



STALPRODUKT S.A.

Abridged Interim Consolidated
Financial Report for the 3rd Quarter
of 2016. Additional Information

Bochnia, November 2016

I. Introductory Information

1. The basic data

Apart from the parent company, the Stalprodukt S.A. Capital Group embraces 11 associated entities accounting for subsidiary companies, in which Stalprodukt holds 100% of shares, except for Zakłady Górniczo-Hutnicze "Bolesław", where it holds 94.48% 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,
 - 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 3rd quarter of 2015 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 94.48 % towards the end of the 3rd quarter of 2016 (against 92.93 % towards the end of the 3rd quarter of 2015).
- Within the framework of the Capital Group's control analysis, the Stalprodukt-Zamość Sp. z o.o subsidiary company was found to undergo the IFRS 10 requirements, related to the control over the company: Polska Technika Zabezpieczeń Sp. z o.o. In connection therewith, the company underwent consolidation with the use of the complete consolidation method. In the previous reporting periods the shares in the company concerned were recognized as long-term investments.
- 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 2016 to 30 September 2016 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016. Additional Information

1 January 2015 to 30 September 2015 referring to the profit and loss account and the cash flow statement, the balance sheet values reflect the status as of 31 December 2015.

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 2015.

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 2015 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 2015.

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 3rd quarter of 2016, 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 2 481 thousand in connection with the occurrence of transitory positive differences,
 - a revaluation write-off was created for doubtful receivables amounting to PLN 309 thousand,
 - revaluation write-offs amounting to PLN 115 thousand were released due to having been paid,
 - a provision for employee benefits was formed amounting to PLN 3 461 thousand, and the provision for employee benefits amounting to PLN 1 339 thousand was released in respect of the disbursement of anniversary awards and retirement severance payments,
 - a provision for repairs was formed in the amount of PLN 1 500 thousand,
 - a provision, amounting to PLN 2 000 thousand, intended to cover the deterioration of profitability and expected loss was released,

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016. Additional Information

- a provision for electrical energy origin certificates and CO₂ emissions allowances was formed in the amount of PLN 2 541 thousand, and the one amounting to PLN 109 thousand was released,
- the provision for mine liquidation was released in the amounting to PLN 225 thousand.

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 2015.

Information on Operating Segments for 3rd quarter of 2016 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	124 573	164 127	444 380	58 542	791 622
Segment Costs	110 228	160 971	346 809	47 872	665 880
Segment Result	14 345	3 156	97 571	10 670	125 742
Other Operating and Financial Revenues Non-Attributable to the Segment					6 279
Other General, Operating and Financial Costs Non-Attributable to the Segment					39 870
Gross Profit					92 151
Income Tax					17 529
Net Profit					74 622
Segment Assets	812 335	674 114	1 695 832	237 252	3 419 533
Assets Non-Attributable to the Segment					21 193
Total Assets					3 440 726
Liabilities	186 936	240 126	701 220	78 365	1 206 647
Contingent Liabilities					296 115
Total Liabilities					1 502 762
Investment Outlays	635	2 492	35 335	5 343	43 805
Depreciation	6 858	4 727	19 380	3 386	34 351

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016. Additional Information

Information on Operating Segments for 3rd quarter of 2015 (PLN Thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	182 578	159 986	708 493	49 692	800 749
Segment Costs	120 317	154 390	358 276	44 678	677 661
Segment Result	62 261	5 596	50 217	5 014	123 088
Other Operating and Financial Revenues Non-Attributable to the Segment					3 361
Other General, Operating and Financial Costs Non-Attributable to the Segment					39 436
Gross Profit					87 013
Income Tax					19 357
Net Profit					67 656
Segment Assets	818 129	679 052	1 552 411	226 760	3 276 352
Assets Non-Attributable to the Segment					25 340
Total Assets					3 301 692
Liabilities	124 305	145 798	521 477	85 064	876 644
Contingent Liabilities					296 115
Total Liabilities					1 172 759
Investment Outlays	9 498	10 457	22 901	6 962	49 818
Depreciation	6 315	5 045	21 595	2 954	35 909

V. Ocena uzyskanych wyników i sytuacja finansowa

In the 3rd quarter of 2016, compared to the analogical period in 2015, the Stalprodukt S.A. Capital Group achieved sales revenue decreased by PLN 9 127 thousand, i.e. 1.14%.

Despite the decreasing sales, the profit achieved stood at the same level. At the same time, the result achieved at the operating profit level, amounting to PLN 91 830 thousand, exceeded the result of PLN 85 068 thousand achieved in the analogical period of 2015. This result was higher by PLN 6 762 thousand, i.e. by 7.36 %. Additionally, the net profit was improved compared to the 3rd quarter of 2015, amounting to PLN 74 622 thousand against PLN 67 656 thousand in 2015.

The good results achieved by the Group in the 3rd quarter of 2016 in relation to the 3rd quarter of 2015, were achieved thanks to a significant improvement of the Zinc Segment's performance. In the case of the remaining segments, the results deteriorated both, in relation to the comparable period, and to the preceding periods.

The Electrical Sheets Segment witnessed a decrease of sales volumes reaching the level of 18.36 %. Also the decrease of the Segment's sales by 31.76% was recorded. The key factor affecting the above mentioned decreases were the prices, lower in comparison to the 3rd quarter of 2015. Both factors had a negative impact of the Segment's performance. In relation to the 3rd quarter of 2015, the result achieved by the Segment was by PLN 47 916 thousand (by 76,95 %) lower. It should be underlined that during the third quarter of 2016, the price erosion, signaled in the previous interim reports, accelerated. Additionally, these significant decreases, viewed in percentage terms, resulted from a very high comparable basis, as the results of the 3rd quarter of 2015 have been record high over the several recent periods. At the same time, considering the electrical sheet market conditions, the Issuer predicts a further decrease of the Segment's prices in the quarters to come.

In the Profiles Segment a volume increase by 3.15 % was recorded. The sales achieved by the Segment were higher by PLN 4 141 thousand, i.e. by 2.59 %. At the same time, it should be underlined that after the favorable data from the 2nd quarter of 2016, resulting from higher prices, the Segment recorded a return to the downward trend in prices, which, consequently, caused a deterioration of the achieved result. Analyzing the market conditions for the Profiles Segment, the Issuer predicts a return of falling prices in the Segment.

In the 3rd quarter of 2016, the net sales of the Zinc Segment amounted to PLN 444 380 thousand and increased by 8.78, compared to the analogical period of the previous year, when the sales amounted to PLN 408 493 thousand. The net sales achieved in the 3rd quarter of 2016 reflect the sales level's high sensitivity to the exchange market prices of zinc, lead and silver as well as the USD/PLN exchange rate which results from the international price formulas applied to the sales of the Group's products. The prices of the basic metals processed by ZGH "Bolesław" S.A. and its subsidiary companies were quoted as follows:

3rd Quarter of 2016

Average LME zinc price: 2 255 USD/ton

Average LME lead price: 1 873 USD/ton

Average LME silver price: 19.6 USD/oz.

USD exchange rate: PLN 3.8891

3rd Quarter of 2015

Average LME zinc price: 1 847 USD/ton

Average LME lead price: 1 714 USD/ton

Average LBM silver price: 14.9 USD/oz.

USD exchange rate: PLN 3.7653

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016. Additional Information

Converted to PLN, the base LME zinc price increased by 26 %, from PLN 6 956 in the 3rd quarter of 2015 to PLN 8 767 in the present reporting period.

Converted to PLN, the base LME lead price increased by 13 % , from PLN 6 453 in the 3rd quarter of 2015 to PLN 7 284 in the present reporting period.

Converted to PLN, the base LBM silver price increased by 36 % from PLN 56.1 in the 3rd quarter of 2015 to PLN 76.3 in the present reporting period.

A considerable increase of metal prices in the 3rd quarter of 2016 covered the decrease of the zinc products' sales volumes. The Segment recorded a result increase by 94.30 %, i.e. from PLN 50 217 thousand in the 3rd quarter of 2015 to PLN 97 571 thousand in the 3rd quarter of 2016. In the 3rd quarter of 2016, 5 % less zinc and zinc products were sold than in the 3rd quarter of 2015. Over 80% of the ZGH's and its subsidiaries' turnover is dependent on the price of zinc. On the other hand, the lead and lead products' sales volume increased by 24 %. The higher sales volumes were concerned with, both refined lead, and lead concentrates. Approximately 10% of the ZGH's and its subsidiaries' turnover is dependent on the price of lead. In the 3rd quarter of 2016, the silver sales were by 40% lower from the volumes recorded in the 3rd quarter of 2015. Approximately 5% of the ZGH's and its subsidiaries' turnover is dependent on the price of silver.

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.

As of 30 September 2016, the subsidiary companies belonging to the Zinc Segment were applying cash flow hedge accounting for commodity and currency swaps in accordance with

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016.

Additional Information

the rules described in the Annual Report. As of 30 September 2016 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 30.09.2016 r.			PLN thousand		
Cash Flow Hedging	forward	\$155 838 433,00	5 811	5 811	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	€5 550 000,00	805	805	risk from EUR/PLN exchange rates
Cash Flow Hedging	option strategies (collar)	\$6 586 000,00	800	725	risk from USD/PLN exchange rates
Cash Flow Hedging	option strategies (collar)	€200 000,00	0	2	risk from EUR/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 30.09.2016 (zinc)			PLN thousand		
Cash Flow Hedging	swap	102 025	-88 539	-87 883	Price Change Risk Zn LME
Cash Flow Hedging	Option strategies (collar)	6 000	-1 851	-1 851	Price Change Risk Zn LME
Cash Flow Hedging	put	3 000	2 852	2 852	Price Change Risk Zn LME
Cash Flow Hedging	call	3 000	-4 702	-4 702	Price Change Risk Zn LME
Active commodity hedging instruments as of 31.12.2014 (lead)			PLN thousand		
Cash Flow Hedging	swap	5 550	-4 275	-4 275	Price Change Risk Pb LME
Active commodity hedging instruments as of 31.12.2014 (silver)			PLN thousand		
Cash Flow Hedging	swap	97 500	-478	-478	Price Change Risk Ag LMBA

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	30.09.2016	30.09.2015
Long-Term investments	12 443	108 301
Short-Term Investments	7 086	26 304
TOTAL, including:	19 529	134 605
a) valuation of derivative transactions	19 529	134 605
b) securities		

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016. Additional Information

Explanation to Item: Liabilities pertaining to hedging instruments	PLN thousand	
	30.09.2016	30.09.2015
Contracts for Hedging Transactions	55 759	6 171
Conclusions of Currency Option Transactions	51 664	22 773
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	-2 651	8 329
TOTAL	107 423	28 944

Valuation of Derivative Transactions

Valuation of Derivative Transactions	PLN thousand			
	30.09.2016		30.09.2015	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	6 929	98 312	117 908	2 432
Commodity Transactions - Lead	0	4 275	12 685	0
Currency Transactions - USD/PLN EUR/PLN	12 490	4 250	3 482	26 400
Commodity Transactions- Silver	109	587	530	112
Total	19 529	107 423	134 605	28 944

Division of Hedging Instruments

Division of Hedging Instruments	PLN thousand			
	30.09.2016		30.09.2015	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	13 746	99 194	134 140	26 717
Commodity Transactions - zinc	2 851	90 963	117 897	424
Commodity Transactions - lead	0	4 274	12 685	0
Currency Transactions - USD/PLN, EUR/PLN	10 786	3 370	3 028	26 287
Commodity Transactions - Silver	109	587	530	6
Trade Instruments	5 783	8 229	465	2 227
Commodity Transactions- zinc	4 078	7 349	11	2 008
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	1 705	880	454	219
Commodity Transactions - silver	0	0	0	0
Total	19 529	107 423	134 605	28 944

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

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016.

Additional Information

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	
	30.09.2016	30.09.2015
Sales of Products Adjustment	2 342	-18 500
Sales of Goods Adjustments	0	0
Revaluation of Investments	-58	-390
Gains/Loss on Sale of Investments	293	-573
Total	2 577	-19 463

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	30.09.2016	30.09.2015
Commodity Transactions	35 081	26 814
Currency Transactions	-17 667	-60 389
Total	17 414	-33 575

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	30.09.2016	30.09.2015
Sales Increase	39 082	56 350
Sales Decrease	-36 740	-74 850
TOTAL	2 342	-18 500

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	30.09.2016	30.09.2015
Valuation of Open Hedging Instruments:	-87 142	107 610
- Zn	-89 734	117 463
- Pb	-4 275	12 686
- USD/PLN	7 344	-22 962
- Ag	-478	423
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	0	1 179
- Zn		
- Pb		1 179
- USD/PLN		
TOTAL	-87 142	108 789

VII. Other Information

1. In the 3rd quarter of 2016, 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 totaling PLN 14 648 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 1 357 thousand.
3. The Issuer does not publish result forecasts.
4. The pending bankruptcy and composition proceedings cover the Group's receivables totaling PLN 4 831 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław"'s - PLN 4 088 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. On 17 November 2015, the Extraordinary General Meeting of Shareholders adopted a Resolution regarding the Company's purchase of its 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 of 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.
6. By the Resolution No XXXIII/13/2016 adopted by the General Meeting of Shareholders, the Company'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.

7. 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.
8. 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.
9. 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 Janeczka, 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 Janeczka acquired 100 Issuer's registered shares preferential as to the voting right and 88 registered non-preference shares.
10. On 28 October 2016 Issuer obtained information that on 25 October 2016 the Shareholder - ArcelorMittal Poland S.A. disposed of the total 1 446 of the Issuer's registered non-preference shares for the price of PLN 330.00 per share as part of their settlement of the tenders submitted in response to the call for tenders, announced

pursuant to art. 73 of the Act on Public Offering and on Conditions for the Introduction of Financial Instruments into Organized Trading.

11. 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 1 878 619 shares, accounting for a 33.67 %-share in capital and 5 920 991 votes, accounting for 48,54 % of the total number of votes at the General Meeting of Shareholders,
- ArcelorMittal Poland S.A. holding 1 215 287 shares, accounting for a 21.78 %-share in capital and 1 575 019 votes, accounting for a 12.91 % of the total number of votes at the General Meeting of Shareholders,
- Stalprodukt Profil S.A. holding 621 719 shares, accounting for 11.14%-share in capital and 1 137 555 votes, accounting for 9.33 % of the total number of votes at the General Meeting of Shareholders.

12. 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:

- Piotr Janeczek 114 865 shares of nominal value: PLN 229 730,
- Józef Ryszka 504 shares of nominal value: PLN 1 008.

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 7 012 shares of nominal value: PLN 14 024,
- Janusz Bodek 62 640 shares of nominal value: PLN 125 280.

Moreover, Piotr Janeczek, by a subsidiary STP Investment S.A. holding 1 878 619 shares, accounting for a 33.67 %-share in capital and 5 920 991 votes, accounting for 48,54 % of the total number of votes at the General Meeting of Shareholders

13. 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 01.07.2016 to 30.09.2016 and in the comparable period from 01.07.2015 to 30.09.2015 is presented in the Table below.

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016.
Additional Information

Items the 3 rd quarter of 2016	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	24	1 559	217	1 134
Stalprodukt-Wamech sp. z o.o.	136	1 446	331	1 989
Stalprodukt-Centrostal sp. z o.o.	60 414	58	77 008	317
Stalprodukt-Serwis sp. z o.o.	63	1 230	153	1 452
Stalprodukt-Zamość sp. z o.o.	78	94	192	172
Stalprodukt-Ochrona sp. z o.o.	19	629	47	762
STP Elbud sp. z o.o.	323	3 860	865	5 819
Cynk-Mal S.A.				
ZGH "Bolesław" S.A.		21		79
Anew Institute sp. z o.o.	9 506	490	4 889	1 457

Items the 3 rd quarter of 2015	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	25	1 272	64	673
Stalprodukt-Wamech sp. z o.o.	137	2 105	333	2 250
Stalprodukt-Centrostal sp. z o.o.	69 912		81 894	231
Stalprodukt-Serwis sp. z o.o.	70	1 362	169	1 765
Stalprodukt-Zamość sp. z o.o.	79	51	206	66
Stalprodukt-Ochrona sp. z o.o.	20	569	51	709
STP Elbud sp. z o.o.	328	2 897	934	3 538
Cynk-Mal S.A.				
ZGH "Bolesław" S.A.		35		47
Anew Institute sp. z o.o.	6 196		1 726	1 501

Moreover, in the 3rd quarter of 2016, 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.

14. In the reporting period the Group made investment outlays on the purchase and formation of tangible fixed assets amounting to PLN 43 805 thousand. No significant fixed asset components have been disposed of during the reporting period.

15. On 20 June 2016, the General Meeting of Shareholders adopted a resolution on the disbursement of dividend from the 2015 financial result. The profit amount appropriated for the dividend amounts to PLN 16 740 801.00, which, considering the number of shares: 5 580 267 items, yields PLN 3.00 per share. The dividend record date is fixed on 15 September 2016, and the dividend disbursement date was fixed on 30 September 2016.
16. As of 27.10.2016 the Minister of Environment's decision took effect amending the concession No 1/2009 dated 02.02.2009 for excavation of zinc and lead ores from the "Klucze I" deposit (below the level +251m m.a.s.l to the level +200.2m m.a.s.l.), situated within the administrative borders of the Klucze commune, Olkusz county, Małopolska province. The amendments to the concession concerned regarded the expansion of the "Klucze I" excavation area and extension of the concession term. The details were described in the Current Report No 33 dated 27 October 2016.
17. Undertaking further actions aimed at the further simplification of the subsidiary companies' structure (operating within the Zinc Segment), on 27.10.2016 the ZGH „Bolesław” S.A. company based in Bukowno (Merging Company) submitted a merger plan with the Kraków-Śródmieście Regional Court in Kraków, 12th Economic Department of the National Court Register, agreed upon between the company's Management Board and the Management Board of the subsidiary company „BOLESŁAW-RECYCLING” sp. z o.o. based in Bukowno (Merged Company). The Merging Company holds 100% of the Merged Company's shares. The plan provides for the merger through transferring the entire assets of the Merged Company to the Merging Company, without creating new shares or increasing the Merging Company's share capital. The merger of the above entities is a desired move both for strategic and operational reasons. The goal of the merger is to simplify the Capital Group's structure and improved effectiveness of its operation. The merger of the companies will allow for the reduction of their operational costs by approx. PLN 2 million per year, and, consequently, for maximization of the merged companies' profits. Moreover, the merger will affect the more effective use of the merged companies' potential, better allocation of cash, more effective management of human resources and assets of the merged companies.
18. 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.
19. 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.

Abridged Interim Consolidated Financial Report for the 3rd Quarter of 2016. Additional Information

20. 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.
21. During the reporting period and following 30.09.2016 until the preparation of the Abridged Consolidated Report for the 3rd quarter no other important events took place, apart from the ones mentioned herein, which might significantly affect the Group's 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.
22. 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 3rd Quarter of 2016".
23. No additional information was appended to the Abridged Consolidated Financial Report for the 3rd quarter of 2016 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
24. This Abridged Consolidated Financial Report for the 3rd quarter of 2016 was approved for publication by parent Company's Management Board on 14.11.2016 r.

.....
Łukasz Mentel
Member of the Management Board
– Financial Director

.....
Józef Ryszka
Member of the Management Board
– Marketing Director

.....
Piotr Janeczek
President of the Management Board – CEO