



STALPRODUKT S.A.

Abridged Interim Consolidated
Financial Report for the 1st Quarter
of 2017. Additional Information

Bochnia, May 2017

I. Introductory Information

1. The basic data

Apart from the parent company, the Stalprodukt S.A. Capital Group embraces 10 associated entities accounting for subsidiary companies, in which Stalprodukt holds 100% of shares, except for Zakłady Górniczo-Hutnicze "Bolesław", where it holds 94.56% of shares.

As the group's parent company, Stalprodukt S.A., provides operating and development guidelines for the associated entities formed within the framework of the Company's restructuring and expansion of its production, trade and services and organization of its own sales network.

The basic objects of operation of the capital group companies are:

- production of electrical transformer sheets – parent company Stalprodukt S.A.,
- production of cold formed profiles, road safety barriers as well as cut-to-length cold- and hot-rolled sheets and strips – parent company Stalprodukt S.A.,
- non-ferrous metal ores mining and zinc and lead production – ZGH "Bolesław" S.A. along with its subsidiary companies:
 - Zinc Smelter - Huta Cynku "Miasteczko Śląskie" S.A. – production of rectified zinc, lead and cadmium,
 - Bolesław Recykling Sp. z o.o. – zinc-bearing materials processing and recycling services as well as production and sales of non-ferrous metal concentrates (as of 3 April 2017 incorporated into ZGH „Bolesław” S.A.),
 - Bol-Therm Sp. z o.o. – power supply-, laboratory-, mechanics and construction-related services, transport-equipment and forwarding services, production of dolomite aggregates, zinc products and zinc alloys,
 - Gradir Montenegro d.o.o. – zinc ores mining and concentrate production,
 - Agencja Ochrony Osób i Mienia "Karo" Sp. z o.o. – bodyguard and property security services.
- trade activities:
 - Stalprodukt-Centrostal Kraków Sp. z o.o., managing the all-Poland sales network with department and trade offices in Gliwice, Włocławek, Wrocław, Szczecin and Radom,
 - Stalprodukt - Zamość Sp. z o.o.,
- other production- and services-related activities:
 - production of galvanized banding steel and wire, as well as steel strips - Cynk-Mal S.A.,
 - spare parts production and regeneration - Stalprodukt-Wamech Sp. z o.o.,

- installation, repair/renovation and maintenance of machines - Stalprodukt-Serwis Sp. z o.o.,
- structural steel production - STP Elbud Sp. z o.o., Stalprodukt-Wamech Sp. z o.o.,
- galvanizing services - STP Elbud Sp. z o.o. and Cynk-Mal S.A.,
- roads and freeways construction and management – Stalprodukt MB Sp. z o.o.
- bodyguard and property security - Stalprodukt Ochrona Sp. z o.o.,
- designing equipment related to the use of renewable energy sources – Anew Institute Sp. z o.o.

2. Changes in the Issuer's and Capital Group's Ownership Structure

In relation to the 1st quarter of 2016 acting as the comparable period for the present consolidated financial report, the following changes occurred in the Issuer's Capital Group's ownership structure:

- In the 1st quarter of 2015, a procedure was initiated for the purchase of the ZGH „Bolesław” S.A. employee shares, as a result of which the Stalprodukt's share in the capital of the above mentioned company increased up to 94.56 % towards the end of the 1st quarter of 2017 (against 94.475 % towards the end of the 1st quarter of 2016).
- On 01 July 2016 Sale Agreements were concluded, concerning the sale of the 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 was the buyback of 9 891 000 shares for the price of PLN 3, 956. 400 (In words: three million nine hundred fifty-six thousand four hundred), i.e for PLN 0.40 per share. The shares being the object of the Agreement account for 49% of the share capital. As a result of the transaction, the Issuer holds 100% of the shares in the subsidiary company.

3. Fundamental Principles Governing the Preparation of the Abridged Interim Consolidated Financial Report

The presented Abridged Consolidated Financial Report was prepared in respect of the period from 1 January 2017 to 31 March 2017 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 1 January 2016 to 31 March 2016 referring to the profit and loss account and the cash flow statement, the balance sheet values reflect the status as of 31 December 2016.

The Group's reporting year is equivalent to the calendar year.

This Interim Abridged Consolidated Financial Report was prepared in line with the International Financial Reporting Standards approved by the European Union and, in particular, with the International Accounting Standard No 34 "Interim Financial Reporting"

and was based on the assumption that the Group will be continuing its activities in the predictable future. As of the Financial Report approval day, the Issuer's Management Board does not find any circumstances likely to threaten the continuation of activities pursued by the Capital Group.

The Interim Abridged Consolidated Financial Report does not contain all the information and disclosures required in the consolidated financial report and the additional information sheet mainly contains the explanations of events and changes indispensable for the understanding of the changes in the Group's financial standing and its performance results to have occurred since the end of the previous reporting year.

The Additional Information sheet embraces selected data explaining the facts required by the IAS 34 and the Regulation of the Minister of Finance as of 19.02.2009 r. on current and periodic information to be disclosed by issuers of securities and conditions for recognizing as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws No 33, item 259).

If the Additional Information sheet does not contain a description of some events, required by the above mentioned regulations, this shall mean that such events have not occurred during the reporting period.

II. Accounting Principles (Policy)

1. In the quarterly abridged consolidated financial report the accounting principles (policy) used, including the assets and liabilities, income and costs valuation methods as well as calculation methods adopted, were identical with the ones presented in detail in the Consolidated Report 2016.

In the reporting period neither any essential changes were introduced into the accounting principles (policy), nor any adjustments were made in respect of the fundamental errors and adopted estimated values which would have significantly affected the Group's property and liquidity standing and its financial result.

2. The changes introduced into the standards and interpretations issued by the International Financial Reporting Standards Council and International Financial Reporting Standards Interpretation Committee, applicable since 1 January 2016 or later, either do not apply to the Stalprodukt Group, or do not significantly affect the heretofore applied accounting policy and assessment of its asset position and financial standing. The numerous changes introduced into the existing accounting standards and interpretation changes, referring to the existing standards, have already been adopted by the International Financial Reporting Standards Council, but not approved by the EU yet and so the same shall take effect at later dates.

The Management Board does not expect the introduction of the above standards and interpretations to significantly affect the accounting principles (policy) applied by the Group, its financial standing and financial result, but the same may still require further additional or amended disclosures to be included in the report. The above mentioned changes were precisely described in the Additional and Explanatory Information sheet appended to the published Consolidated Financial Report for 2016.

3. The information contained in the Consolidated Financial Report was compiled in compliance with the principles pertaining to the assets and liabilities valuation and net financial result measurement, defined as of the balance sheet day, in compliance with IFRS adopted by the European Union and interpretations related thereto, announced in the form of the European Commission Regulations, with the principle of materiality observed.

The Issuer's Individual Financial Report, incorporated herein, was also prepared in compliance with the above principles.

III. Appraised Values

1. In the 1st quarter of 2017, the Group made the following adjustments in respect of the reserves, revaluations and write-downs revaluating the asset components:
- a deferred income tax reserve allowance was increased by the amount of PLN 2 248 thousand in connection with the occurrence of transitory positive differences,
 - revaluation write-offs amounting to PLN 12 thousand were released due to having been paid,
 - a provision for employee benefits amounting to PLN 3 568 thousand was established, and the provision for employee benefits amounting to PLN 927 thousand was released in respect of the disbursement of awards and retirement severance payments,
 - a provision for repairs was established in the amount of PLN 12 517 thousand, and the one amounting to PLN 9 274 thousand was released,
 - a provision, amounting to PLN 2 100 thousand, intended to cover the deterioration of profitability was established,
 - a provision for electrical energy origin certificates and CO₂ emissions allowances was established in the amount of PLN 2 507 thousand, and the one amounting to PLN 1 556 thousand was released,
 - a provision for restructuring in the amount of PLN 1 508 thousand was released,
 - a provision for royalties was established in the amount of PLN 354 thousand.
 - a provision for the increase of coke prices amounting to PLN 3 500 thousand was released.

IV. Business Segments

The segment-based reporting was based on IFRS 8 "Operating Segments". The rules governing the Stalprodukt Capital Group's division into operating segments and accounting principles applied in this kind of reporting were described in detail in the last published Consolidated Financial Report for 2016.

Information on Operating Segments for 1st quarter of 2017 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	134 177	176 621	495 534	48 717	855 049
Segment Costs	127 350	158 636	372 297	46 827	705 110
Segment Result	6 827	17 985	123 237	1 890	149 939
Other Operating and Financial Revenues Non-Attributable to the Segment					12 931
Other General, Operating and Financial Costs Non-Attributable to the Segment					51 808
Gross Profit					111 062
Income Tax					22 031
Net Profit					89 031
Segment Assets	779 330	807 603	1 955 886	262 798	3 805 617
Assets Non-Attributable to the Segment					33 130
Total Assets					3 838 747
Liabilities	217 939	320 379	896 784	81 410	1 516 512
Contingent Liabilities					296 115
Total Liabilities					1 812 627
Investment Expenditures	657	2 402	19 231	7 028	29 318
Depreciation	6 808	4 282	19 181	3 169	33 440

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017. Additional Information

Information on Operating Segments for 1st quarter of 2016 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	156 129	142 371	345 540	35 646	679 686
Segment Costs	114 631	139 911	271 138	30 322	556 002
Segment Result	41 498	2 460	74 402	5 324	123 684
Other Operating and Financial Revenues Non-Attributable to the Segment					16 123
Other General, Operating and Financial Costs Non-Attributable to the Segment					51 656
Gross Profit					88 151
Income Tax					19 070
Net Profit					69 081
Segment Assets	873 710	693 844	1 583 036	218 505	3 369 095
Assets Non-Attributable to the Segment					26 097
Total Assets					3 395 192
Liabilities	205 381	252 234	556 954	77 585	1 092 154
Contingent Liabilities					296 115
Total Liabilities					1 388 269
Investment Expenditures	270	188	33 125	4 015	37 598
Depreciation	6 995	4 926	18 912	3 127	33 960

V. Ocena uzyskanych wyników i sytuacja finansowa

In the 1st quarter of 2017, compared to the analogical period in 2016, the Stalprodukt S.A. Capital Group achieved sales revenues higher by PLN 175 363 thousand, i.e. 25.8%. Along with the increase of sales, improved results were achieved at all levels of the Consolidated Profit and Loss Account. At the operating profit level the achieved result reached PLN 119 812 thousand vs. PLN 80 245 thousand in the analogical period of 2016. This result was higher by PLN 39 567 thousand, i.e. by 49.3 %. Consequently, in relation to the 1st quarter of 2016, the net profit, which amounted to 89 031 thousand, was better as viewed against the amount of PLN 69 081 thousand achieved in 2016.

The good results achieved by the Group in the 1st quarter of 2017 in relation to the 1st quarter of 2016, were achieved thanks to a significant improvement of the Zinc Segment's performance. Also the performance of the Profiles Segment attracts attention as, contrary to the loss recorded in the 1st quarter of 2016, it recorded a positive result in the 1st

quarter of 2017. In the case of the Electrical Sheets Segment the results deteriorated in relation to the comparable period.

In the Electrical Sheets Segment, despite an increase of sales volumes amounting to 7.2 %, a decrease in sales revenues by PLN 21 952 thousand (i.e. 14.0 %) was recorded. The key factor affecting the above mentioned decreases were the prices, lower in comparison to the 1st quarter of 2016. This factor had a negative, decisive impact on the Segment's performance. In relation to the 1st quarter of 2016, the result achieved by the Segment was by PLN 34 671 thousand (i.e. by 83.5 %) lower. It should be underlined that during the 1st quarter of 2017, following the period of abrupt price decreases in the 3rd and 4th quarter of 2016, the prices got stabilized in relation to the preceding quarter. At the same time the Segment's price level is significantly lower in relation to the comparable period. Considering the electrical sheet market conditions, the Issuer does not predict a further significant decrease of the Segment's prices in the quarters to come.

In the Profiles Segment a decline of sales volumes by 13.3 % was recorded, at the same time sales revenues were higher by PLN 34 250 thousand, i.e. by 24.0 %. It was caused primarily by price increases for the Segment's products and a higher share in the portfolio of more expensive products, such as road safety barriers. Analysing the situation on the Profiles Segment's market, the Issuer expects, after the period of price increases, their decline in the subsequent quarters. At the same time the Issuer still expects maintaining extensive market instability. This may be caused by the significant market variability related to the overlapping of the, frequently, contradictory factors, e.g. anti-dumping proceedings, EU steel works price policy or commencement of the planned infrastructural investments undertaken within the new financial perspective.

In the 1st quarter of 2017, the sales revenues of the Zinc Segment amounted to PLN 495 534 thousand and increased by 43.4 %, compared to the analogical period of the previous year, when the sales amounted to PLN 345 540 thousand. Such a high sales increase achieved in the 1st quarter of 2017 reflects the metal price increases at LME as well as an increase of USD currency vs. PLN.

The prices of basic metals for the Zinc Segment were quoted as follows:

1st Quarter of 2017

Average LME zinc price: 2 780 USD/ton
Average LME lead price: 2 278 USD/ton
Average LME silver price: 17.4 USD/oz.
USD exchange rate: PLN 4.0585

1st Quarter of 2016

Average LME zinc price: 1 679 USD/ton
Average LME lead price: 1 744 USD/ton
Average LBM silver price: 14.8 USD/oz.

USD exchange rate: PLN 3.9580

Converted to PLN, the base LME zinc price increased by 70 %, from PLN 6 649 in the 1st quarter of 2016 to PLN 11 286 in the present reporting period. 85% of Zinc Segment's revenues are dependant on zinc price.

Converted to PLN, the base LME lead price increased by 34 %, from PLN 6 904 in the 1st quarter of 2016 to PLN 9 251 in the present reporting period. Approx. 9 % of Zinc Segment's revenues are dependant on lead price.

Converted to PLN, the base LBM silver price increased by 20 % from PLN 58.8 in the 1st quarter of 2016 to PLN 70.7 in the present reporting period. Approx. 2 % of Zinc Segment's revenues are dependant on silver price.

The sales volume of zinc products in the 1st quarter of 2017 was higher by 7.5% in comparison with analogical period last year. The same volume of refined lead in the 1st quarter of 2017 increased by 10 %, whereas the sales volume of lead concentrates decreased by 14%. The sales volume of silver in the 1st quarter of 2017 dropped by 20% compared to analogical period of 2016.

Summing up; considerable increase of metal prices in the 1st quarter of 2017 compared to analogical period of last year as well as sales volumes increase, mainly zinc, with a slight decrease of sales volume of lead and silver concentrates, contributed to the increase of Zinc Segment's revenues by 44 %. As a result, this Segment improved the result by PLN 48 835 thousand, i.e. by 65.6 %.

The financial standing of the Stalprodukt S.A. Capital Group is stable. The economic and financial ratios characterizing its economic activities were not subject to significant changes and correspond to the current market conditions. Throughout the entire period, the Group did not experience any payment back-logs, consistently pursuing the adopted risk-management policy. Both the Issuer and the majority of the Capital Group companies enjoy financial liquidity and credit capacity.

VI. Financial instruments and risk management assessment

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.

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017.

Additional Information

As of 31 December 2017, the subsidiary companies belonging to the Zinc Segment were applying cash flow hedge accounting for commodity and currency swaps in accordance with the rules described in the Annual Report. As of 31 December 2017 they held the following hedging measures active:

1) currency

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 31.03.2017 r.			PLN thousand		
Cash Flow Hedging	forward	\$182 181 251	4 749	4 749	risk from USD/PLN exchange rates
Cash Flow Hedging	option strategies	\$ 12 113 000	2 749	2 688	risk from USD/PLN exchange rates

2) raw material

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 31.03.2017 (zinc)			PLN thousand		
Cash Flow Hedging	Swap	110 025	-210 280	-210 280	Price Change Risk Zn LME in PLN
Cash Flow Hedging	Swap in USD	500	-31	-31	Price Change Risk Zn LME in USD
Cash Flow Hedging	Option strategies (collar)	9 500	-6 847	-6 847	Price Change Risk Zn LME
Cash Flow Hedging	Put	9 500	6 268	6 268	Price Change Risk Zn LME
Cash Flow Hedging	Call	9 500	-13 115	-13 115	Price Change Risk Zn LME
Active commodity hedging instruments as of 31.03.2017 (lead)			PLN thousand		
Cash Flow Hedging	Swap	14 425	-15 111	-15 111	Price Change Risk Pb LME in PLN
Cash Flow Hedging	Swap in USD	75	-12	-12	Price Change Risk Pb LME in USD
Cash Flow Hedging	Option strategies (collar)	1 200	-897	-897	Price Change Risk Pb LME
Cash Flow Hedging	Put	1 200	685	685	Price Change Risk Pb LME
Cash Flow Hedging	Call	1 200	-1 582	-1 582	Price Change Risk Pb LME
Active commodity hedging instruments as of 31.03.2017 (silver)			PLN thousand		
Cash Flow Hedging	swap	55 000	148	148	Price Change Risk Ag LMBA

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017.

Additional Information

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	31.03.2017	31.03.2016
Long-Term investments	19 944	6 052
Short-Term Investments	48 063	80 324
TOTAL, including:	68 007	86 376
a) valuation of derivative transactions	25 855	71 979
b) securities	42 152	14 397

Explanation to Item: Liabilities pertaining to hedging instruments	PLN thousand	
	31.03.2017	31.03.2016
Hedging transactions agreements	147 343	2 542
Concluding currency options transactions	121 165	0
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	-9 967	0
TOTAL	258 541	2 542

Valuation of Derivative Transactions

Valuation of Derivative Transactions	PLN thousand			
	31.03.2017		31.03.2016	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	9 122	234 774	54 139	0
Commodity Transactions - Lead	685	16 706	6 363	0
Currency Transactions - USD/PLN EUR/PLN	15 828	6 989	11 315	2 456
Commodity Transactions- Silver	220	72	162	86
Total	25 855	258 541	71 979	2 542

Division of Hedging Instruments

Division of Hedging Instruments	PLN thousand			
	31.03.2017		31.03.2016	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	23 880	249 414	69 174	2 542
Commodity Transactions - zinc	8 658	225 817	54 814	0
Commodity Transactions - lead	685	16 706	6 363	0
Currency Transactions - USD/PLN, EUR/PLN	14 317	6 819	7 835	2 456
Commodity Transactions - Silver	220	72	162	86
Trade Instruments	1 975	9 127	2 805	0
Commodity Transactions- zinc	463	8 957	-677	0
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	1 512	170	3 482	0
Commodity Transactions - silver	0	0	31	0
Total	25 855	258 541	71 979	2 542

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017.

Additional Information

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	
	31.03.2017	31.03.2016
Sales of Products Adjustment	-45 305	13 249
Sales of Goods Adjustments	0	0
Revaluation of Investments	4 335	8 102
Gains/Loss on Sale of Investments	1 253	-133
Total	-39 717	21 218

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	31.03.2017	31.03.2016
Commodity Transactions	-43 810	32 129
Currency Transactions	-2 038	-12 185
Total	-45 848	19 944

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	31.03.2017	31.03.2016
Sales Increase	7 109	28 401
Sales Decrease	-52 414	-15 151
TOTAL	-45 305	13 250

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	31.03.2017	31.03.2016
Valuation of Open Hedging Instruments:	-225 243	62 276
- Zn	-217 159	50 686
- Pb	-15 669	6 019
- USD/PLN	4 989	4 231
- Ag	148	85
- EUR/PLN	2 448	1 255
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	-3 184	344
- Zn		
- Pb	-3 184	344
- USD/PLN		
TOTAL	-228 427	62 620

VII. Other Information

1. In the 1st quarter of 2017, the Capital Group did not experience any seasonality consequences. During the reporting period no other positions were recorded, significantly affecting the assets, liabilities, equity, net profit or cash flow, which would be untypical in terms of their kind, volume/size or frequency.
2. As of the balance sheet day, the Stalprodukt S.A. Capital Group holds the below mentioned off-balance-sheet contingent liabilities:
 - guarantees of good workmanship concerning the production and assembly of road barriers totalling PLN 17 876 thousand, and endorsement of a blank promissory note amounting to PLN 13 000 thousand, issued by STP Elbud Sp. z o.o. in order to secure the investment credit granted by Bank Pekao S.A.,
 - guarantees and sureties (avals) granted by ZGH "Bolesław" amounting to PLN 1 731 thousand.
3. The Issuer does not publish result forecasts.
4. The pending bankruptcy and composition proceedings cover the Group's receivables totaling PLN 4 965 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław"'s - PLN 4 222 thousand.

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.

5. As of the Report submission day, the shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders are:
 - STP Investment S.A. holding 1 829 319 shares, accounting for a 32.78 %-share in capital and 5 875 691 votes, accounting for 48,17 % of the total number of votes at the General Meeting of Shareholders,
 - Stalprodukt Profil S.A. holding 595 532 shares, accounting for 10.67 %-share in capital and 1 111 368 votes, accounting for 9.11 % 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 a 19.10 %-share in capital and 1 066 100 votes, accounting for a 8.74 % of the total number of votes at the General Meeting of Shareholders,
6. As of the Report submission day, the ownership statuses of management and supervision officers in respect of the Issuer's shares are as follows:
 - a/ management officers:

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017. Additional Information

- Piotr Janeczek 115 053 shares of nominal value: PLN 230 106,
- Józef Ryszka 504 shares of nominal value: PLN 1 008,
- Łukasz Mentel 100 shares of nominal value: PLN 200.

b/ supervision officers:

- Stanisław Kurnik 2 900 shares of nominal value: PLN 5 800,
- Maria Sierpińska 11 880 shares of nominal value: PLN 23 760,
- Kazimierz Szydłowski 3 462 shares of nominal value: PLN 6 924
- Janusz Bodek 61 974 shares of nominal value: PLN 123 948.

Moreover, Piotr Janeczek, through a subsidiary entity STP Investment S.A. holds 1 829 319 shares, accounting for a 32.78 %-share in capital and 5 875 691 votes, accounting for 48,17 % of the total number of votes at the General Meeting of Shareholders

7. Apart from the typical and routine transactions, concluded in line with market conditions, with the Capital Group- associated companies, resulting from the on-going operating activities, neither the Stalprodukt Company, nor its subsidiaries concluded any other transactions with associated companies during the reporting period.

The total value of the Issuer's transactions with associated companies in the period from 01.01.2017 to 31.03.2017 and in the comparable period from 01.01.2016 to 31.03.2016 is presented in the Table below.

Items the 1 st quarter of 2017	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	62	1 292	102	560
Stalprodukt-Wamech sp. z o.o.	145	1 991	369	2 269
Stalprodukt-Centrostal sp. z o.o.	76 713	41	89 905	72
Stalprodukt-Serwis sp. z o.o.	72	1 883	187	2 162
Stalprodukt-Zamość sp. z o.o.	78	119	194	150
Stalprodukt-Ochrona sp. z o.o.	22	534	58	651
STP Elbud sp. z o.o.	323	3 052	839	4 997
Anew Institute sp. z o.o.		294		239
ZGH "Bolesław" S.A.		20		79
Cynk-Mał S.A.	9 775	583	8 612	1 361

Moreover, in the 1st quarter of 2017, some transactions were carried out with entities in which the Company holds stakes: Stalnet Sp. z o.o. - sales PLN 11 thousand, costs PLN 81 thousand; receivables PLN 5 thousand, liabilities PLN 33 thousand; Stalprodukt-Profil S.A. sales 4 thousand, costs PLN 0 thousand, receivables 2 thousand, liabilities PLN 0 thousand. The transactions concerned were carried out according to market rules.

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017.

Additional Information

Items the 1 st quarter of 2016	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	28	1 309	71	553
Stalprodukt-Wamech sp. z o.o.	143	2 128	354	2 514
Stalprodukt-Centrostal sp. z o.o.	65 633	34	75 696	294
Stalprodukt-Serwis sp. z o.o.	73	1 339	186	1 559
Stalprodukt-Zamość sp. z o.o.	80	290	192	356
Stalprodukt-Ochrona sp. z o.o.	22	518	57	640
STP Elbud sp. z o.o.	343	3 529	796	4 060
Anew Institute sp. z o.o.				
ZGH „Bolesław” S.A.		20		30
Cynk-Mal S.A.	7 673		4 483	1 231

8. In the reporting period the Group made investment outlays on the purchase and formation of tangible fixed assets amounting to PLN 29 318 thousand. No significant fixed asset components have been disposed of during the reporting period.
9. On 3 April 2017 a merger of Bolesław-Recycling Sp. z o.o. and ZGH „Bolesław” S.A. took place, acc. to the Merger Plan, i.e. by transferring the entire assets of the acquired company (Bolesław-Recycling Sp. z o.o.) to the acquiring company (ZGH „Bolesław” S.A.) without issuing new shares and increasing the share capital of the acquiring company. Before the merger, ZGH „Bolesław” held 100%-share in the acquired company.
10. Neither the Issuer nor its Capital Group's entities issued, redeemed or paid any debt or other capital securities, apart from the ones referred to herein.
11. During the reporting period and within the submission of the present quarterly report, neither the Parent Company, nor its subsidiaries, granted any sureties, loans, credits or guaranties, apart from the ones referred to herein.
12. In the Issuer's assessment, the factors likely to affect the Group's results at least in the perspective of the coming quarter, shall be:
 - fluctuations of charge prices and demand for Stalprodukt's products,
 - fluctuations of the LME zinc and lead prices and LBM silver prices,
 - fluctuations of currency exchange rates.
13. During the reporting period and following 31.03.2017 until the preparation of the Abridged Consolidated Report for the 1st quarter no other important events took place, apart from the ones mentioned herein, which might significantly affect the Group's

Abridged Interim Consolidated Financial Report for the 1st Quarter of 2017. Additional Information

standing and its financial results. The Issuer does not possess any other information, which, in his opinion, is essential for the assessment and changes in the Group's staffing level, assets structure and financial standing, or information essential for the assessment of its potential capacity to settle the liabilities incurred.

14. Pursuant to par. 83, subpar. 3 of the Regulation of the Minister of Finance as of 19.02.2009 on current and periodic information to be disclosed by issuers of securities and conditions for recognizing as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws No 33, item 259), the Issuer does not submit its separate quarterly report. This Report constitutes a supplement to the Abridged Consolidated Report rendered as the "Stalprodukt S.A. Mid-Year Abridged Financial Report for the 1st quarter of 2017".
15. No additional information was appended to the Abridged Consolidated Financial Report for the 1st quarter of 2017 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
16. This Abridged Consolidated Financial Report for the 1st quarter of 2017 was approved for publication by parent Company's Management Board on 12.05.2017 r.

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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