commodity (Zn and Pb)risk management policy, using various derivative instruments. For metal prices risk management the following transactions are concluded: swap transactions (fixed to float, float to float), options or option strategies, forward contracts.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active commodity hedging instruments as of 31.12.2016 (zinc)			PLN thousand		
Cash Flow Hedging	swap	112 700	-174 374	-175 135	Price Change Risk Zn LME
Cash Flow Hedging	Option strategies (collar)	9 000	-9 999	-9 999	Price Change Risk Zn LME
Cash Flow Hedging	put	9 000	5 534	5 534	Price Change Risk Zn LME
Cash Flow Hedging	call	9 000	-15 533	-15 533	Price Change Risk Zn LME
Active commodity hedging instruments as of 31.12.2016 (lead)			PLN thousand		
Cash Flow Hedging	swap	15 700	-392	-392	Price Change Risk Pb LME
Active commodity hedging instruments as of 31.12.2016 (silver)			PLN thousand		
Cash Flow Hedging	swap	67 500	538	538	Price Change Risk Ag LMBA

ZGH "Bolesław" S.A. and its Subsidiaries' Exposure to Market Risks

The GK Bolesław's exposure to market risks in 2017 is as follows:

- Zinc - approx. 100 000 tons
- Lead - approx. 15 000 tons
- Silver - approx. 540 000 Ozs
- Currency - approx. USD 325 000 000

The currency risk exposure is very strictly dependent on the metal price levels (primary exposure) and may undergo fluctuations in the case they change. Apart from the metal price levels, the currency risk exposure also includes the sales bonuses achieved in zinc and lead alloy transactions.

Security accounting,

Due to the small value of the used derivatives, the Group does not keep security accounting. The balance sheet values of particular financial instruments should be considered fair because their valuation carried out by amortized cost (amortized purchase price), using the effective valuation method, showed insignificant differences.

Whereas considering the nature of the pursued activities, the subsidiary company ZGH "Bolesław" S.A. applies hedge accounting based on the internal procedures prepared in compliance with the International Accounting Standards. The risk management policy is based on the decisions issued by the Risk Committee. The details are defined in the ZGH "Bolesław" S.A.'s Hedging Policy, approved by the Management Board with the Resolution 2/2011 dated 14 January 2011. In order to hedge itself against metal price fluctuations, the Company concludes swap transactions, options or option strategies and forward contracts. The market risk management details are clearly defined in the risk management procedure. The Financial Division is divided into two main blocks, i.e. the Front Office with its executive unit– Risk Management Department, supervising officer – Financial Director and the Back Office with its executive unit – Hedge Accounting Department with Chief Accountant as a supervising officer.

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	31.12.2016	31.12.2015
Long-Term investments (NOTE 3a)	14 889	13 787
Short-Term Investments (Note 7a)	35 180	135 177
TOTAL, including:	**50 069**	**148 964**
a) valuation of derivative transactions	19 095	109 514
b) securities	30 974	39 449

Explanation Referring to the Item: Liabilities (Payables) in respect of:	PLN thousand	
	31.12.2016	31.12.2015
Contracts for Hedging Transactions (Note 16a)	91 471	1 788
Conclusions of Currency Option Transactions (Note 17a)	176 043	15 355
Adjustment by the amount of settlements with brokers in respect of the finalized transactions	-9 098	11 038
TOTAL	**258 416**	**28 181**

Valuation of Derivative Transactions	PLN thousand			
	31.12.2016		31.12.2015	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	12 304	204 991	102 148	2 844
Commodity Transactions - Lead	4 102	4 495	3 610	89
Currency Transactions - USD/PLN EUR/PLN	2 124	48 903	2 312	24 529
Commodity Transactions- Silver	565	27	1 444	719
Total	**19 095**	**258 416**	**109 514**	**28 181**

Securities	PLN thousand	
	31.12.2016	31.12.2015
Shares in Investment Funds	**30 974**	**39 449**
a) Liquidity Plus	0	0
b) Unikorona Pieniężny	7 533	0
c) Unikorona Pieniężny FL	7 497	26 136
d) UNIWIBID plus FL	6 044	9 731
e) ING Fundusz	4 911	0
f) Obligacje Komercyjne	1 348	0
g) Obligacje Skarbowe FL	3 641	3 582

Division of Hedging Instruments	PLN thousand			
	31.12.2016		31.12.2015	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	**16 364**	**243 450**	**108 910**	**22 353**
Commodity Transactions - zinc	9 857	194 231	102 073	294
Commodity Transactions - lead	4 102	4 495	3 611	616
Currency Transactions - USD/PLN, EUR/PLN	1 840	44 697	1 781	20 724
Commodity Transactions - Silver	565	27	1 445	719
Trade Instruments	**2 731**	**14 966**	**604**	**5 828**
Commodity Transactions- zinc	2 447	10 759	73	2 550
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	284	4 207	500	3 278
Commodity Transactions - silver	0	0	31	0
Total	**19 095**	**258 416**	**109 514**	**28 181**

Financial Report Presentation of Applied Derivative Instruments

The result of the hedging instruments valuation, in its portion recognized as 'effective hedging', is taken to the capital revaluation reserve. Asian options, aimed at hedging the Company against the change of time value, are taken to costs or to financial revenues. The trade instruments valuation result is taken to costs or financial revenues. The result from the application of hedging instruments is used to adjust the hedged item (sales). The result from the application of trade instruments is taken to costs or financial revenues.

Derivative Transactions Presented in the Profit and Loss Account:	**PLN thousand**	
	31.12.2016	**31.12.2015**
Sales of Products Adjustment	*-36 401*	*-2 581*
Sales of Goods Adjustments	*0*	*0*
Revaluation of Investments	*-6 389*	*-3 238*
Gains/Loss on Sale of Investments	*-6 455*	*-6 792*
Total	**-49 245**	**-12 611**

Cash Result from Reconciliation of Derivative Instruments:	**PLN thousand**	
	31.12.2016	**31.12.2015**
Commodity Transactions	*5 971*	*61 401*
Currency Transactions	*-29 080*	*-81 537*
Total	**-23 109**	**-20 136**

Sales of Products Adjustment Related to Application of Hedging Instruments:	**PLN thousand**	
	31.12.2016	**31.12.2015**
Sales Increase	*42 035*	*99 161*
Sales Decrease	*-78 436*	*-101 742*
TOTAL	**-36 401**	**-2 581**

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	**PLN thousand**	
	31.12.2016	**31.12.2015**
Valuation of Open Hedging Instruments:	**-227 539**	**86 549**
- Zn	*-185 134*	*101 780*
- Pb	*-392*	*3 522*
- USD/PLN	*-43 536*	*-19 374*
- Ag	*538*	*621*
- EUR/PLN	*985*	*0*
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	**-529**	**326**
- Zn		*941*
- Pb	*-529*	*1 162*
- USD/PLN		*-1 777*
TOTAL	**-228 068**	**86 875**

8. Capital management

Capital management is pursued at the Parent Company's level.

The policy exercised by the Management Board of the Issuer assumes the maintenance of strong capital base in order to maintain the confidence of investors, creditors and the market, and the ability to continue and further develop the Group's activities, including the realization of planned investments. Following this policy and internal procedures, the Parent Company monitors the size, structure and profitability of total equity and current capital (working) on the basis of economic ratios existing in the Parent Company.

In 2012, the Parent Company properly managed the capital, since the objectives associated also with liquidity were met. Basic ratios concerning capital structure and working capital management, as defined in the financial plan reached the expected values, which enabled the achievement of the Parent Company's objectives, its smooth and reliable operation, and to raise funds for further development.

FINANCIAL LEVERAGE RATIO	in thousand PLN	
	2016	2015
Debt	*356 816*	*195 358*
Cash	*-286 179*	*-267 662*
Net Debt	*70 637*	*-72 304*
Equity	*1 936 754*	*2 049 903*
Net Debt Relation to Equity	**3,65%**	**-3,53%**

In the reporting period the increase of net profit per share was recorded, the maximization of which is a strategic goal for Stalprodukt. The net profit per share increased from PLN 36.09 in 2015 to PLN 61.87 in 2016.

Changes in equity for the years 2015 and 2016 are presented in the "Statement of changes in equity," which forms an integral part of the annual consolidated financial statements.

In 2016, there was a slight decrease in the share of equity in the financing of the Company. The equity ratio, calculated as the ratio of equity to total liabilities, didn't change and is taking out 0.52.

The ability to manage working capital increases profitability and reduces the risk of cash shortages. In this respect, the following activities of the Issuer should be noted in particular:

- The Parent Company manages the receivables by assessing the customers' financial standings, setting credit limits and securities, monitoring claims and collections, if any, in accordance with applicable procedures. The result of proper risk management in this regard is keeping overdue receivables at a minimum level,

- The main objective of the Company's inventory management is to assess the costs and benefits and their balance. The measures to ensure the continuity and regularity of supply and diversification of sources of feedstock supply to the timely implementation of procurement and maintenance of stocks at an optimal level, are systematically taken,

- The Parent Company maintained a substantial amount of cash on bank accounts, deposing them in profitable and safe short-term deposits, due to the need to finance current expenses resulting from operating activities, as well as the planned capital expenditures.

The capital management is run independently by the subsidiary Management Boards, applying the policy adopted by the Parent Company, subject to its supervision and monitoring.

The proper management of capital is evidenced by the fact that the Group reached a satisfactory liquidity throughout the reporting period timely fulfilled its obligations with respect to the staff, budget and suppliers.

9. Other information and notes

Transactions between the Company Stalprodukt and its subsidiaries rely on constant mutual provision of supplies and services necessary for current operations. These are typical and routine transactions concluded at arm's length within the Group and under the conditions resulting from current operations. Other significant transactions with related parties, namely the transfer of rights and obligations for valuable consideration and free of charge did not occur.

The parties are considered to be related if one of the parties has the ability to control another party or significantly influence operating and financial decisions taken by another party. To recognize a given entity as a related entity, the Company applies the principles defined in IAS 24, considering the nature of the relation and its impact on the entity's result and its financial standing.

a) degree of the Issuer's participation in management is 94.56 % in ZGH “Bolesław”, and 100% in other related parties,

b) the Issuer's and associated companies' mutual receivables and liabilities have been presented in the Tables below.

Items 2016	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	82	1 680	595	3 558
Stalprodukt-Wamech sp. z o.o.	158	3 184	1 375	11 444
Stalprodukt-Centrostal sp. z o.o.	75 520	77	333 072	1 218
Stalprodukt-Serwis sp. z o.o.	77	2 647	676	7 295
Stalprodukt-Zamość sp. z o.o.	79	88	769	990
Stalprodukt-Ochrona sp. z o.o.	23	626	209	2 842
STP Elbud sp. z o.o.	356	4 259	3 364	20 830
Cynk-Mal S.A.	5 121		17 108	5 727
ZGH „Bolesław" S.A.		20	515	248
Anew Institute sp.z o.o.		23		228

Items 2015	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	32	1 753	300	3 281
Stalprodukt-Wamech sp. z o.o.	142	3 408	1 378	10 909
Stalprodukt-Centrostal sp. z o.o.	55 685		330 918	942
Stalprodukt-Serwis sp. z o.o.	69	2 301	710	8 630
Stalprodukt-Zamość sp. z o.o.	81	158	806	425
Stalprodukt-Ochrona sp. z o.o.	22	581	218	2 793
STP Elbud sp. z o.o.	318	2 031	3 337	13 725
Cynk-Mal S.A.	5 836		18 549	5 705
ZGH „Bolesław" S.A.		22		171
Anew Institute sp.z o.o.				1 196

Moreover, in 2016 some transactions were also finalized with the entities in which the Company holds shares: Stalnet Sp. z o.o.- sales PLN 876 thousand, costs PLN 324 thousand; receivables PLN 5 thousand, liabilities PLN 33 thousand; Stalprodukt-Profil S.A. sales PLN 841 thousand, receivables PLN 2 thousand. F&R Finanse Sp. z o.o. - balance of receivables PLN 12 507 thousand. These were typical market transactions.

The remaining data, necessary for the preparation of the Consolidated Financial Report, are related to the undermentioned exclusions and adjustments:

Specification	in thousand PLN	
	2016	2015
participation	354 195	347 880
intangible assets	18 816	18 816
fixed assets	77 965	81 177
stocks	522	741
real estate investments	96 781	99 993
receivables and liabilities	99 180	75 769
revenue from sale of goods	365 260	382 065
revenue from sale of products	85 236	64 682
value of sold goods	340 677	363 442
cost of manufacture of sold products	106 931	81 210
costs of sales	2 364	2 474
interests	142	972
loans	8 110	9 110

10. Changes in the Issuer's Ownership Structure

The following changes took place in the Issuer’s Capital Group’s ownership structure in relation to the year 2015, being a comparable period for the present consolidated financial report:

During the year 2016 the process of repurchase of ZGH „Bolesław” S.A.’s employee shares, started in 2015, was continued, as a result of which the Stalprodukt’s share in this company increased to 94.56 % towards the end of 2016.

On 19 February 2016 the Anew Institute Sp. z o.o. company’s share capital was increased by PLN 1 984.4 thousand which amount was covered in its entirety by the Parent Company with a cash contribution.

On 1 July 2016 agreements were concluded for the sale of shares issued by Cynk-Mal S.A., between the Issuer and the Shareholders, i.e. Mr. Marek Picz and Mr. Andrzej Czekajło. The object of the agreements concerned was the repurchase of 9 891 000 shares for the price of PLN 3 956 400 (in words: three million nine hundred fifty-six thousand and four hundred), i.e. at PLN 0.40 per share. The shares covered by the agreement account for 49% of the share capital. As a result of the transaction the Issuer holds 100% in the subsidiary company.

On 7 December 2016, the company NWZ F&R Finance Sp. z o.o. adopted a resolution on the increase of its capital. On 22 December 2016, the increase of the share capital was registered in the National Court Register, as a result of which the company Bolesław Recycling Sp. z o.o. decreased its share in the entity concerned from 49% to 19.68%.

In connection with the changes in the shareholding structure, its presentation in the Consolidated Financial Report was also changed.

In the Issuer's Capital Group no other mergers, take-overs or sales of companies, long-term investments, divisions, restructurings or winding-ups took place, other than the ones mentioned in the present Report.

11. Other information

Differences between the Consolidated Report and the Qsr_4/2016 Report

Specification	**in thousand PLN**		
	was	**is**	**difference**
Profit and loss account			
I. Net revenue from sale	*3 140 898*	*3 140 935*	*37*
II. Costs of sold products, goods and materials	*2 507 022*	*2 507 474*	*452*
VI. Profit on sales	*427 174*	*426 693*	*-481*
IX. Profit from operational activity	*413 832*	*412 869*	*-963*
XII. Profit gross	*426 333*	*425 367*	*-966*
XIV. Profit net	*345 700*	*345 254*	*-446*
Balance sheet			
I. Fixed assets	**2 044 785**	**2 049 396**	**4 611**
1. Intangible assets	*135 157*	*135 157*	*0*
2. Property, plant and equipment	*1 775 973*	*1 775 628*	*-345*
3. Long-term investments	*46 029*	*46 029*	*0*
4. Long-term accruals	*86 940*	*91 896*	*4 956*
II. Current assets	**1 669 532**	**1 669 575**	**43**
1. Stocks	*604 538*	*604 582*	*44*
2. Receivables	*587 568*	*587 551*	*-17*
3. Short-term investments	*451 574*	*451 574*	*0*
4. Short-term accruals	*25 852*	*25 868*	*16*
Assets in total	**3 714 317**	**3 718 971**	**4 654**
I. Equity	**1 937 233**	**1 936 754**	**-479**
II. Liabilities and provisions	**1 777 084**	**1 782 217**	**5 133**
Liabilities in total	**3 714 317**	**3 718 971**	**4 654**

Adjustments due to Fundamental Errors

In the reporting period there was no need to make any adjustments to fundamental errors, likely to affect the Group's assets and financial standing as well as its liquidity and profitability.

Joint Ventures with Other Entities

Within the framework of the project carried out in the area of renewable energy sources, i.e. the construction of an innovative prototype of an 1,5 MW wind turbine with a vertical axis rotor, a consortium was formed (consisting of the Krakow University of Science and Technology and Anew Institue Sp. z o.o., apart from Stalprodukt S.A.) pursuant to the agreement dated 10 December 2013, concerning the implementation and financing of the above mentioned project. The project concerned was subsidized by the Polish National Center for Research and Development, within the framework of a pilotage program DEMONSTRATOR+: *Supporting scientific research and development works in demonstration scale.* The respective agreement was signed in December 2013, and the planned project completion date is 30.09.2017. The total subsidy amount is PLN 12 539 thousand.

In 2016 works were continued in connection with (among others):

– production of power plant elements (blades, pylons, tower);
– delivery of generator;
– obtaining a building permit.

Salaries of Managerial and Supervising Staff

The salaries and the bonuses paid to the Company's managerial and supervising staff amounted to PLN 5 807 thousand in 2016, and PLN 3 706 thousand in 2015, including the Management Board's remunerations, respectively: PLN 4 700 and 3 113 thousand, and the Supervisory Board's salaries totaled PLN 1 107 and 593 thousand.

The salaries paid in 2016 to the Issuer's managerial and supervising staff in respect of their positions in the subsidiary companies' governing bodies totaled – PLN 345 thousand, including: managerial staff PLN 248 thousand, and supervising staff PLN 97 thousand, whereas in 2015 – PLN 326 thousand, including managerial staff PLN 248 thousand, and supervising staff PLN 78 thousand.

Post Balance Sheet-Day Events

After 31.12.2016, no events occurred, other than the ones contained in the present Consolidated Financial Report for 2016 and Parent Company's Management Board's Report, which might significantly affect the Group's standing and its future financial results.

Other information

1. In 2016, no activity conducted by the Issuer was abandoned.
2. During the reporting period the Company incurred capital expenditures of PLN 180,831 thousand, including expenditure on environmental protection PLN 80,062. Planned capital expenditures for 2017 amounts to about PLN 247,454 thousand. Capital expenditures shall be used to finance intangible fixed assets.

3. In the reporting year, the Group did not undertake any joint ventures with external entities, other than the ones mentioned in point 11 of the present Report „Other Information".

4. The average employment in occupational groups:
   - in 2016, total employment equalled 6,036 people,
   - in 2015, total employment equalled 5,964 people.

5. Both, Stalprodukt S.A. and its subsidiaries did not give advances, credits, loans and guarantees or sureties to members of the Management Board and the Supervisory Board, except for loans from the Social Fund.

6. The pending bankruptcy and composition proceedings account for the Group's receivables totaling PLN 4 893 thousand, including the amount of PLN 743 thousand in respect of Stalprodukt and PLN 4 150 thousand in respect of ZGH "Bolesław". During the reporting period, no other essential proceedings were instituted or pending before the courts or government agencies, concerning any liabilities or receivables, which might exert a significant influence on the Group's future results and its financial standing.

7. As of 31.12.2016, ZGH "Bolesław" holds a guarantee granted in June 2011 for Bolesław Recycling Sp. z o.o. up to the amount of PLN 29 332 thousand, securing the liabilities arising from the loan granted by the National Fund for Environemntal Protection and Water Management. As of 31.12.2016 the loan amounted to PLN 13 415 thousand. In December 2015, the ZGH "Bolesław" company granted a loan guarantee to the Boltech Sp. z o.o company. This guarantee was granted in respect of the loan granted by the Provincial Fund for Environmental Protection and Water Management up to the amount of PLN 6 874 thousand. As of 31.12.2016 r. the loan amounted to PLN 5 636 thousand.

8. As of the balance sheet day, the Group have off-balance sheet contingent liabilities:
   - performance bonds concerning the production and installation of road safety barriers totalling PLN 16 501 thousand, and in respect of the guarantee for the blank promissory note covering PLN 13 000 thousand issued by the company STP Elbud Sp. z o.o. in order to secure the investment credit granted by Bank Pekao S.A.
   - guarantees and avals granted by ZGH „Bolesław" S.A. in the amount of PLN 1 357 thousand.

9. There were no significant events relating to previous years included in the annual financial statements as at 31.12.2016, which distort the picture of the activities of the financial year 2016.

10. On 17 November 2015, the Extraordinary General Meeting of Shareholders adopted a Resolution regarding the Company's purchase of it own shares with a view to redemption The maximum number of shares to be purchased by the Company within the Program is 1 075 000 items. The purchase price per share is PLN 250. The purchase concerns the registered preference shares of series A, B and E. The value of the Program combined with the purchase costs amounts to PLN 270 million. Within the three tranches, the Company purchased 1 075 000 its own shares at the purchase price of PLN 268 750 thousand. Before the above mentioned tranches were cleared, the Company and one of its subsidiaries had jointly held 69 778 shares. After the clearing procedure the Company altogether holds 1 144 778 shares, accounting for 31.94 % of votes at the General Meeting of Shareholders. In accordance with the Resolution No XXXIII/12/2016 adopted by the General Meeting of Shareholders, 1 144 733 shares were subject to redemption.

11. By the Resolution No XXXIII/13/2016 adopted by the General Meeting of Shareholders, the Comapny's share capital was reduced from PLN 13 450 000 to PLN 11 160 534, i.e. by the amount of PLN 2 289 466. The reduction took place in the process of redemption of 1 144 733 shares.

12. On 1 July 2016, the Issuer's Management Board received information that on 28 June 2016 the reduction of the Company's share capital was recorded by the Kraków-Śródmieście Regional Court of Krakow, 12th Economic Department of the National Court Register. After the registration of the changes in the share capital level, the total number of shares amounts to 5 580 267 items, which accounts for 12 198 535 votes at the General Meeting of Shareholders as counted against all the shares issued.

13. On 20 June 2016, the General Meeting adopted the Resolution No XXXIII/18/2016, granting the Company an authorization within the meaning of Art. 365 par. 1 subpar. 8 to purchase its own shares with a view to redemption. The maximum number of shares which can be purchased by the Company within the Program equals 200 000 items. The single share purchase price is PLN 250.00. The purchase refers to registered preference shares of A, B and E series. The value of the Program enlarged by the purchase costs equals PLN 51 million. The purchase of the shares may take place within the deadlines and under the terms and conditions defined by the Company's Management Board within two years starting from the time when the Resolution No XXXIII/18/2016 was adopted.

14. On 28 October 2016 the Issuer informs that it received notice from the Shareholders: STP Investment S.A., Stalprodukt-Profil S.A., Stalnet sp. z o.o. and Piotra Janeczek, referred to in art. 77 par.7 in connection with art. 69 par.1 of the Act on Public Offer and Financial Instruments Introduction to Organized Trading, the number of shares acquired

within the Call for Tenders (call announced on September 13, 2016) and the percentage share in the total number of votes achieved as a result of the Call for Tenders by each of the Calling Parties.

Shareholder - STP Investment S.A. acquired 1,541 Issuer's registered shares preferential as to the voting right and 1,355 registered non-preference shares,
Shareholder - Stalprodukt-Profil S.A. acquired 1 Issuer's registered share preferential as to the voting right and 1 registered non-preference share,
Shareholder - Stalnet sp. z o.o. acquired 2 Issuer's registered shares preferential as to the voting right and 2 registered non-preference shares,
Shareholder - Piotr Janeczek acquired 100 Issuer's registered shares preferential as to the voting right and 88 registered non-preference shares.

15. After 31.12.2016, in addition to the information contained in this report and the report of the Management Board, there were no other events not included in the financial statements for the year 2016, which could materially affect the situation in the Company and its future financial results.

16. The financial statements and comparable financial data, adjusted for inflation, are not presented because the cumulative average inflation rate over the last three years of operation has not reached 100%.

17. These financial statements of Stalprodukt S.A. Capital Group for 2016 was approved by the Management Board of the Company for publication on 27 April 2017.

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Łukasz Mentel
Member of the Management Board
– Financial Director

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Józef Ryszka
Member of the Management Board
– Marketing Director

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Piotr Janeczek
President of the Management Board – CEO