

Consolidated quarterly financial report of the Repol Group

For the 3rd quarter of 2017 r.

Prepared in accordance with IAS / IFRS



Żary, 9 November 2017

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I. Consolidated statements of Relpol Capital Group

1. Introduction to the financial statements

1.1 Data on the company

Company name: „RELPOL” Spółka Akcyjna

Registered office of the company: 68-200 Żary, ul. 11 Listopada 37
Lubuskie Province, Poland

1.2 Primary business activity of the company:

Relpol S.A. is a parent company in the capital group of 6 companies. For more than 55 years Relpol S.A. has been dealing with production of components for industrial automatics, in particular electromagnetic relays, contactors, switched power supplies and plug-in sockets for relays. Since 2000 the company has also been dealing with production of portal radiation monitors and CZIP digital protection systems used for medium voltage switch stations.

Relpol Elektronik and DP Relpol Altera have also been dealing with production of relays and sockets. These companies perform production activities for Relpol S.A. The other subsidiaries are distributors of the products of Relpol S.A. in Russia, Belarus and Ukraine.

Core business activity:

27.12.Z Manufacture of electricity distribution and control apparatus,

Other business activity:

26.11.Z Manufacture of electronic components,

27.33.Z Manufacture of wiring devices,

27.90.Z Manufacture of other electrical equipment

33.14.Z Repair and maintenance of electrical equipment

33.20.Z Installation of industrial machinery and equipment and outfit

26.51.Z Manufacture of instruments and appliances for measuring, testing and navigation

33.13.Z Repair and maintenance of electronic and optical equipment

23.99.Z Manufacture of other non-metallic mineral products, not elsewhere classified

22.22.Z Manufacture of plastic packaging

22.29.Z Manufacture of other plastic products

28.99.Z Manufacture of other special-purpose machinery, not elsewhere classified

46.43.Z Wholesale of electrical household appliances

46.69.Z Wholesale of other machinery and equipment

46.90.Z Non-specialised wholesale trade

64.99.Z Other financial service activities, not elsewhere classified, except insurance and pension funding

72.19.Z Other research and experimental development on natural sciences and engineering

74.10.Z Specialised design activities

74.90.Z Other professional, scientific and technical activities not elsewhere classified

- 77.39.Z Rental and leasing of other machinery, equipment and tangible goods, not elsewhere classified.
- 77.40.Z Leasing of intellectual property and similar products, excluding works protected by copyright
- 68.10.Z Buying and selling of own real estate
- 70.10.Z Activities of head offices and holdings, excluding financial holdings
- 70.22.Z Business and other management consultancy activities
- 82.99.Z Other business support service activities, not elsewhere classified
- 85.59.B Other out-of-school forms of education, not elsewhere classified

Registering authority: District Court in Zielona Góra, 8th Commercial Division of the National Court Register

KRS Number: 0000088688

Company's duration shall be unlimited.

Period covered by these statements: from 01.01.2017 to 30.09.2017.

Comparable data for the period from 01.01.2016 to 30.09.2016.

Currency: unless indicated otherwise, all financial data in the statements have been provided in PLN thousand

1.3 Adopted principles of preparation of the statements.

The present interim abridged consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34), approved by the European Union.

Scope of information included in the interim abridged consolidated financial statements is more limited than in the full financial statements, therefore it is recommended to read it in conjunction with the annual consolidated financial statements of the Relpol Capital Group for the financial year 2016, which are available on the website of the company at www.relpol.pl. Relpol applied the same accounting principles as for the Consolidated annual statements of the Relpol Capital Group for 2016.

1) The same accounting principles have been applied in all consolidated companies and they are the same as at the time of drawing up of the consolidated financial statements for 2016.

1.4 Company's Management

Management Board of the Company

Rafał Gulka – President of the Management Board

Sławomir Bialik – Vice-President of the Management Board as of 01.06.2017

Mariusz Matejczyk – Member of the Management Board from 01.06.2017 to 31.10.2017.

On 30.05.2017 the Supervisory Board adopted a resolution on appointment for the composition of the Management Board, as of 01.06.2017 two new persons, that is Sławomir Bialik and Mariusz Matejczyk.

In the period from 01.12.2016 to 31.05.2017 the functions of the Member of the Management Board were performed by Adam Ambroziak, temporarily delegated Member of the Supervisory Board.

On 18.10.2017 the President Rafał Gulka filed a resignation from the performed function as of 31.01.2018 and submitted a request to terminate the employment contract as of 31.01.2018.

On 27.10.2017 the Member of the Management Board Mariusz Matejczyk filed a resignation from the performed function as of 31.10.2017 and submitted a request to terminate the employment contract as of 31.10.2017.

Supervisory Board

1. Adam Ambroziak – Chairman of the Supervisory Board
2. Zbigniew Derdziuk – Vice-Chairman of the Supervisory Board as of 12.10.2017.
3. Agnieszka Trompka
4. Dariusz Daniluk, Member of the Supervisory Board as of 12.10.2017.
5. Piotr Osiński

On 12.10.2017 personnel changes in the composition of the Supervisory Board took place. Vice-President of the Supervisory Board, Rafał Mania, filed a resignation from the function of the Member of the Supervisory Board, therefore the Supervisory Board appointed Dariusz Daniluk for his position by way of co-optation.

1.5 Share capital

The share capital amounts to PLN 48,045,965 and consists of 9,609,193 bearer shares of nominal value PLN 5 each. All issued shares are available on the stock market.

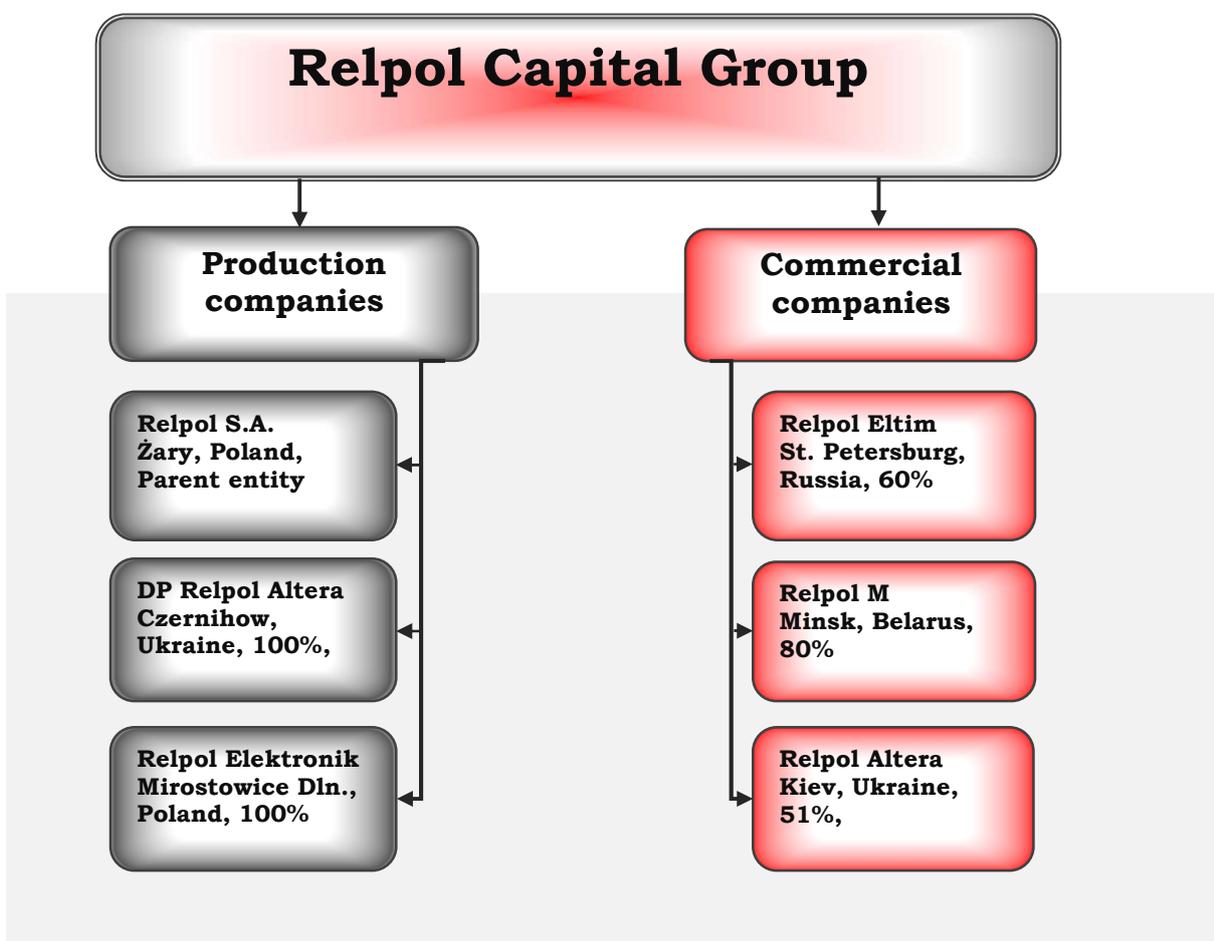
The share capital is divided into:

- 360,300 A series bearer shares
- 240,200 B series bearer shares
- 254,605 C series bearer shares
- 18,458 D series bearer shares
- 8,735,630 E series bearer shares

Number of shares and number of votes for the GSM is the same.
All shares confer the same rights to dividend.

2. Capital group structure as of 30.09.2017

Relpol is a parent company in the capital group and prepares a consolidated financial statements.



2.1 List of companies included in the financial statements

1. **Relpol S.A.** parent company - full consolidation method.
2. **Relpol Eltim Sp. z o.o.** - full consolidation method. Relpol holds 60% of shares in the company. Relpol Eltim is a distributor of Relpol products in Russia. During the period from January to September 2017 the company achieved sales revenues of PLN 7,121 thousand and generated a net profit of PLN 135 thousand. The company regularly pays a dividend.
3. **Relpol Elektronik Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Miostowice Dolne, with share capital of PLN 50,000. During the period from January to September 2017 it achieved sales revenues amounting to PLN 2,210 thousand, with net losses of PLN 92 thousand. The company renders cooperation services for Relpol S.A.
4. **DP Relpol Altera Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Cherniakhiv. The object of the company's business is production

only for the needs of Relpol S.A. During the period from January to September 2017 the company achieved sales revenues of PLN 2.008 thousand with net losses of PLN 250 thousand.

2.2 Companies excluded from consolidation

1. **Relpol M Sp. z o.o.** A subsidiary with its registered office in Minsk. The company's share capital amounts to PLN 0.2 thousand, the sales revenues during the period from January to September 2017 amounted to PLN 484 thousand, and net profit to PLN 6 thousand. The company is a distributor of Relpol on the Belarussian market.
2. **Relpol Altera Sp. z o.o.** - a subsidiary with its registered office in Kiev. Share capital amounts to PLN 347 thousand. Relpol S.A. holds 51% shares in that company. The sales revenues during the period from January to September 2017 amounted to PLN 53.8 thousand, and net profit to PLN 10.4 thousand.

The companies excluded from consolidation are foreign, small companies which do not have a significant impact on consolidated results. Additionally, including those companies in the consolidation and obtaining information necessary for proper and reliable preparation of consolidated statements compliant with IAS/IFRS and the requirements of the capital market would be connected with disproportionately high costs with regard to financial situation of those companies. Relpol implemented unified accounting and reporting principle in the companies of the capital group covered by consolidation.

2.3 List of internal organisational units preparing their financial statements independently.

Relpol does not have any internal organisational units preparing their financial statements independently.

2.4 The financial statements have been prepared based on the assumption that the entities of the capital group, with certain exceptions, will continue their operations in the future.

These financial statements were drawn up with the assumption that the company and the capital group will continue its operations as a going concern in the foreseeable future and there are no circumstances indicating a threat to the continuation of its operations. The duration of the capital group shall be unlimited.

3. Consolidated financial statements of the Relpol Capital Group

Selected financial data of the consolidated financial statements

SELECTED FINANCIAL DATA	in PLN '000	in PLN '000	in EUR '000	in EUR '000
	3 quarters from 01.01.2017 to 30.09.2017	3 quarters from 01.01.2016 to 30.09.2016	3 quarters from 01.01.2017 to 30.09.2017	3 quarters from 01.01.2016 to 30.09.2016
PROFIT AND LOSS ACCOUNT				
Sales revenues of products, goods and materials	93 745	88 328	22 023	20 218
Profit (loss) on operating activities	6 619	7 761	1 555	1 776
Gross profit (loss)	6 496	7 636	1 526	1 748
Consolidated net profit (loss)	5 171	6 266	1 215	1 434
STATEMENT OF CASH FLOWS				
Cash flow from operating activity	1 544	9 159	363	2 096
Cash flow from investing activity	-2 811	-3 395	-660	-777
Cash flow from financing activity	-2 845	-7 673	-668	-1 756
Total cash flow	-4 112	-1 909	-966	-437
STATEMENT OF FINANCIAL POSITION				
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Total assets	98 740	95 713	22 914	21 635
Long-term liabilities	3 907	4 614	907	1 043
Short-term liabilities	18 688	15 824	4 337	3 577
Equity attributable to equity holders of the parent company	74 859	73 885	17 372	16 701
Share capital	48 046	48 046	11 150	10 860
OTHERS				
Number of shares	9 609 193	9 609 193	9 609 193	9 609 193
Weighted average number of shares	9 609 193	9 609 193	9 609 193	9 609 193
Annualized profit (loss) per ordinary share (in PLN / EUR)	0,55	0,78	0,13	0,18
Profit (loss) for the reporting period per ordinary share (PLN / EUR)	0,54	0,65	0,13	0,15
Book value per share (in PLN / EUR)	7,79	7,69	1,81	1,74
Diluted book value per share (in PLN / EUR)	7,79	7,69	1,81	1,74
Declared or paid dividend per share (in PLN / EUR)	0,40	0,50	0,09	0,11

Manner of conversion of the amounts included in the table "Selected financial data" into Euro

In order to convert the above amounts we applied an average exchange rate of the National Bank of Poland for Euro applicable for individual balance sheet dates and time frames:

	Average exchange rate from 01.01.2017 to 30.09.2017	Average exchange rate from 01.01.2016 to 30.09.2016	Exchange rate as at 30.09.2017	Exchange rate as at 30.09.2016	Exchange rate as at 31.12.2016
EUR/PLN exchange rate	4,2566	4,3688	4,3091	4,3120	4,4240

CONDITIONED CONSOLIDATED PROFIT AND LOSS ACCOUNT	in PLN '000			
	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters	from 01.07.2016 to 30.09.2016 3rd quarter	from 01.01.2016 to 30.09.2016 3 quarters
Sales revenues of products, goods and materials	30 986	93 745	27 092	88 328
Cost of goods sold	25 098	73 955	21 401	67 313
Gross profit on sales	5 888	19 790	5 691	21 015
Selling costs	213	679	197	693
Overheads	3 425	11 925	3 614	12 089
Profit on sales	2 250	7 186	1 880	8 233
Other operating income	431	137	466	233
Other operating costs	269	704	75	705
Profit (loss) on operating activities	2 412	6 619	2 271	7 761
Financial income	294	206	20	74
Financial costs	38	329	443	199
Profit before income tax	2 668	6 496	1 848	7 636
Income tax expense	560	1 289	313	1 369
Other statutory reductions in profit	36	36	0	1
Net profit (loss) on continuing operations	2 072	5 171	1 535	6 266
Net profit (loss) on discontinued operations	0	0	0	0
Net income attributable to non-controlling interests	24	54	40	184
Net profit attributable to equity holders of the parent, including 1 share (PLN / share):	2 048	5 117	1 495	6 082
- ordinary	0,21	0,53	0,16	0,63
- diluted	0,21	0,53	0,16	0,63

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	in PLN '000			
	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters	from 01.07.2016 to 30.09.2016 3rd quarter	from 01.01.2016 to 30.09.2016 3 quarters
Net profit (loss) on continuing operations	2 072	5 171	1 535	6 266
including net profit (loss) on discontinued operations	0	0	0	0
Components of other comprehensive income	32	-589	-49	368
exchange differences on translation of subordinated entities	32	-589	-49	368
Total comprehensive income	2 104	4 582	1 486	6 634

CONSOLIDATED FINANCIAL STATEMENT	in PLN '000		
	30.09.2017r.	31.12.2016r.	30.09.2016r.
ASSETS			
Fixed assets (long-term)	39 358	41 136	41 953
Tangible fixed assets	30 660	31 977	32 659
Investment property	0	0	0
Intangible assets	8 210	8 622	8 774
Financial assets	376	376	376
Long-term receivables	112	161	144
Deferred tax assets	0	0	0
Current assets (short-term)	59 382	54 577	53 147
Inventory	27 199	27 349	25 137
Trade receivables	28 206	19 866	21 861
Other	1 974	1 271	1 177
Short-term investments	0	0	1
Cash and other pecuniary assets	1 543	5 740	4 590
Accruals	460	351	381
Long-term assets classified as held for sale	0	0	0
TOTAL ASSETS	98 740	95 713	95 100
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	74 859	73 885	74 072
Share capital	48 046	48 046	48 046
Other capitals:	26 813	25 839	26 026
- Supplementary capital	19 055	16 790	16 075
- Revaluation reserve	699	699	1 173
- Exchange differences from recalculation of subordinated entities	-1 686	-1 097	-1 620
- Previous years' profit (loss)	3 628	3 272	4 316
- The result of the current year	5 117	6 175	6 082
Equities attributable to non-controlling interests	1 286	1 390	1 382
Total equity	76 145	75 275	75 454
Long-term liabilities	3 907	4 614	5 255
Credits and loans	423	1 154	1 667
Leasing liabilities	410	562	646
Other liabilities	0	0	0
Provision for deferred income tax	1 724	1 548	1 811
Other provisions	1 350	1 350	1 131
Short-term liabilities	18 688	15 824	14 391
Trade liabilities	8 755	7 077	7 121
Leasing liabilities	367	481	542
Other liabilities	4 311	4 856	3 936
Credits and loans	4 181	2 050	2 050
Deferred income	0	0	0
Other provisions	1 074	1 360	742
TOTAL EQUITIES AND LIABILITIES	98 740	95 713	95 100

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in PLN '000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Other capitals					Equity attributable to equity holders of the parent entity	Equities attributable to non-controlling interests	Total capital
		Supplementary capital	Revaluation reserve	Previous years' profit (loss)	The result of the current year	Exchange differences from recalculation of subordinated entities			
<i>As at 1 January 2017</i>	48 046	16 790	699	9 447	0	-1 097	73 885	1 390	75 275
Cover the loss	0	-58	0	58	0	0	0	0	0
Dividend payment	0	0	0	-3 843	0	0	-3 843	54	-3 789
Differences from revaluation	0	0	0	0	0	0	0	0	0
Previous years' profit (loss)	0	2 323	0	-2 323	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Other comprehensive income including:	0	0	0	289	5 117	-589	4 817	-158	4 659
- net profit (loss) for the year	0	0	0	0	5 117	0	5 117	0	5 117
- other total income	0	0	0	289	0	-589	-300	-158	-458
<i>As at 30 September 2017</i>	48 046	19 055	699	3 628	5 117	-1 686	74 859	1 286	76 145
<i>As at 1 January 2016</i>	48 046	13 878	1 173	11 579	0	-1 988	72 688	1 107	73 795
Cover the loss	0	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	-4 805	0	0	-4 805	-240	-5 045
Differences from revaluation	0	0	0	0	0	0	0	0	0
Previous years' profit (loss)	0	2 912	0	-3 535	0	0	-623	0	-623
Other	0	0	0	0	0	0	0	0	0
Other comprehensive income including:	0	0	-474	33	6 175	891	6 625	523	7 148
- net profit (loss) for the year	0	0	0	0	6 175	40	6 215	198	6 413
- exchange rate differences from revaluation of financial statements	0	0	0	0	0	851	851	325	1 176
- other total income	0	0	-474	33	0	0	-441	0	-441
<i>As at 31 December 2016</i>	48 046	16 790	699	3 272	6 175	-1 097	73 885	1 390	75 275

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Other capitals					Equity attributable to equity holders of the parent entity	Equities attributable to non-controlling interests	Total equity
		Supplementary capital	Revaluatio n reserve	Previous years' profit (loss)	The result of the current year	Exchange differences from recalculation of subordinated entities			
<i>As at 1 January 2016</i>	48 046	13 878	1 173	11 579	0	-1 988	72 688	1 107	73 795
Cover the loss	0	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	-4 805	0	0	-4 805	-155	-4 960
Differences from revaluation	0	0	0	0	0	0	0	0	0
Previous years' profit (loss)	0	2 197	0	-2 197	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Other comprehensive income including:	0	0	0	-261	6 082	368	6 189	430	5 124
- net profit (loss) for the year	0	0	0	0	6 082	0	6 082	144	4 731
- other total income	0	0	0	-261	0	368	107	286	393
<i>As at 30 September 2016</i>	48 046	16 075	1 173	4 316	6 082	-1 620	74 072	1 382	75 454

CASH FLOW	in PLN '000			
	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters	from 01.07.2016 to 30.09.2016 3rd quarter	from 01.01.2016 to 30.09.2016 3 quarters
A. Cash flows from operating activities	2 321	1 544	4 130	9 159
I. Profit before income tax	2 668	6 496	1 848	7 636
II. Total adjustments	-347	-4 952	2 282	1 523
1. Share of losses of joint ventures accounted for using the equity method	0	0	0	0
2. Amortisation and depreciation	1 378	4 329	1 533	4 443
3. Exchange gains (losses)	-29	-89	68	75
4. Interest and profit sharing (dividend)	29	87	24	135
5. (Profit) loss on investment activities	-136	-80	-8	-56
6. Change in provisions	-695	-331	-993	-642
7. Change in inventory	-200	74	-985	-1 063
8. Change in receivables	-670	-8 310	5 216	494
9. Change in short-term liabilities excluding credits and loans	112	193	-1 977	-1 363
10. Change in prepayments and accruals	-39	-109	-25	-66
11. Income tax paid / refunded	-97	-715	-138	-433
12. Other adjustments	0	-1	-433	-1
B. Cash flows from investment activities	-590	-2 811	-1 147	-3 395
I. Inflows	11	80	-324	5
1. Disposal of intangible and tangible fixed assets	11	80	-325	2
2. Disposal of investments in real property and in intangible assets	0	0	0	0
3. From financial assets, including:	0	0	1	3
- disposal of financial assets	0	0	0	0
- dividends	0	0	0	0
- interest	0	0	0	0
- other receipts from financial assets	0	0	1	3
4. Other inflows	0	0	0	0
II. Outflows	-601	-2 891	-823	-3 400
1. Purchase of intangible assets and tangible fixed assets	-601	-2 891	-823	-3 400
2. Investments in real property and intangible assets	0	0	0	0
3. For financial assets, including:	0	0	0	0
- acquisition of financial assets	0	0	0	0
- other investment expenditure	0	0	0	0
4. Other outflows from investment activities	0	0	0	0
C. Cash flows from financial activities	-2 715	-2 845	-5 723	-7 673
I. Inflows	1 821	2 942	3	3
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0	0	0
2. Credits and loans	1 822	2 938	3	3
3. Other inflows from financial activities	-1	4	0	0
II. Outflows	-4 536	-5 787	-5 726	-7 676

1. Purchase of own shares	0	0	0	0
2. Dividend and other payments to shareholders	-3 898	-3 898	-4 812	-4 883
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	-512	-1 537	-661	-1 981
5. Redemption of debt securities	0	0	0	0
6. Payment of other financial liabilities	0	0	0	0
7. Payment of liabilities arising from financial leases	-97	-265	-228	-620
8. Interest	-29	-87	-25	-136
9. Other outflows from financial activities	0	0	0	-56
D. Total net cash flows	-984	-4 112	-2 740	-1 909
E. Balance sheet change in cash including:	-996	-4 197	-1 955	-1 131
- change in cash due to foreign exchange differences	13	85	17	24
F. Cash opening balance, including:	2 539	5 740	6 545	5 721
- foreign exchange differences	0	-105	0	-92
G. Closing balance, including:	1 543	1 543	4 590	4 590
- foreign exchange differences	13	-20	0	-85

4. Management's Discussion of consolidated results

4.1 Summary

SPECIFICATION	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017	from 01.07.2016 to 30.09.2016	from 01.01.2016 to 30.09.2016
Sales revenues of products, goods and materials in PLN '000	30 986	93 745	27 092	88 328
Gross profit on sales in PLN '000	5 888	19 790	5 691	21 015
Gross margin on sales (%)	19.00%	21.11%	21.01%	23.79%
EBITDA in PLN '000	3 790	10 948	3 804	12 204
EBITDA margin (%)	12.23%	11.68%	14.04%	13.82%
EBIT in PLN '000	2 412	6 619	2 271	7 761
EBIT margin (%)	7.78%	7.06%	8.38%	8.79%
Consolidated net profit in PLN '000	2 072	5 171	1 535	6 266
Net profit margin	6.69%	5.52%	5.67%	7.09%
Net profit attributable to equity holders of the parent in PLN '000	2 048	5 117	1 495	6 082

Summarising the financial results achieved in Q3 2017 it may be concluded that it was a very good quarter in the activity of the capital group. Sales revenues were definitely higher than the data for the previous year. When we compare Q3 2017 with Q3 2016 it increased by 14.4%, and year on year by 6.1%. Increase of revenues was also noted in the domestic market which in previous quarters demonstrated stagnation due to low investment expenditure in the energy and electrotechnology sectors. In Q3 In Q3 2017 the domestic revenues increased by about 10% when compared with Q1 and Q2 2017 and by 15.5% when compared with Q3 2016. Despite the increase in sales on the domestic market, which results from a greater

activity of the company, we believe that the market has not revived yet. Although the sales on foreign markets are growing, the situation within individual countries is diverse. The greatest dynamics as regards growth may be observed on the Asian market. During the nine months of this year the sales for Asia amounted to PLN 6,762 thousand and it tripled as compared with 2015 when it reached PLN 1,977 thousand.

It should be noted that the sales revenues achieved by the capital group in 2015 and 2016 were the highest in history of its activity, thus the reference point for 2017 is very high.

Increase in production and sales caused an increase of costs production activities. The dynamics of the increase in costs was higher than the dynamics of increases in revenues. Higher production costs were caused among others by increase in prices of raw materials, increase in costs of remuneration, other running costs as well as a lower Euro exchange rate, foreign exchange losses and changes in the sales structure. Those factors slightly lowered the operating margins.

The third quarter was also very good in terms of the achieved net profit. Despite higher cost dynamics, net profit of the Capital Group was higher by PLN 537 thousand (by 35%) than the profit achieved in Q3 2016. This improved the relation regarding net profit when compared year on year. After three quarters of 2017 it was lower by PLN 1,095 thousand (by 17.5%) than in the same period of 2016, whereas after the first half of 2017 the difference was higher and it amounted to PLN 1,632. thousand.

As compared with the status on 30.09.2016 the current assets of the capital group increased by PLN 6,235 thousand. Together with the increase in production and sales, the trade receivables from customers increased by PLN 6,345 thousand, and the provisions increased by PLN 2,062 thousand. Cash decreased by PLN 3,047 thousand which, given the working capital credit, was allotted for financing the growing needs of the operating activity of the capital group and for payment of dividends.

The greatest change in liabilities regarded short-term liabilities, which increased by PLN 4,297 thousand, of which liabilities on account of short-term credits and loans increased by PLN 2,131 thousand, and liabilities on account of deliveries increased by PLN 1,634 thousand.

4.2 Share of the parent company in the results of the group.

Relpol S.A. had the greatest impact on the results of the capital group. The share of the parent company's sales in the consolidated sales for the period of three quarters of 2017 was 93.8%. In case of net results it is even higher. Net profit of the parent company was PLN 5,289 thousand and it exceeded the consolidated net profit attributed to the shareholders of the parent company (PLN 5,117 thousand). This has influenced the results of subsidiaries and the performed adjustments and exclusions from consolidation.

4.3 Adjustments and exclusions from consolidation

In connection with mutual trade between the parent company and subsidiaries included in consolidation, sales revenues were reduced by PLN 5,550 thousand and the selling costs of products and goods by PLN 5,725 thousand. Exclusions from consolidation were also performed as regards margin on provisions and dividend. The balance sheet does not include mutual, reciprocal receivables and liabilities.

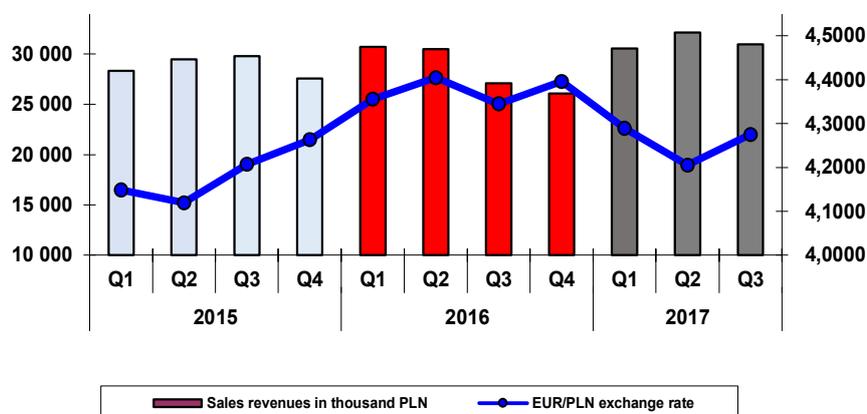
4.4 Sales revenues

In Q3 2017 the capital group generated sales revenues amounting to PLN 30,986 thousand, which constitutes 14.4% growth as compared with Q3 2016. Cumulatively, as of the beginning of the year until the end of September 2017, the consolidated sales revenues turned out to be record high and amounted to PLN 93,745 thousand. They were by 6.1% higher as compared to the same period of 2016 and by 6.9% higher as compared to the same period of 2015.

The dynamics of revenues was achieved despite unfavourable foreign exchange rates. The average exchange rate for Euro from January to September 2017 was lower by 2.6%, and for USD by 2.9% than in the period of 2016. Foreign exchange rates improved slightly on the Russian market. The foreign exchange rate for rouble increased by 12.7% as compared to a comparable period of 2016, whereas the average exchange rate for the Ukrainian hryvnia was lower by 6.2%. Revenues in roubles are generated by the Russian company, while the revenues in USD translated into hryvnias are generated by the Ukrainian company.

Sales revenue and exchange rates	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016	The changes Q1-Q3 2017/ Q1-Q3 2016
Sales revenues in PLN '000	93 745	88 328	6,1%
EUR/PLN	4,2566	4,3688	-2,6%
USD/PLN	3,8088	3,9240	-2,9%
RUB/PLN	0,0655	0,0581	+12,7%
UAH/PLN	0,1436	0,1531	-6,2%

Sales revenues in PLN thousand in individual quarters and the average foreign exchange rate for EUR.



The diagram presents the level of sales revenues in individual quarters starting from Q1 2015. Sales revenues generated in 2017 are kept at a high and stable level. The revenues generated in Q3 2017 were higher than the revenues generated in Q3 2015 and Q3 2016.

It was mainly influenced by a very high level of sales of the parent company, and in particular by a higher volume of export sales.

4.5 Sales structure

Specification	in PLN'000					
	Q3 2017	Q1-Q3 2017	%	Q3 2016	Q1-Q3 2016	%
Poland	9 527	26 843	28.63%	8 243	25 937	29.36%
Sales on foreign markets including:	21 459	66 902	71.37%	18 849	62 391	70.64%
Europa including.:	18 637	57 968	61.84%	17 540	57 135	64.69%
<i>Germany</i>	10 973	32 107	34.25%	8 827	30 096	34.07%
<i>Russia</i>	2 202	7 396	7.89%	2 182	8 300	9.40%
<i>Italy</i>	1 281	4 120	4.39%	1 302	4 199	4.75%
Asia	2 325	6 762	7.21%	997	3 567	4.04%
North America	327	814	0.87%	204	586	0.66%
South America	64	797	0.85%	27	603	0.68%
Australia and others	106	561	0.60%	84	500	0.57%
Total	30 986	93 745	100.00%	27 092	88 328	100.00%

The capital group achieved a record high sales on the foreign markets. The largest share in the sales structure at the level of 34% is owed to the German market. Sales to Germany have been successively growing for many years. In Q3 2017 they were by PLN 2,146 thousand higher than in Q3 2016. During the three quarters of 2017 the difference in favour of 2017 was PLN 2,011 thousand, that is by 6.7% more than in the same period of 2016.

The second position in the sales structure with the share of 29% is taken by the domestic market. It was a very good quarter for domestic sales, even though the investment expenditure

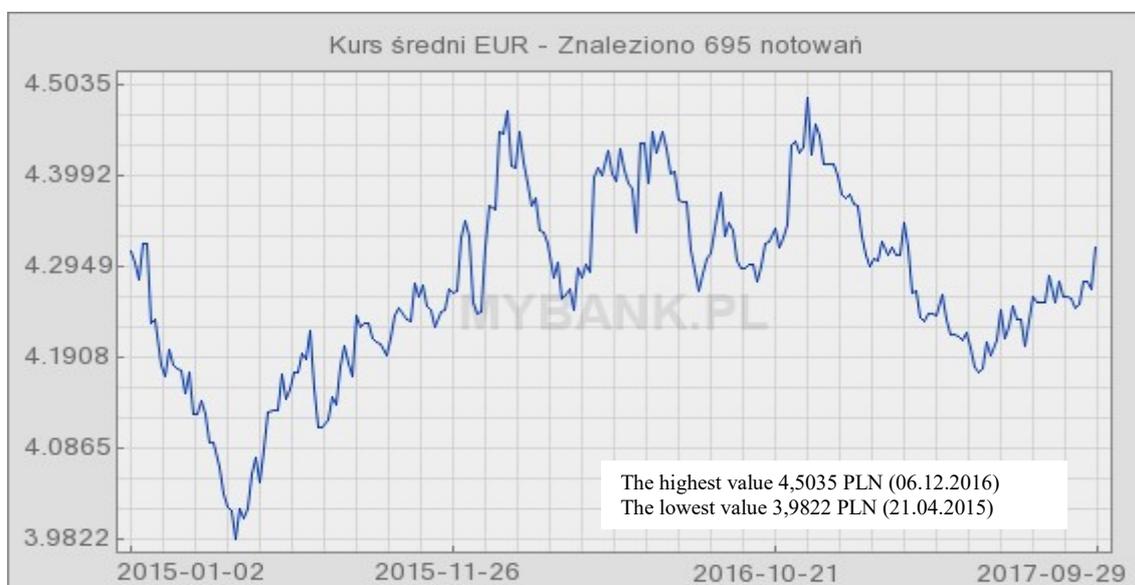
in the energy and electrotechnology sectors was low. In Q3 2017 domestic sales were higher by 15.6% than sales in Q3 2016. Cumulatively, during the three quarters of 2017 they were higher by 3.5% as compared to the three quarters of 2016.

In Q3 2017 the sales on the Russian market were slightly better. Cumulatively, as of the beginning of the year they are lower by 10.9% than in the same period of 2016. This results from a difficult economic situation in Russia. The Russian company demonstrates lower sales.

Higher sales to other continents were also recorded, including very dynamically to Asia (by 90%). Sales to distant countries are irregular (these include rare, but relatively large shipments during the year).

Foreign exchange situation in both comparable quarters was diversified. Due to high (approx. 70%) share of export in the sales structure, the levels and fluctuations of foreign exchange rates influence the volume of sales and the financial result as a whole.

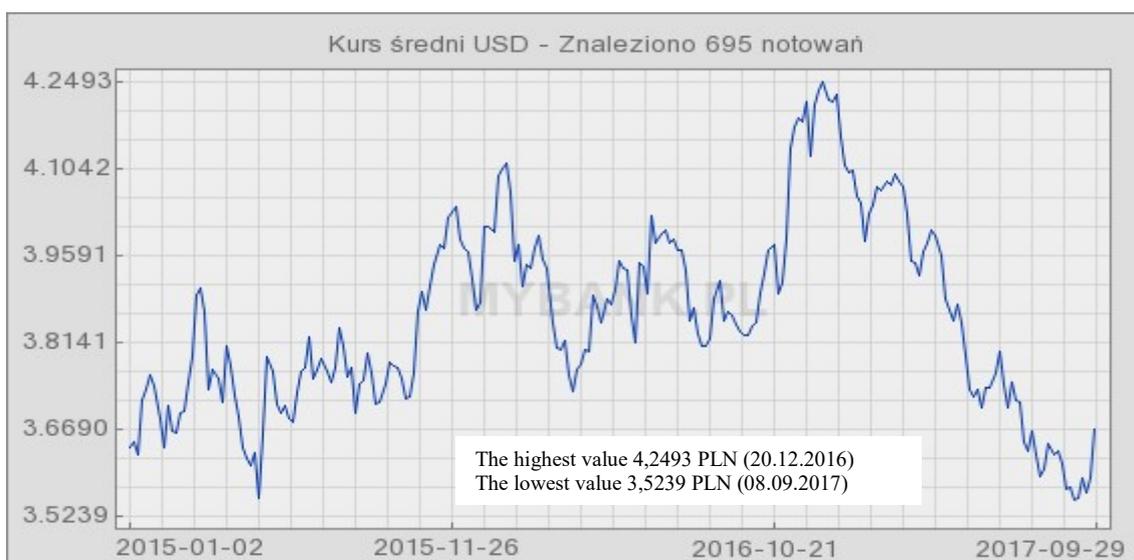
Average EUR exchange rate in the period from 02.01.2015 to 30.09.2017



Source: <http://kursy-walut-wykresy.mybank.pl/>

The European market has the largest share in sales, therefore the level and fluctuations of EUR exchange rates are important. EUR exchange rates were subject to large fluctuations, which can be seen on the diagram. The currency reached its maximum value at the end of 2016 and then began to drop. After major falls, there was a slight increase in the second half of 2016. Ultimately, during the three quarters of 2017 the average exchange rate for EUR was lower by 2.6% as compared to the three quarters of 2016.

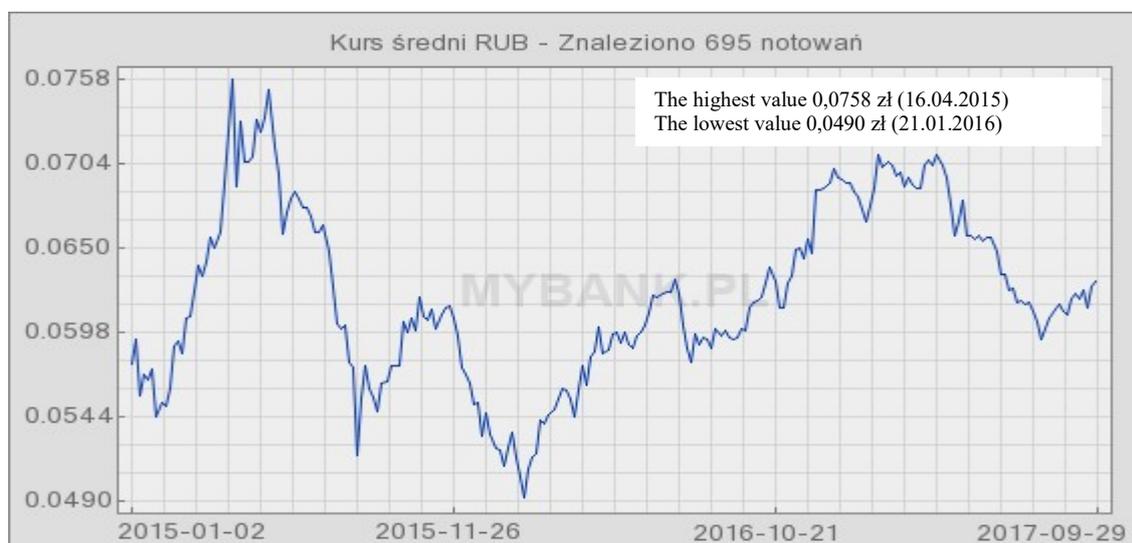
Average USD exchange rate in the period from 02.01.2015 to 30.09.2017



Source: <http://kursy-walut-wykresy.mybank.pl/>

USD exchange rate was subject to even greater fluctuations, which can be seen on the diagram. The currency reached its maximum value at the end of 2016 and for eight months of 2017 it kept on losing its value. The currency reached its minimum value on 8.09.2017. Ultimately, during the three quarters of 2017 the average exchange rate for USD was lower by 2.9% as compared to the same period of 2016. The capital group generates about 9% of sales in USD.

Average RUB exchange rate in the period from 02.01.2015 to 30.09.2017

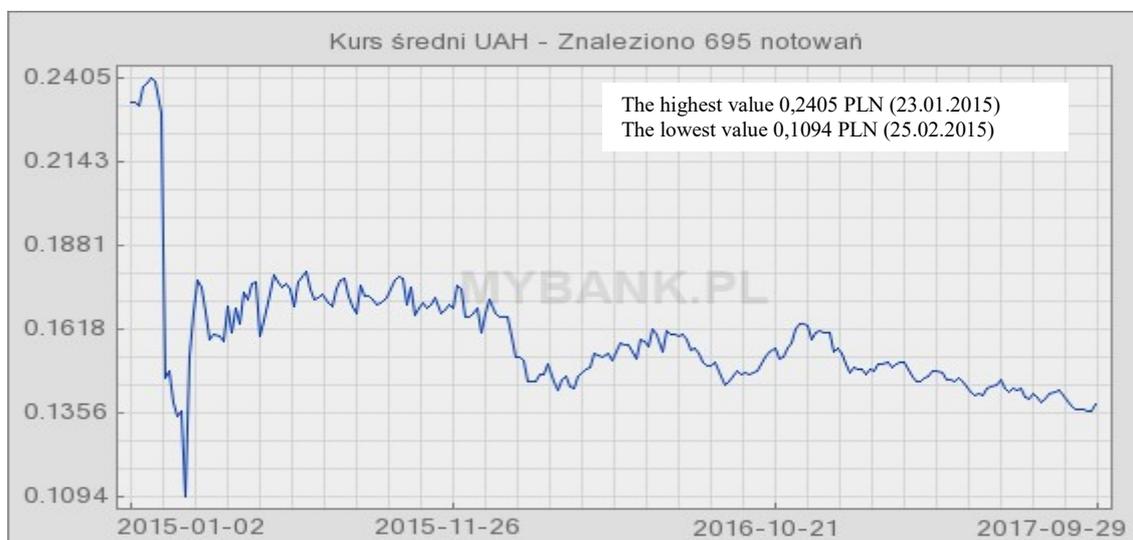


Source: <http://kursy-walut-wykresy.mybank.pl/>

Exchange rate of RUB in Q1 2015 sky-rocketed reaching the maximum value of PLN 0.0758/RUB 1. Then the Russian currency began to weaken reaching the minimum value in January 2016, and after that rouble began to make up for the losses and with some fluctuations it increased successively in the entire 2016. In Q2 2017 the Russian currency began to weaken again, however remaining at a level higher than in the first half of 2016.

Ultimately, during the three quarters of 2017 the average exchange rate for RUB was higher by 12.7% than the average exchange rate for RUB in the same period of 2016. The revenues in roubles are generated by the Russian company.

Average UAH exchange rate in the period from 02.01.2015 to 30.09.2017



Source: <http://kursy-walut-wykresy.mybank.pl/>

Contrary to the previously discussed currencies, the fluctuations of UAH were totally different. The exchange rate of UAH, after dropping significantly at the beginning of 2015, slightly made up for the losses and in 2016 it was stable, remaining within the range of PLN 0.14 - 0.16 per UAH 1. As of the beginning of 2017 the currency has been showing a downward trend. Ultimately, during the three quarters of 2017 the average exchange rate for UAH was lower by 6.2% than the average exchange rate for UAH in the same period of 2016. The revenues in this currency are generated by the Ukrainian company.

4.6 Result on sales

4.6.1 Gross result on sales

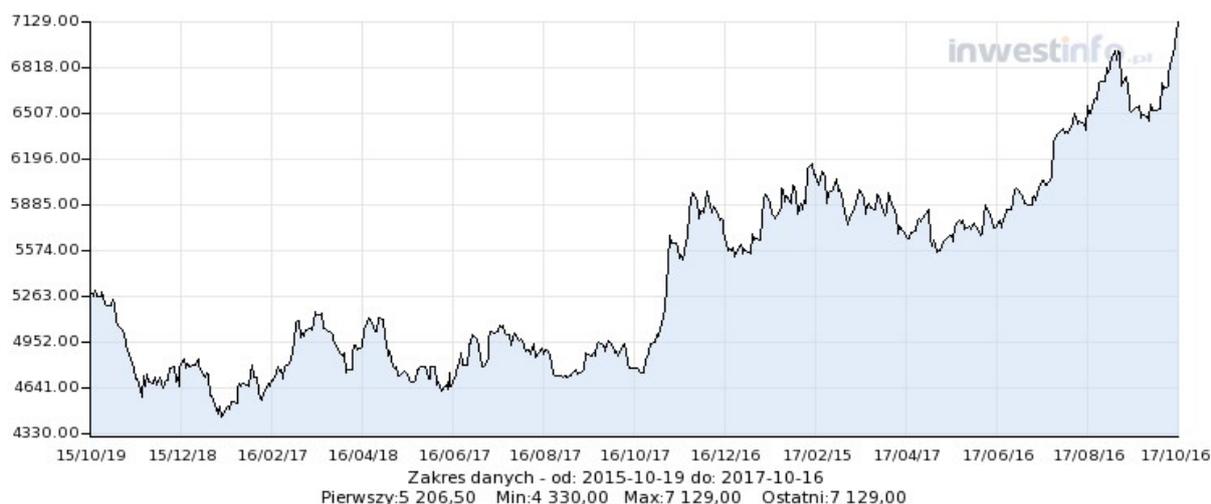
In Q3 In Q3 2017 the gross result on sales was PLN 5,888 thousand and it exceeded the level achieved in Q3 2016 (PLN 5,691 thousand) by 3.5%. Cumulatively, as of the beginning of the year until the end of September the result totalled PLN 19,790 thousand and it was lower than the result achieved in the comparable period of 2016 by 5.8%.

The factors which have a great impact on the achieved gross result on sales include were the growing costs of the sold products, caused by an increase in prices of raw materials, increase in remuneration and other costs of current activities. Bad economic situation on the Polish market, low level of investments and the price pressure among domestic distributors also contributed to the result. The sales structure is subject to change. As compared with 2016, more products with lower margin are sold.

The production process involves the use of steel and metal details containing among others copper, silver, gold, as well as details made of plastic. Therefore the level of gross result on sales and the level of margins is largely influenced by the prices of raw materials, especially

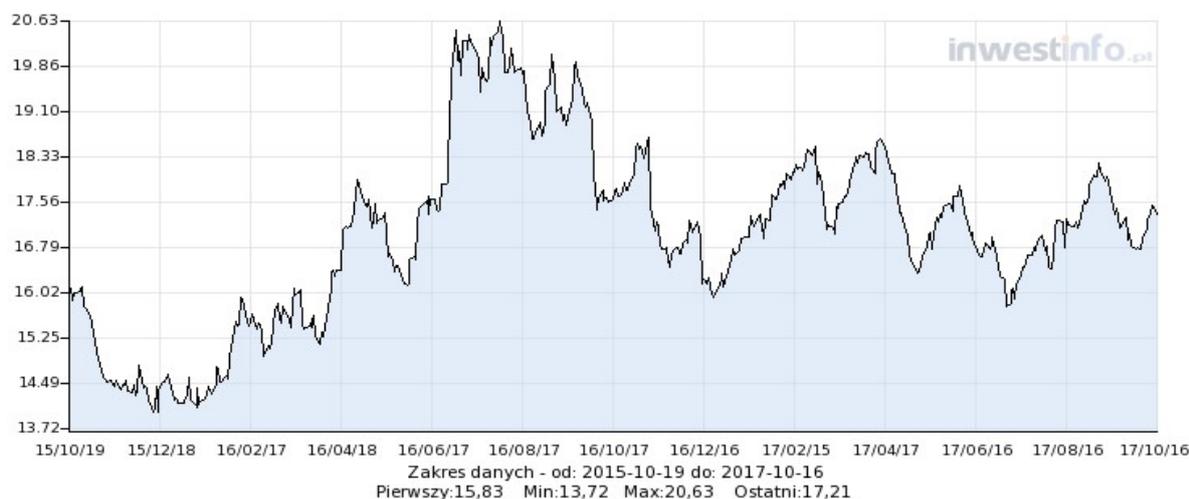
those containing copper and precious metals. The prices of raw materials are determined at the stock exchange in London and the company has no impact on them. The prices of the basic raw materials used for production of Relpol products in 2017 were subject to great fluctuations. In particular the price of copper increased significantly and it still shows an upward trend. The prices of silver and gold were subject to changes in both reporting periods, however the average prices in the reporting periods did not differ significantly.

24 month copper prices in USD / t from 19.10.2015 to 16.10.2017



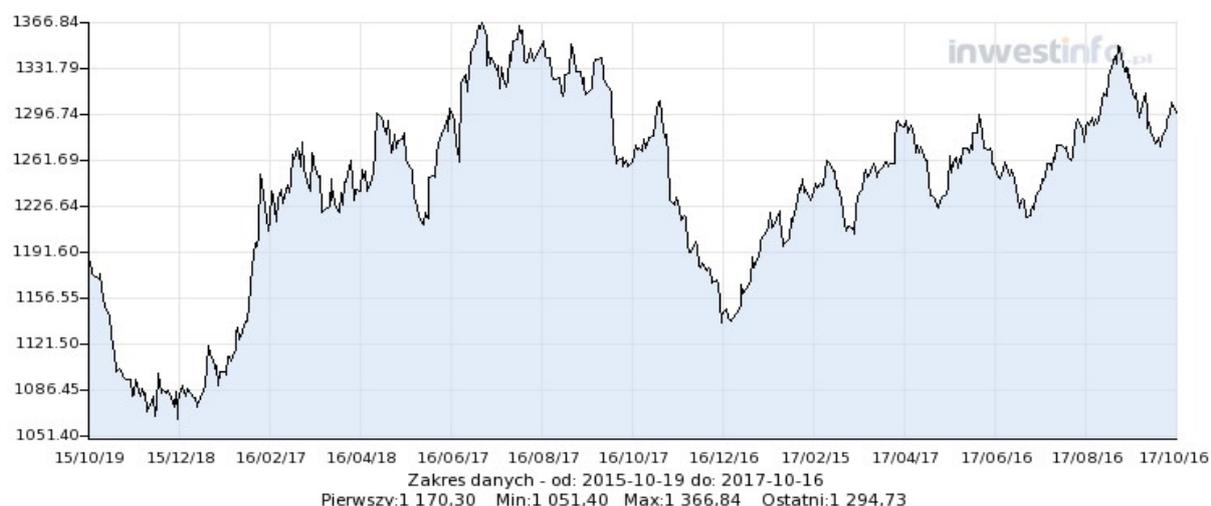
Source: <https://www.inwestinfo.pl/>

24 month silver prices in USD/ ounce from 19.10.2015 to 16.10.2017



Source: <https://www.inwestinfo.pl/>

24 month gold prices in USD/ ounce from 19.10.2015 to 16.10.2017



Source: <http://www.inwestinfo.pl/surowce/notowania-surowcow/wykres/Zloto.htm>

4.6.2 Net result on sales

In Q3 2017 net result on sales was PLN 2,250 thousand, which in comparison with Q3 2016 (PLN 1,880 thousand) means an increase by 19.7%. Cumulatively, for the period of nine months the net result on sales was PLN 7,186 thousand as compared with PLN 8,233 thousand. It was caused by an increase in the costs of production and the factors described above.

4.7 Other operating activity

Other operating activity in Q3 2017 increased the result of the capital group by PLN 162 thousand. In Q3 2016 the result of other operating activity was also positive and amounted to PLN 391 thousand. Cumulatively, for the period of nine months there was an increase by PLN 567 thousand in 2017 and a decrease by PLN 472 in 2016.

The items of revenues and costs of other operating activity are presented in the table below.

	in PLN'000			
	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017	from 01.07.2016 to 30.09.2016	from 01.01.2016 to 30.09.2016
Profit on disposal of tangible fixed assets	0	80	8	56
Decrease of inventory write-offs	10	30	2	11
Decrease of liability write-offs	2	7	4	6
Reversal of provisions for leaves	408	0	0	0
Reversal of provisions for remunerations	0	0	435	0
Other (including consolidation adjustments)	11	20	17	160
Total other operating income	431	137	466	233

in PLN'000

	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017	from 01.07.2016 to 30.09.2016	from 01.01.2016 to 30.09.2016
Receivables revaluation write-off	170	188	20	24
Inventory revaluation write-off	62	228	108	194
Creation of a provision for unused holidays	0	58	0	44
Donations	10	82	12	65
Scrapped inventory	17	111	138	209
Other (including consolidation adjustments)	10	37	-203	169
Total other operating costs	269	704	75	705

4.8 Financial activity

Financial activity in Q3 2017 increased the result of the capital group by PLN 256 thousand mainly due to net foreign exchange gains. In the same period of 2016 the result of financial activity was negative and amounted to PLN -423 thousand. Cumulatively, for the period of nine months of 2017 the result of financial activity was negative and amounted to PLN -123 thousand; it was similar to the result of the same period of 2016, when it amounted to PLN -125 thousand.

The items of revenues and costs of financial activity are presented in the table below.

in PLN'000

	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017	from 01.07.2016 to 30.09.2016	from 01.01.2016 to 30.09.2016
Interest	11	161	14	26
Net foreign exchange gains	273	0	0	0
Reversal of foreign exchange write-offs	0	17	0	0
Other (including consolidation adjustments)	10	-28	6	48
Total financial revenues	294	206	20	74

in PLN'000

	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017	from 01.07.2016 to 30.09.2016	from 01.01.2016 to 30.09.2016
Interest, lease payments	24	74	32	108
Net foreign exchange losses	0	222	420	42
Financial costs on account of financial lease agreements	4	14	8	30
Other (including consolidation adjustments)	10	-19	-17	-19
Total financial costs	38	329	443	199

4.9 Net result

In Q3 2017 the net result of the capital group was PLN 2,072 thousand and it exceeded the net result for Q3 2016 (PLN 1,535 thousand) by 35%. Net profit attributable to the shareholders of the parent company amounted to PLN 2,048 thousand as compared with PLN 1,495 for the previous year.

Cumulatively, for the period of nine months of 2017 it was PLN 5,171 thousand in 2017 and PLN 6,266 thousand in 2016. It was influenced by the factors described above in point 4.6, as well as other operating and financial activity, which decreased the financial result of both periods.

5 Ratio analysis

Profitability ratios

Indicator	Counting method	I-III Q	I-III Q
		2017	2016
Gross margin on sales	Gross profit on sales /sales * 100%	21,11%	23,79%
Margin on sales	Net profit na sales/ sales *100%	7,66%	9,32%
Net profit margin	Net profit/ sales *100%	5,46%	6,89%
ROE	Net profit for 12 months/ average value of equity*100%	7,04%	10,11%
ROA	Net profit for 12 months/ average asset value *100%	5,46%	7,68%

Gross profitability of sales is lower than in Q3 2016 by -2,7 percentage points, which result from an increase in the costs of production. Profitability of sales decreased by 1,7 percentage point. Due to lower net profit for the period of 12 months, ROA and ROE decreased.

Level of debt

Indicator	Counting method	I-III Q	I-III Q
		2017	2016
The overall level of debt	Liabilities +reserves/assets * 100%	22,88%	20,67%
Equity financing	(equity+ long term liabilities and reserves)/assets *100%	81,07%	84,86%
Fixed assets coverage ratio	Equity/ fixed assets*100%	193,47%	181,59%

The debt of the capital group increased by PLN 4,760 thousand as compared to the status as at 30.09.2016. This is caused by an increase in liabilities on account of loans, liabilities on account of deliveries and an increase of provisions for liabilities.

Liquidity ratios

Indicator	Counting method	I-III Q	I-III Q
		2017	2016
Current ratio	Current assets/ short-term liabilities	3,18	3,72
Quick ratio	Current assets – inventory/ short-term liabilities	1,72	1,95
Working capital	Current assets – short-term liabilities /sales) * 270	117	120

Liquidity ratios remain at a high, stable level. The group has no problems with realisation of liabilities.

Efficiency ratios

Indicator	Counting method	I-III Q	I-III Q
		2017	2016
Assets turnover ratio	12 month sales of revenues/ average total assets	1,23	1,18
Inventory turnover ratio	(Average inventory/ cost of goods sold) * number of days in the period	98	98
Receivables turnover ratio	(Average trade receivable/ sales) * number of days in the period	71	72
Liabilities turnover ratio	(Average trade liabilities/ cost of goods sold) * number of days in the period	28	29

A long cycle of stock turnover results from the nature of the industry in which the group operates. The cycles are comparable in both compared periods.

II. Notes to the financial consolidated statements

Statement of conformity

The present abridged interim consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards approved by the European Union (EU IFRS), IAS 34 Interim Financial Reporting, and was approved by the Management Board of Relpol S.A.

The Management Board of the parent company used its best knowledge to apply the standards and interpretations as well as methods and principles of valuation regarding individual items of the abridged interim consolidated financial statements of the Relpol Capital Group in accordance with EU IFRS as at 30.09.2017. The presented summaries and explanations have been determined with due diligence.

These Abridged interim consolidated financial statements consist of:

- interim abridged statement of financial position,
- abridged profit and loss account,
- abridged statement of comprehensive income,
- abridged statement of changes in equity,
- abridged cash flow statement and
- selected notes to the financial statements.

The Group applied the same accounting principles, data presentation rules and valuation that it applied with regard to the annual financial statements for the year ended on 31.12.2016. The statements are available on the website of the company at WWW.relpol.pl

The financial data presented on 31.12.2016 were examined by an auditor, while the quarterly data have not been audited.

Format of the financial statements

The present financial statements have been prepared based on the on historic cost principle, except for valuation of buildings, to which the fair value principle was applied.

Approval of the financial statements

The financial statements for Q3 2017 were approved by the Management Board and will be published on 09.11.2017.

Significance

For the purposes of the present financial statements we adopted a significance of 1% of the balance sheet total.

1. Applied accounting principles

1.1 General information.

Financial year

The Company's financial year shall be a calendar year.

Reporting period

The reporting periods are quarters (at the end of Q1, Q2, Q3, and Q4 of the year), half-year periods (at the end of a half of the year) and an annual period (at the end of each calendar year).

Place of keeping the account books

The account books are kept at the registered office of the company in Żary.

Functional and presentation currency

The functional currency of the parent company and the subsidiary Relpol Elektronik is Polish zloty.

The functional currency of Relpol Eltim in Russia is Russian rouble. The statements of that company for the purpose of preparation of consolidated statements are translated into PLN.

The functional currency of Relpol Altera and DP Relpol Altera is Ukrainian hryvnia. The statements of DP Relpol Altera for the purpose of preparation of consolidated statements are translated into PLN. Relpol Altera is excluded from consolidation.

The functional currency of Relpol M in Belarus is Belarussian rouble. The company is excluded from consolidation.

The presentation currency of the consolidated financial statements is Polish zloty. All values provided in the statements, unless provided otherwise, are indicated in PLN thousand.

1.2. New accounting standards and changes in the accounting policy.

In the present interim abridged consolidated financial statements, the company and capital group apply the same standards as described in the separate and consolidated financial statements for 2016, published on the company's website.

The capital group plans to adopt the amendments to IFRS, published but not applicable until the date of publication of these interim abridged consolidated financial statements, in accordance with their effective date. Estimation of the influence of the amendments to IFRS and new IFRS on the future financial statements was presented in the separate and consolidated financial statements for 2016.

1.3. Changes in the manner of presentation of the items of the consolidated statements.

As a result of analysis of the provisions of IAS 18, the group changed the manner of presentation of provisions for bonuses in the statements for 2016. This year in the statements the amount of provisions for bonuses due to recipients as presented as a decrease of trade receivables.

As a result of analysis of the provisions of IAS 2, the group changed the manner of presentation of fixed capital formation in the statements for 2016. In the statements the amount of fixed capital formation was presented under fixed assets and transferred from the inventory item.

As a result of the introduced changes, in the comparable period the balance sheet sum as of 01.01.2016 decreased by PLN 128 thousand, and as of 30.09.2016 by PLN 10 thousand.

The tables below present data comparable with those adjustments.

CONSOLIDATE STATEMENT OF FINANCIAL POSITION	in PLN'000		
	01.01.2016 before the changes	changes	01.01.2016 after the changes
ASSETS			
Fixed assets (long-term)	43 166	287	43 453
Trangible fixed assets	33 917	287	34 204
Current assets (short-term)	53 672	-415	53 257
Inventory	24 702	-287	24 415
Trade receivables	20 777	-128	20 649
<u>TOTAL ASSETS</u>	<u>96 838</u>	<u>-128</u>	<u>96 710</u>
EQUITY AND LIABILITIES			
Short-term liabilities	16 295	-128	16 167
Other provisions	1 344	-128	1 216
<u>TOTAT EQUITY AND LIABILITIES</u>	<u>96 838</u>	<u>-128</u>	<u>96 710</u>

CONSOLIDATE STATEMENT OF FINANCIAL POSITION	in PLN'000		
	30.09.2016 before the changes	changes	30.09.2016 after the changes
ASSETS			
Fixed assets (long-term)	41 552	401	41 953
Trangible fixed assets	32 258	401	32 659
Current assets (short-term)	53 558	-411	53 147
Inventory	25 538	-401	25 137
Trade receivables	21 871	-10	21 861
<u>TOTAL ASSETS</u>	<u>95 110</u>	<u>-10</u>	<u>95 100</u>
PASYWA			
Short-term liabilities	16 345	-10	16 335
Other provisions	752	-10	742
<u>TOTAT EQUITY AND LIABILITIES</u>	<u>95 110</u>	<u>-10</u>	<u>95 100</u>

2. Notes to the interim consolidated statements

2.1 Segments of activity.

Operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

In accordance with the requirements of IFRS 8, operating segments should be identified based on internal reports regarding those elements which are regularly verified by persons making decisions about resources to be allocated to the segment and assess its financial results.

Taking the above into account it should be concluded that the capital group operates on the market of components of industrial automatics and it is its main operating segment.

in PLN'000

Revenue and segment results	Revenue		Segment results	
	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Components of industrial automatics	91 373	86 445	18 625	19 937
Other segments	2 372	1 883	1 165	1 078
Total from continued operations	93 745	88 328	19 790	21 015
Unassigned items				
Selling costs			679	693
Overheads			11 925	12 089
Profit on sales			7 186	8 233
Other operating income			137	233
Other operating costs			704	705
Profit (loss) on operating activities			6 619	7 761
Financial income			206	74
Financial costs			329	199
Profit before income tax			6 496	7 636
Income tax expense			1 289	1 369
Other statutory reductions in profit			36	1
Net profit (loss) on continuing operations			5 171	6 266
Net income on discontinued operations			0	0
Net income on sales activities			0	0
Net profit			5 171	6 266
Net income attributable to non-controlling interests			54	184
Net income attributable to equity holders of the parent			5 117	6 082

Other information on segments	Amortisation and depreciation		Increase of fixed assets	
	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Components of industrial automatics	4 063	4 139	2 108	2 159
Other segments	260	316	34	110
Total from continued operations	4 323	4 455	2 142	2 269

Assets and liabilities of the segments	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Components of industrial automatics	94 171	90 187
Other segments	4 193	4 537
Total assets of the segments	98 364	94 724

For the purpose of monitoring the results obtained in the operating segment and for the purpose of allocation of resources to the reporting segments, the Group allocated all assets, except for the investments in associated entities and assets on account of current and deferred income tax.

The Group has no possibility of separating liabilities regarding individual segments.

The geographic structure of revenues was presented above in point 4.5.

2.2 The management board's position on feasibility of the previously published forecasts for the year.

Forecasts for the capital group of Relpol for 2017 were not published.

2.3 Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of Relpol S.A. as of the date of submission of these quarterly consolidated statements.

The ownership structure of share capital of Relpol S.A., as of 9 November 2017, that is as of the date of submission of the quarterly consolidated statements for Q3 2017:

Shareholder	Number of shares held (pcs)	Number of votes at the General Shareholders' Meeting	Share in total number of votes at the General Shareholders' Meeting	Nominal value of shares held (in PLN thousand)	Percentage in the share capital	Change with regard the statements for Q1 2017 (22.08.2017)
Ambroziak Adam	3 171 000	3 171 000	33.00%	15 855	33.00%	0
Altus TFI S.A.	2 410 597	2 410 597	25.09%	12 053	25.09%	0
Rockbridge TFI S.A.	959 772	959 772	9.99%	4 799	9.99%	0
Osiński Piotr	608 943	608 943	6.34%	3 045	6.34%	0

BPH Towarzystwo Funduszy Inwestycyjnych S.A. changed its name to Rockbridge TFI S.A. The change was entered into the National Court Register on 13 September 2017.

2.4 Statement of changes in the number of the company's shares held or the rights to them (options) by managing and supervising persons, according to information held by the company.

According to information held by the company, the number of the company's shares held by the Members of the Management Board and Supervisory Board as of 09.11.2017 is as follows:

Management Board of Relpol S.A	Number of shares held (pcs)	Share in total number of votes at the General Meeting	Nominal value of shares held (in PLN thousand)
Gulka Rafał	0	0%	0
Bialik Sławomir	0	0%	0
Matejczyk Mariusz	0	0%	0

Supervisory Board of Relpol S.A	Number of shares held (pcs)	Share in total number of votes at the General Meeting	Nominal value of shares held (in PLN thousand)
Ambroziak Adam	3.171.000	33.00%	15,855
Osiński Piotr	608,943	6.34%	3,045

2.5 Proceedings pending before a court, an authority competent to conduct arbitration proceedings or before a public administration body.

In the period from 1.01.2017 to 30.09.2017 r. no proceedings regarding liabilities or receivables of an issuer the value of which amounts to at least 10% of equity capital were initiated before a court or a public administration body.

2.6 Information on entering by the parent company or its subsidiary into one or more transactions with related parties if individually or jointly they are significant and were concluded pursuant to the terms and conditions other than market ones.

From 01.01.2017 to the date of publication of the financial statements Relpol S.A. and its subsidiaries did not enter into any transactions with related parties which would be significant and which would be concluded pursuant to the terms and conditions other than market ones. Transactions of Relpol S.A. with related entities were presented in the table after separate statements of the company.

2.7 Information on granting by the parent company or its subsidiary of a surety of credit or loan or granting a guarantee - to one entity or subsidiary of such entity if the total value of the existing sureties or guarantees constitutes an equivalent of at least 10% of equity capitals.

No guarantees constituting an equivalent of at least 10% of equity capitals were granted.

2.8 Information important for the evaluation of the personnel, property and financial condition, financial result and changes in the Group, as well as information vital for evaluation of the capacity to perform obligations by the parent company.

There were no other situations or events, apart from the ones described herein, which would be important for the evaluation of the personnel, property and financial condition, of the group, as well as information vital for evaluation of the capacity to perform obligations by the parent company.

2.9 Information on factors that, in the issuer's view, will affect its results in the perspective of at least the next quarter.

The financial results achieved by the group in the perspective of at least the next quarter will be mostly affected by macroeconomic factors, factors independent of the companies and internal factors.

External factors include:

- values and fluctuations of exchange rates,
- domestic and foreign economic situation,
- prices of raw materials (copper, silver, gold, crude oil),
- expenditure for domestic and foreign investments,
- development of renewable energy sources,
- development of the photovoltaic industry,
- demand for the systems of radiological protection.

Internal factors dependent on the company include mainly:

- realisation of the planned sales,
- realisation of the concluded commercial contracts,
- occupancy of production lines,

- adjustment of costs to the current economic situation on the market,
- increase of market share based on the offered products,
- obtaining new customers on the existing and new markets,
- rationalisation of the commercial product offer,
- obtaining new customers for CZIP Pro,
- promotion and obtaining contractors for a transmitter for solar inverters,
- obtaining new customers and area for systems of radiological protection,
- improvement of profitability of the products,
- finalisation of changes in the structure of the capital group.

2.10 Other information regarding events from previous years.

All significant events were described in the statements.

2.11 Other significant events.

1. On 27.02.2017 the Supervisory Board delegated the Chairman of the Board, Adam Ambroziak, to temporarily perform the function of a member of the management board of Relpol S.A. for the period from 01.03.2017 to 31.05.2017.
2. On 27.02.2017 the Supervisory Board appointed Mr Rafał Gulka for another 3-year term of office as the President of the Management Board of Relpol S.A.
3. In March 2017 the parent company signed amendments to receivables agreements, The amendments regarded:
 - 1) The agreement for limitation of receivables of 2011, which decreases the limit of receivables on a current account from PLN 5 million to PLN 2.5 million. The agreement also changes the date of repayment of the credit from 24.03.2017 to 14.09.2018, includes resignation from the use of limit for factoring service and reduces the number of securities for the repayment of the limit to a power of attorney for the current account and other accounts held at the bank and to a blank bill of exchange with a B/E declaration.
 - 2) The agreement for transfer of receivables of 2011, to which it was added that in case of a person with a place of residence or registered office located abroad, the transferor will not make a provision as to the manner of enforcement of the transferred receivables to a foreign court.
 - 3) The agreement for assignment of receivables from the insurance agreement of 2013, from which the repaid credits were deleted and the current number of the property insurance policy was added.
4. In May 2017 the parent company signed an amendment to the credit agreement concluded with mBank S.A. Security of credit repayment in the form of an unconfirmed assignment for the benefit of the bank of the receivables due from contractors, concluded on the basis of a global assignment agreement.
5. On 12.10.2017 the Vice-President of the Supervisory Board, Rafał Mania, filed a resignation from the function of the Member of the Supervisory Board, therefore the Supervisory Board appointed Dariusz Daniluk for his position by way of co-optation.
6. On 18.10.2017 the President of the Management Board of Relpol, Rafał Gulka, filed a resignation from the function of the Member of the Management Board as of

31.01.2018 and submitted a request to terminate the employment contract as of 31.01.2018.

7. On 27.10.2017 the Member of the Management Board Mariusz Matejczyk filed a resignation from the performed function as of 31.10.2017 and submitted a request to terminate the employment contract as of 31.10.2017.

All other significant events were included in these financial statements.

2.12 Contingent liabilities.

As of 30.09.2017 there were no contingent liabilities.

2.13 Financial risk management.

In the course of its business activities the parent company analyses, monitors and assesses the risk factors which may affect the current and future financial situation of the capital group. As a result of the performed monitoring there are action taken to minimize the effect of individual risk factors on the activity of the company and capital group.

The parent company identified the following risk factors:

1. Interest rate risk.
2. Credit risk.
3. Liquidity risk.
4. Foreign exchange risk.
5. Macroeconomic risk.
6. Risk of dependency on a large recipient.
7. Capital management risk and other risks.

The description of the above risks and their impact on the activity of the company was presented in the annual statements of the company and capital group for 2016. The statements were published on 21.04.2017 r. and are available on the website of the company at [http://www.relpol.pl/pl/Relacje-Inwestorskie/Raporty/Raporty-okresowe/\(param_0\)/option_15](http://www.relpol.pl/pl/Relacje-Inwestorskie/Raporty/Raporty-okresowe/(param_0)/option_15)

2.14 Events after the balance sheet date not included in the consolidated financial statements.

All events have been included in the financial statements.

2.15 Employment at the Capital Group.

The average number of employees	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Relpol S.A.	475	463
Relpol Eltim	11	11
DP Relpol Altera	234	245
Relpol Elektronik	73	70
Other	6	6
Ogółem Grupa	799	795

Employment at the capital group increased by 4 persons. The increase regards Relpol S.A. Apart from employees employed on the basis of an employment contract the parent company and Relpol Elektronik benefit from employee outsourcing services. In 2017 on average 61 persons performed work in such a manner, and in 2016 - 93 persons.

2.16 Description of significant achievements and failures of the issuer in the period covered by the statements.

In the period covered by the statements there were no key achievements or failures.

2.17 Information on factors and events, especially of atypical nature, having a significant effect on the achieved financial results of the Company.

There were no atypical factors and events which would have a significant effect on the achieved financial results and which would have not been described in these statements.

2.18 Explanations regarding seasonal or cyclic nature of the Company's business.

While analysing the level of sales in individual quarters and the orders placed by the customers, it may be concluded that there is no visible seasonality. There are periods in which turnover is lower than in other months, i.e. during summer months or in the period around Christmas or New Year's Day, but these are not very significant differences to be described as seasonal nature of the business.

2.19 Information on issue, buy out and repayment of debt and capital securities in the period covered by the statements.

In the period from the beginning of the year to the date of publication of the present consolidated statements the parent company did not perform any issue, buy out or repayment of debt and capital securities.

2.20 Information on the paid or declared dividend.

The General Meeting of the Company on 23.06.2017 adopted a resolution on payment of dividend from net profit for 2016. On 22.08.2017 the gross amount of PLN 0.40 per 1 ordinary share was paid out.

In 2016 the company paid a dividend from the profit for 2015 in the gross amount of PLN 0.50 per 1 share.

As regards subsidiaries, Relpol Eltim paid a dividend from the profit for the 1st half of 2016 for Relpol S.A. in the amount of PLN 73 thousand. The dividend from profit for 2015 was paid by Relpol Eltim to Relpol S.A. in the amount of PLN 300 thousand. The amounts of dividend paid out by the subsidiary for Relpol S.A. are excluded from consolidation as adjustments.

2.21 Events that occurred after the balance sheet date which may have a significant impact on the future financial results of Relpol S.A.

Apart from the information presented in these quarterly consolidated report there are no other significant events.

2.22 Consequences of changes to the structure of the Company, including as a result of a business combination, acquisition or sale of undertakings within the capital group, long-term investments, split, restructuring and discontinuing of the activities.

In November 2017 the parent company was informed on deletion in March 2016 of Relpol France with its registered seat in Paris from the local business register. The decision on liquidation of the said company was made in July 2009; the proceedings were conducted in accordance with the French law by a liquidator appointed by a court. Relpol S.A. had no impact on the course of the liquidation process, nor did it receive any information from the French entity. Liquidation of the said company did not affect the activity of the capital group. Sales to the French market are performed by other companies.

2.23 Information on changes in contingent liabilities or assets of the Company which occurred after the end of the quarter.

After 30.09.2017 there were no significant changes regarding contingent liabilities or assets.

2.24 Information on adjustments on account of provisions and the company's asset revaluation write-offs.

in PLN'000

Status of asset revaluation write-offs	Status as of 01.01.2017	Turnover in 01 - 09.2017			Status as of 30.09.2017
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and intangible assets	2 567	0	0	0	2 567
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	1 459	0	0	0	1 459
IV. Stock revaluation write-off	1 513	35	33	231	1 676
V. Trade receivable revaluation write-off	142	8	0	190	324
VI. Other receivables revaluation write-off	0	0	0	0	0
VII. Revaluation write-off on receivables claimed in court	0	0	0	0	0
VIII. Revaluation write-off on short-term financial assets	267	25	143	3	102
Total	5 948	68	176	424	6 128

in PLN'000

Provisions	Status as of 01.01.2017	Turnover in 01 - 09.2017			Status as of 30.09.2017
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	1 797	0	0	0	1 797
II. Other provisions, including for future liabilities:	913	727	543	984	627
- for holiday leaves	535	623	0	681	593
- other	378	104	543	303	34
Total	2 710	727	543	984	2 424

2.25 Information on assets and provisions for deferred income tax in the capital group.

	30.09.2017	30.09.2016
Deferred income tax asset	1 368	1 245
Deferred income tax provision	3 092	3 056
Excess of provision over asset	-1 724	-1 811

In the consolidated statement of financial position the asset and provision for deferred income tax is presented per account balance.

2.26 Reversal of any provisions for restructuring costs.

In the period from 01.01.2017 to 30.09.2016 no provisions for restructuring costs were reversed.

2.27 Assets classified as held for sale.

As of 30.09.2017 the group did not have tangible fixed assets held for sale.

2.28 Liabilities made for the purpose of purchasing tangible fixed assets.

The capital group did not make any liabilities for the purpose of purchasing tangible fixed assets.

2.29 Litigation settlements.

The capital group is not a party to any litigation proceedings, the loss of which would have a significant effect on the financial results.

2.30 Unpaid loans or breach of provisions of a loan agreement, with respect to which no corrective actions were taken by the end of the reporting period.

Credits and loans taken out by Relpol are repaid in accordance with the terms and conditions of the bank agreements.

Relpol, as a parent company, granted a loan to its subsidiary, Relpol Altera; the principal amount of the loan was repaid. There is interest to be repaid in the amount of PLN 102 thousand. The amount is subject to revaluation write-off.

Loans granted to the subsidiary	Amount of the loan granted in foreign currency	Amount of the loan granted in PLN	Interest rate	Date of conclusion of the loan agreement	Date of repayment of the loan in accordance with the agreement	Interest calculated on the loans granted in PLN	Status of loans in PLN
Relpol Altera	0 USD	0	5,50%	12.12.2005	31.12.2017	102	102
Total amount of granted loans							102
revaluation write-off							102
Net loan value							<u>0</u>

In the period of three quarters 2017 the parent company did not have any loans granted to it by the subsidiaries.

2.31 Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

None.

2.32 Reclassification of financial assets as a result of changing the purpose of or use of such assets.

None.

2.33 Change of contingent liabilities and contingent assets.

None.

III. Abridged separate statements of Relpol S.A.

1. Selected financial data of Relpol S.A.

Selected financial data	in PLN '000	in PLN '000	in EUR '000	in EUR '000
	3 quarters from 01.01.2017 to 30.09.2017	3 quarters from 01.01.2016 to 30.09.2016	3 quarters from 01.01.2017 to 30.09.2017	3 quarters from 01.01.2016 to 30.09.2016
PROFIT AND LOSS ACCOUNT				
Sales revenues of products, goods and materials	87 955	81 818	20 663	18 728
Profit (loss) on operating activities	6 597	6 597	1 550	1 510
Gross profit (loss)	6 528	6 745	1 564	1 544
Net profit (loss)	5 289	5 475	1 243	1 253
STATEMENT OF CASH FLOWS				
Cash flow from operating activity	1 926	9 090	452	2 081
Cash flow from investing activity	-2 291	-2 857	-538	-654
Cash flow from financing activity	-2 795	-7 598	-657	-1 739
Total cash flow	-3 160	-1 365	-743	-312
STATEMENT OF FINANCIAL POSITION				
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Total assets	93 444	90 004	21 685	20 344
Long-term liabilities	3 976	4 718	923	1 066
Short-term liabilities	17 445	14 709	4 048	3 325
Equity capital	72 023	70 577	16 714	15 953
Share capital	48 046	48 046	11 150	10 860
OTHERS				
Number of shares	9 609 193	9 609 193	9 609 193	9 609 193
Weighted average number of shares	9 609 193	9 609 193	9 609 193	9 609 193
Annualized profit (loss) per ordinary share (in PLN / EUR)	0,62	0,69	0,15	0,16
Profit (loss) for the reporting period per ordinary share (PLN / EUR)	0,55	0,57	0,13	0,13
Book value per share (in PLN / EUR)	7,50	7,34	1,74	1,66
Diluted book value per share (in PLN / EUR)	7,50	7,34	1,74	1,66
Declared or paid dividend per share (in PLN / EUR)	0,40	0,50	0,09	0,11

Manner of conversion of the amounts included in the table "Selected financial data" into Euro

In order to convert the above amounts we applied an average exchange rate of the National Bank of Poland for Euro applicable for individual balance sheet dates and time frames:

	Average exchange rate from 01.01.2017 to 30.09.2017	Average exchange rate from 01.01.2016 to 30.09.2016	Exchange rate as at 30.09.2017	Exchange rate as at 30.09.2016	Exchange rate as at 31.12.2016
EUR/PLN exchange rate	4,2566	4,3688	4,3091	4,3120	4,4240

2. Financial Statement Relpol S.A. for Q3 2017

PROFIT AND LOSS STATEMENT	in PLN'000			
	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters	from 01.07.2016 to 30.09.2016 3rd quarter	from 01.01.2016 to 30.09.2016 3 quarters
Sales revenues of products, goods and materials	29 238	87 955	25 293	81 818
Cost of goods sold	23 706	69 491	20 096	63 182
Gross profit on sales	5 532	18 464	5 197	18 636
Selling costs	202	646	187	660
Overheads	3 090	10 660	3 267	10 904
Profit on sales	2 240	7 158	1 743	7 072
Other operating income	431	159	472	153
Other operating costs	272	720	274	628
Profit (loss) on operating activities	2 399	6 597	1 941	6 597
Financial income	361	255	201	340
Financial costs	32	324	446	192
Profit before income tax	2 728	6 528	1 696	6 745
Income tax expense	547	1 239	298	1 270
Other statutory reductions in profit	0	0	0	0
Net profit (loss) on continuing operations	2 181	5 289	1 398	5 475
Net profit (loss) on discontinued operations	0	0	0	0
Net profit, including 1 share (PLN / share):	2 181	5 289	1 398	5 475
- ordinary	0,23	0,55	0,15	0,57
- diluted	0,23	0,55	0,15	0,57

STATEMENT OF COMPREHENSIVE INCOME	in PLN'000			
	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters	from 01.07.2016 to 30.09.2016 3rd quarter	from 01.01.2016 to 30.09.2016 3 quarters
Net profit (loss) on continuing operations	2 181	5 289	1 398	5 475
including net profit (loss) on discontinued operations	0	0	0	0
Components of other comprehensive income	0	0	0	0
Total comprehensive income	2 181	5 289	1 398	5 475

FINANCIAL STATEMENT	30.09.2017r.	in PLN'000	
		31.12.2016r.	30.09.2016r.
ASSETS			
Fixed assets (long-term)	38 187	39 863	40 699
Tangible fixed assets	29 480	30 695	31 396
Investment property	0	0	0
Intangible assets	8 210	8 622	8 774
Financial assets	385	385	385
Long-term receivables	112	161	144
Deferred tax assets	0	0	0
Current assets (short-term)	55 257	50 141	48 325
Inventory	26 273	26 213	24 043
Trade receivables	26 640	18 295	20 092
Other	1 260	1 413	932
Short-term investments	0	0	1
Cash and other pecuniary assets	624	3 869	2 876
Accruals	460	351	381
Long-term assets classified as held for sale	0	0	0
Total current assets	55 257	50 141	48 325
TOTAL ASSETS	93 444	90 004	89 024
EQUITY AND LIABILITIES			
Total equity	72 023	70 577	70 353
Share capital	48 046	48 046	48 046
Other capitals:	23 977	22 531	22 307
- Supplementary capital	17 982	15 659	15 659
- Revaluation reserve	706	706	1 173
- Previous years' profit (loss)	0	0	0
- The result of the current year	5 289	6 166	5 475
Long-term liabilities	3 976	4 718	5 365
Credits and loans	423	1 154	1 667
Leasing liabilities	410	562	646
Other liabilities	0	0	0
Deferred income	0	0	0
Provision for defferend income tax	1 813	1 672	1 921
Other provisions	1 330	1 330	1 131
Short-term liabilities	17 445	14 709	13 306
Trade liabilities	8 097	6 714	6 755
Leasing liabilities	367	481	542
Other liabilities	3 748	4 126	3 281
Credits and loans	4 181	2 050	2 050
Deferred income	0	0	0
Other provisions	1 052	1 338	678
TOTAL EQUITIES AND LIABILITIES	93 444	90 004	89 024

CONDENSED STATEMENT OF CHANGES IN EQUITY	in PLN'100					Total equity
	Share capital	Other capitals			The result of the current year	
		Supplementary capital	Revaluation reserve	Previous years' profit (loss)		
<u>As at 1 January 2017</u>	48 046	15 659	706	6 166	0	70 577
Cover the loss	0	0	0	0	0	0
Dividend payment	0	0	0	-3 843	0	- 3843
Differences from revaluation	0	0	0	0	0	0
Previous years' profit (loss)	0	2 323	0	-2 323	0	0
Other comprehensive income including:	0	0	0	0	5 289	5 289
- net profit (loss) for the year	0	0	0	0	5 289	5 289
<u>As at 30 September 2017</u>	48 046	17 982	706	0	5 289	72 023
<u>As at 1 January 2016</u>	48 046	13 486	1 173	6 978	0	69 683
Cover the loss	0	0	0	0	0	0
Dividend payment	0	0	0	-4 805	0	-4 805
Differences from revaluation	0	0	0	0	0	0
Previous years' profit (loss)	0	2 173	0	-2 173	0	0
Other comprehensive income including:	0	0	-467	0	6 166	5 699
- net profit (loss) for the year	0	0	0	0	6 166	6 166
<u>As at 31 December 2016</u>	48 046	15 659	706	0	6 166	70 577
<u>As at 1 January 2016</u>	48 046	13 486	1 173	6 978	0	69 683
Cover the loss	0	0	0	0	0	0
Dividend payment	0	0	0	-4 805	0	-4 805
Differences from revaluation	0	0	0	0	0	0
Previous years' profit (loss)	0	2 173	0	-2 173	0	0
Other comprehensive income including:	0	0	0	0	5 475	5 475
- net profit (loss) for the year	0	0	0	0	5 475	5 475
<u>As at 30 September 2016</u>	48 046	15 659	1 173	0	5 475	70 353

in PLN'000				
CONDENSED STATEMENT OF CASH FLOWS	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.07.2017 to 30.09.2017 3 quarters	from 01.07.2016 to 30.09.2016 3rd quarter	from 01.07.2016 to 30.09.2016 3 quarters
A. Cash flows from operating activities	2 509	1 926	4 539	9 090
I. Profit before income tax	2 728	6 528	1 696	6 745
II. Total adjustments	-219	-4 602	2 843	2 345
1. Share of losses of joint ventures accounted for using the equity method	0	0	0	0
2. Amortisation and depreciation	1 347	4 207	1 506	4 367
3. Exchange gains (losses)	13	85	18	25
4. Interest and profit sharing (dividend)	-44	-425	39	29
5. (Profit) loss on investment activities	-136	-80	-8	-56
6. Change in provisions	-678	-285	-887	-666
7. Change in inventory	-254	-60	-215	-176
8. Change in receivables	-731	-7 983	4 256	761
9. Change in short-term liabilities excluding credits and loans	516	713	-1 733	-1 662
10. Change in prepayments and accruals	-39	-109	-25	-66
11. Income tax paid / refunded	-213	-665	-108	-211
12. Other adjustments	0	0	0	0
B. Cash flows from investment activities	-517	-2 291	-987	-2 857
I. Inflows	84	592	1	438
1. Disposal of intangible and tangible fixed assets	11	80	0	328
2. Disposal of investment in real property and in intangible assets	0	0	0	0
3. From financial assets including:	73	512	1	110
- disposal of financial assets	0	0	0	0
- dividends	73	512	0	107
- interest	0	0	0	0
- other receipts from financial assets	0	0	1	3
4. Other inflows:	0	0	0	0
- foreign exchange differences on forward contracts, options	0	0	0	0
- foreign exchange differences realized	0	0	0	0
- advance payments	0	0	0	0
II. Outflows	-601	-2 883	-988	-3 295
1. Purchase of intangible assets and tangible fixed assets	-601	-2 883	-988	-3 295
2. Investments in real property and intangible assets	0	0	0	0
3. For financial assets, including:	0	0	0	0
- acquisition of financial assets	0	0	0	0
- other investment expenditure	0	0	0	0
4. Other outflows from investment activities	0	0	0	0
C. Cash flows from financial activities	-2 660	-2 795	-5 733	-7 598
I. Inflows	1 822	2 938	0	0
1. Net inflows from issuance of share and other capital instruments and from capital contributions	0	0	0	0
2. Credits and loans	1 822	2 938	0	0
3. Other inflows from financial activities	0	0	0	0
II. Outflows	-4 482	-5 733	-5 733	-7 598

1. Purchase of own shares	0	0	0	0
2. Dividend and other payments to shareholders	-3 844	-3 844	-4 805	-4 805
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	-512	-1 537	-661	-1 981
5. Redemption of debt securities	0	0	0	0
6. Payment of other financial liabilities	0	0	0	0
7. Payment of liabilities arising from financial leases	-97	-265	-228	-620
8. Interest	-29	-87	-39	-136
9. Other outflows from financial activities	0	0	0	-56
D. Total net cash flows	-668	-3 160	-2 181	-1 365
E. Balance sheet change in cash including:	-681	-3 245	-2 199	-1 390
- change in cash due to foreign exchange differences	13	85	18	25
F. Cash opening balance, including:	1 305	3 869	5 075	4 266
- foreign exchange differences	-33	-105	-85	-92
G. Closing balance, including:	624	624	2 876	2 876
- foreign exchange differences	-20	-20	-67	-67

3. Summary of the company's activity in Q3 2017

Selected financial data

SPECIFICATION	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017	from 01.07.2016 to 30.09.2016	from 01.01.2016 to 30.09.2016
Sales revenues of products, goods and materials in PLN'000	29 238	87 955	25 293	81 818
Gross profit on sales in PLN'000	5 523	18 464	5 197	18 636
Gross margin on sales (%)	18.89%	20.99%	20.55%	22.78%
EBITDA in PLN'000	3 746	10 804	3 447	10 964
EBITDA margin (%)	12.81%	12.28%	13.63%	13.40%
EBIT in PLN'000	2 399	6 597	1 941	6 597
EBIT margin (%)	8.20%	7.50%	7.67%	8.06%
Net profit in PLN'000	2 181	5 289	1 398	5 475
Net profit margin	7.46%	6.01%	5.53%	6.69%

Sales revenues achieved by the Company in Q3 2017 were at a very high level. They were up by 15.6% as compared to Q3 2016. Thanks to that, the revenues generated during the three quarters of 2017 were higher by 7.5% than for the comparable period of last year. The dynamics results was from an increase in domestic sales as well as exports. The sales to Asia, both Americas and Australia are growing dynamically.

Higher production costs caused by an increase in prices of raw materials, on increase in remuneration as well as current costs of activities, as well as other factors such as lower EUR exchange rate, foreign exchange losses, continuing poor economic situation in the domestic market, price pressure and growing costs of distribution as well as change in the sales structure (increase in sales of low-margin products) lowered the margins. Gross margin in sales at the end of September 2017 was lower by 1.8 percentage point and the net margin on sales by 0.7 percentage point as compared with the date as at the end of September 2016.

The company's net profit in Q3 2017 increased by 28.6% and totalled PLN 2,181 thousand as compared with PLN 1,696 thousand in the comparable period of the last year. From January to September 2017 the net profit totalled PLN 5,289 thousand and it was lower than the net profit achieved in the comparable period of 2016 by 3.4%.

Liquidity ratios still remain at a high, stable level.

4. Notes to the separate statements.

Segmenty operacyjne dla jednostki dominującej Relpol S.A.

Operating segments for the parent company Relpol S.A.

Operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

In accordance with the requirements of IFRS 8, operating segments should be identified based on internal reports regarding those elements which are regularly verified by persons making decisions about resources to be allocated to the segment and assess its financial results.

Taking the above into account it should be concluded that Relpol operates on the market of components of industrial automatics and it is its main operating segment.

Revenue and segment results	Revenue		Segment results	
	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Components of industrial automatics	85 583	79 935	17 299	17 558
Other segments	2 372	1 883	1 165	1 078
Total from continued operations	87 955	81 818	18 464	18 636

Unassigned items	Selling costs	646	660
	Overheads	10 660	10 904
	Profit on sales	7 158	7 072
	Other operating income	159	153
	Other operating costs	720	628
	Profit (loss) on operating activities	6 597	6 597
	Financial income	255	340
	Financial costs	324	192
	Profit before income tax	6 528	6 745
	Income tax expense	1 239	1 270
	Other statutory reductions in profit	0	0
	Net profit (loss) on continuing	5 289	5 475

operations		
Net profit (loss) on discontinued operations	0	0
Net income on sales activities	0	0
Net profit	5 289	5 475

Assets and liabilities of the segments	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Components of industrial automatics	88 866	84 102
Other segments	4 193	4 537
Total assets of the segments	93 059	88 639

Other information on segments	Amortisation and depreciation		Increase of fixed assets	
	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016	from 01.01.2017 to 30.09.2017	from 01.01.2016 to 30.09.2016
Components of industrial automatics	3 947	4 051	2 094	1 714
Other segments	260	316	34	110
Total assets of the segments	4 207	4 367	2 128	1 824

Information on adjustments on account of provisions and the company's asset revaluation write-offs.

Status of asset revaluation write-offs	Status as of 01.01.2017	Turnover in 01 - 09.2017			Status as of 30.09.2017
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and intangible assets	2 567	0	0	0	2 567
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	1 459	0	0	0	1 459
IV. Stock revaluation write-off	1 173	33	33	231	1 338
V. Trade receivable revaluation write-off	142	8	0	190	324
VI. Other receivables revaluation write-off	0	0	0	0	0
VII. Revaluation write-off on receivables claimed in court	0	0	0	0	0
VIII. Revaluation write-off on short-term financial assets	267	25	143	3	102
Total	5 608	66	176	424	5 790

Provisions	Status as of 01.01.2017	Turnover in 01 - 09.2017			Status as of 30.09.2017
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	1 782	0	0	0	1 782
II. Other provisions, including for future liabilities:	886	727	543	984	600
- for holiday leaves	511	623	0	681	569
- other	375	104	543	303	31
Total	2 668	727	543	984	2 382

Information on assets and provisions for deferred income tax in the company.

	30.09.2017	30.09.2016
Deferred income tax asset	1 297	1 135
Deferred income tax provision	3 092	3 056
Excess of provision over asset	-1 813	-1 921

In the statement of financial position the asset and provision for deferred income tax is presented per account balance.

Transactions with affiliated entities

Companies	Sale to affiliated entities		Purchases from affiliated entities		Dividends		Trade receivables		Other receivables		Trade liabilities		Other liabilities	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Relpol-Altera sp.z o.o. ¹	0	0	0	0	0	0	0	0	102	246	0	0	0	0
DP Relpol Altera ^{1,3}	107	343	2 201	2 568	0	0	0	18	0	38	386	629	0	0
Relpol-M j.v ¹	295	388	0	0	0	0	35	22	0	0	0	0	0	0
Relpol-Eltim Sp. z o.o. ^{1,3}	1 135	1 650	0	0	73	106	346	382	0	197	0	0	0	0
Relpol Elektronik ^{1,3}	0	0	2 210	2 523	0	0	0	0	0	0	321	535	0	0
PW SEA Adam Ambroziak ²	27	0	0	0	1 268	1 585	0	0	0	0	0	0	0	0
Razem	1 564	2 381	4 411	5 091	1 341	1 691	381	422	102	481	707	1 164	0	0

¹ subsidiaries

² entities controlling or significantly affecting the entity

³ companies covered by the consolidation. The table shows transactions with these companies, but in the consolidated accounts the mutual turnover of these companies was excluded by the introduced consolidation adjustments.

Changes in the manner of presentation of the items of the company statements.

As a result of analysis of the provisions of IAS 18, the company changed the manner of presentation of provisions for bonuses in the statements for 2016. This year in the statements the amount of provisions for bonuses due to recipients as presented as a decrease of trade receivables.

As a result of analysis of the provisions of IAS 2, the company changed the manner of presentation of fixed capital formation in the statements for 2016. In the statements the amount of fixed capital formation was presented under fixed assets and transferred from the inventory item.

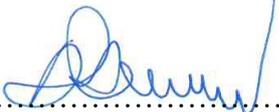
As a result of the introduced changes, in the comparable period the balance sheet sum as of 01.01.2016 decreased by PLN 128 thousand, and as of 30.09.2016 by PLN 10 thousand.

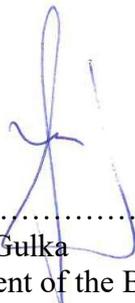
The tables below present data comparable with those adjustments:

STATEMENT OF FINANCIAL POSITION	in PLN'000		
	01.01.2016 before the changes	changes	01.01.2016 after the changes
ASSETS			
Fixed assets (long-term)	42 269	287	42 556
Trangible fixed assets	33 011	287	33 298
Current assets (short-term)	50 189	-415	49 774
Inventory	23 867	-287	23 580
Trade receivables	19 807	-128	19 679
<u>TOTAL ASSETS</u>	<u>92 458</u>	<u>-128</u>	<u>92 330</u>
EQUITIES AND LIABILITIES			
Trade liabilities	15 976	-128	15 848
Other provisions	1 344	-128	1 216
<u>TOTAL EQUITIES AND LIABILITIES</u>	<u>92 458</u>	<u>-128</u>	<u>92 330</u>

SKONSOLIDOWANE SPRAWOZDANIE Z SYTUACJI FINANSOWEJ	in PLN'000		
	30.09.2016 before the changes	changes	30.09.2016 after the changes
ASSETS			
Fixed assets (long-term)	40 298	401	40 699
Trangible fixed assets	30 995	401	31 396
Current assets (short-term)	48 736	-411	48 325
Inventory	24 444	-401	24 043
Trade receivables	20 102	-10	20 092
<u>TOTAL ASSETS</u>	<u>89 034</u>	<u>-10</u>	<u>89 024</u>
EQUITIES AND LIABILITIES			
Trade liabilities	13 316	-10	13 306
Other provisions	688	-10	678
<u>TOTAL EQUITIES AND LIABILITIES</u>	<u>89 034</u>	<u>-10</u>	<u>89 024</u>

Signatures of members of the Management Board:


.....
Sławomir Bialik
Vice President of the Board


.....
Rafał Gulka
President of the Board